

## FINANCE MINISTER EASES UP ON COMPANY CARS

We wish to alert you to the newest taxpayer-friendly tax rulings on PIT and CIT effects of provision by employers of company cars for the private purposes of their employees.

Director of Warsaw Tax Chamber issued a tax ruling on 24 April 2015 (ref. IPPB2/4511-308/15-2/MK1) where it was held in relation to PIT Act that:

- **the PLN 250 / PLN 400 fixed income covers the provision of company car for employee's private purposes and those operating expenses which the employer would have to incur anyway even if the employee did not use the car for his private purposes (e.g. tyre replacement, car repairs),**
- any extra taxable employment income the employee may incur in respect of such use (on top of the PLN 250 / PLN 400 fixed income) is where the employer pays for fuel used by the employee for his private purposes.

This is an improvement on the previous line of authority where it was held that the fixed income imputed to such employees under the PIT Act (PLN 250 or 400) only represents the mere use of company cars for their private purposes and does not include any related operating expenses (see our Newsletter 37/2015).

There is a new streamlining opportunity also for CIT payers. Director of Katowice Tax Chamber issued a tax ruling on 11 June 2015 (ref. IBPBI/2/4510-319/15/BD) where it was held that:

- the provision of a company car for an employee's private purposes is a fringe (non-salary) benefit for the employee,
- **therefore, the car expenses (e.g. depreciation, lease payments, operating expenses) qualify as employer's tax costs under CIT Act to the extent they are attributable to use of the car by the employee for his private purposes for no charge.**

If this issue pertains to your business and you are interested in our assistance, please contact your WTS&SAJA consultant or our office.

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