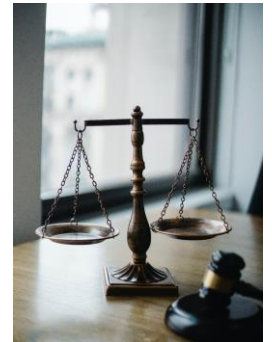

Increase in private share of business vehicles



New regulation as of 01.01.2022

Private use of the business vehicle

If an employee has a company vehicle available for private use, this circumstance is taken into account for tax purposes in the form of a "private share in the company vehicle". The private share can be assessed as a lump sum and as a percentage of the net vehicle price (excl. VAT) and is added to the employee's taxable income as a non-cash benefit. According to the previous regulation, 0.8% per month or 9.6% per year had to be added and listed as a private share in the salary statement.

Change at federal level as of 01 January 2022 and the effects

As of 1 January 2022, the Federal Department of Finance enacted a new ordinance on the deduction of professional expenses. In it, the flat rate for the private share of business vehicles will be increased to 0.9% per month or 10.8% per year. Because this increase now takes into account the commute to work financed by the employer, the time-consuming FABI accounting is no longer necessary. This is of particular benefit to employees with long commutes (more than around 4,300 km per year).

The new regulation thus slightly increases the taxable income for private individuals, but eliminates the inconvenient recording of half-days with or without commuting, because this no longer has to be declared as additional income in the tax return. For the deduction of professional expenses at the federal level, the limited deduction of 3,000 francs is already taken into account and cannot be claimed additionally. However, because the cantons are free to allow higher or unlimited deductions for travel expenses, it is worth studying the instructions for the 2022 tax return carefully.

In general, the increased private share also forms the basis for the AHV/IV and, if applicable, the occupational pension. In principle, this leads to a slight improvement in the pension benefits if the statutory or regulatory maximum benefits have not already been reached.