

# Personal consumption of business assets

## TAXATION IN CASES WHERE BUSINESS ASSETS ARE PUT INTO USE FOR OWN CONSUMPTION

If sole proprietors decide to put into use for own consumption the business assets, the acquisition cost of which they have entered in business expenses whether partly or in full, this is equated with the transfer of property and the market price of the property is declared as business income. Any property taken into personal use must be declared as business income regardless of the fact whether it is fixed or current assets, immovable or movable property.

Personal use of business assets means the use of the assets for purposes other than business. Personal use of business assets arises, if either the person himself/herself uses the assets for other purposes than business or the assets have been given for use to somebody else.

It is possible to put business assets into use for own consumption either during engagement in business, in the case of suspension of business activities or when terminating engagement in business.

If business assets are taken into personal use, it is the market price of the assets, not the acquisition cost, that must be added to business income. The market price is added to business income during the taxable period of which the assets are taken into personal use or when the use of the assets for business purposes is terminated.

### Example

An asset with a cost of 639 euros has been entered in the business expenses. At the time when the assets are put into use for personal consumption, the market price of the asset is 479 euros. Therefore, 479 euros should be added to the business income.

Taking into personal consumption is not the case if:

- ✓ the property is made available to third parties in return for rent as business income. In this case, the charge received should be added to business income (line 1.1.2 of Form E).
- ✓ the use of assets in business is terminated as a result of destruction, deterioration, theft, rendering unusable, etc. and there is evidence thereof.  
In this case, write-off is necessary and evidence must be accompanied by a write-off or certified statement drawn up by the sole proprietor.
- ✓ Assets belonging to the sole proprietor's enterprise are transferred or bequeathed to a person who will continue the business of the enterprise. This means that a sole proprietor may transfer his or her assets (both non-monetary and money in a special account) to any person (another sole

- ✓ proprietor, company) provided that the person continues the sole proprietor's business activities.