

Emergence of fringe benefit on employer's vehicles

According to subsection 4 of § 48 of the Income Tax Act, fringe benefits are any goods, services, remuneration in kind or monetarily appraisable benefits which are given to an employee in connection with working for an employer. Among other things, the use of a vehicle of the employer free of charge or at a preferential price is considered fringe benefit.

The purpose of taxation of fringe benefits is equally to tax both monetary and non-monetary benefits given to an employee. It is important to note that the employee's monetary income is taxed as a fringe benefit, not the employer's expense. Therefore, it can sometimes happen that the employer has not (directly) made an expenditure, but a fringe benefit has still been granted and the tax liability has arisen.

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