

## **MOBILITY BUDGET**

At the end of last month, the Belgian government approved a legislative proposal for the implementation of a mobility budget as from October 1<sup>st</sup>, 2018. This mobility budget can serve as an alternative for the company car. Employees can return their company car in exchange for an annual budget which they can freely spend on sustainable mobility. Employees who do not have a company car but who are entitled to one (e.g. new employees), can also immediately make use of this mobility budget. The initiative to implement a framework for the mobility budget lies with the employer and the employee cannot be obligated to use it.

### **How MUCH?**


The amount of the budget will be determined annually per employee based on the actual cost of the company car. This means that someone living further away from work, will receive a higher budget considering the fact that this implies a higher cost of fuel and maintenance etc.

### **How TO SPEND?**

An employee can spend his mobility budget on **3 pillars**:

- 1) **A SMALLER, GREEN COMPANY CAR:** the employee could choose to use (a part of) his budget for a smaller and/or more environmental friendly car. From a social and tax point of view this will be treated the same way as the company car is treated today.
- 2) **SUSTAINABLE (PUBLIC) TRANSPORTATION AND SERVICES:** an employee could choose to spend (a part of) his budget on sustainable (public) transportation and other services as well:
  - Soft mobility: purchase and maintenance of all kinds of (electric) bicycles, mopeds, steps and monowheels which cannot go faster than 45 kilometers per hour and electric motorcycles, including mandatory equipment.
  - Public transportation: for both purchase of subscriptions for commuting and purchase of regular, individual tickets. The employee will also be able to use the mobility budget to purchase individual tickets for family members.
  - Organized common transportation, e.g. office busses.

This pillar will be fully exempt from social and fiscal charges, both for employer and employee.

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- 3) **RESIDUAL BALANCE AS SALARY:** in case the mobility budget has not been completely used by the end of the year, the employee will receive the residual balance as salary. Both employer and employee will need to pay social charges on this amount. This residual balance thus contributes to pension accrual and other social rights. This payment will however be exempt from personal income tax.

The mobility budget could also be interesting for employees who live close or would like to live close to work. It is said that an employee who lives within a radius of 5 kilometers from work, could use the mobility budget for payment of the rent or for payment of interest charges for a mortgage loan for a house or apartment.

#### MOBILITY BUDGET VS. MOBILITY ALLOWANCE

The mobility budget is a framework separate from the mobility allowance which recently entered into force (the so-called '*cash for car*'). An employee who returns his company car for additional salary, receives a mobility allowance. The mobility budget provides an alternative to this system.

#### RSM INFORMS YOU

In case you would like to receive more information with respect to the above, or any other assistance, the RSM Belgium Tax team is at your disposal ([intertax@rsmbelgium.be](mailto:intertax@rsmbelgium.be)).

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