

Changes to the rules on the private use of company vehicles as of 1 January 2022

Background to the private use of company vehicles

The calculation of private company car usage is based on the principle that company cars are available to employees for both professional and personal use. Using a company car for private purposes constitutes a payment in kind from the employer, which must be declared separately on the employee's payslip. Commuting costs and the costs of any visits to customers are covered by the employer. Conversely, on the employee's payslip, Box "F – Transportation free of charge" is also ticked, indicating that no further deduction of commuting costs may be made on the employee's personal tax return.

Accounting for the private use of company cars hitherto

Up until now the private use of company cars has been calculated at a rate of 0.8% per month (9.6% per year) of the vehicle price excluding VAT. Commuting costs are offset against that figure at a rate of 70 centimes per kilometre (max. CHF 3,000) and shown as income on the tax return. This leads to a higher tax burden on the employee.

For sales staff and employees working from home the amount offset is reduced pro rata, since there is no commute to the office. Days spent working from home and the proportion of time spent on sales in the field is noted on the payslip under paragraph 15.

Changes from 1 January 2022

The rate at which the private use of company vehicles is calculated will increase from 0.8% to 0.9% per month (10.8% per year). As a result, commuting costs will no longer be offset in the tax return at confederal level.

In addition, the pro rata reduction in the offsetting rate for sales staff and employees working from home will cease to apply, and the information under paragraph 15 of the tax return will no longer be recorded. These changes will benefit employees with long commutes.

The adjustments will reduce the administrative burden for both employers and employees, but will increase social security contributions, taxation at source and VAT.

Next steps

The rate at which the private use of company cars is calculated is often included in the contract of employment. The "company car" sections in the employment contracts of all employees concerned will therefore need to be reviewed and, if necessary, adjusted.

In order to avoid future adjustments of the employment contract, a general reference to the legal regulations concerning private share is recommended.

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