

# PY-DE Company Car for Private Use



HELP.PYDE

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## Icons

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## PY-DE Company Car for Private Use

If the employer provides employees with a company car that is also used privately, the monetary value resulting from the private use is seen as taxable income.



In the SAP standard system, the 1% method and the additional charge for travel from home to work (monthly 0.03% of the list price of the car), is supported. (Section 31(7) Income Tax Law)

For the taxation of imputed income on company cars used for travel between home and work, the employer has the possibility of paying a flat-rate income tax (1996: 15%), for the valid employee income-related expenses. The flat rate triggers an exemption from social insurance contributions. However, the employee loses the income-related expenses deduction as a result. If the employer takes advantage of this flat rate possibility, you can assume, for reasons of simplicity, that the employee uses the car for 15 days in the month to travel from home to work.

If the employee pays for the private use of the car, the following applies:

The imputed income determined, using the 1% method, can be used to calculate flat-rate monetary employee benefits, independent of how much the employee pays to the employer for the use of the car. Distance-related payments cannot be deducted.

If the employee pays a contribution to the purchase price of the company car, these payments are considered as imputed income for the calendar year when the payments are made.

Create Private Use of a Company Car

## Create Private Use of a Company Car

As of 1996, the imputed income is fixed monthly at 1% of the full gross list price of the car, rounded to the nearest 100 DM.

As of 01.01.1996, according to § 8 Par. 2 Income Tax Law, and as a result of the changes to the annual tax law for 1996 regarding travel between home and work, you must fix an additional monthly imputed income of **0.03% of the list price** of the car per kilometer for the distance between home and work. This additional fixed kilometer rate is not the same for all vehicles, but depends on the list price of the car. Using the 1% imputed income method covers the employee's private use of the vehicle.

Calculating the private use of a company car:

One percent of the gross list price of the vehicle

Distance in kilometers (Home - Work) \* 0.03% of the gross list price



|  |           |
|--|-----------|
| Gross list price of a new company car    | 50 000 DM |
| Monthly imputed income - 1% of 50 000 DM | 500 DM    |

You must calculate the imputed income for the private use of the company car as 500 DM of the tax and contribution-liable wage

If the employee uses the company car to travel between home and work, and if the one-way distance is 20 km, there is an **additional** imputed income of 500 DM which is tax and contribution liable:

|                              |        |
|------------------------------|--------|
| 0.03% (of 50 000 DM) * 20 km | 300 DM |
|------------------------------|--------|

**To create the 1% method for an employee, proceed as follows:**

- I. Enter the company car data in the *Internal Control* (0032) infotype
- II. Enter the travel distance in the *Addresses* (0006) infotype
- I. **Enter the company car data in the *Internal Control* (0032) infotype**
  1. For the selected employee, choose the *Internal Control* (0032) infotype using the function *Change/Create*.
  2. Enter the *validity date*:
  3. In the block **company car**, enter the car rule indicator 1 for *individual taxation* in the *vehicle regulation* field.

If you code the car rule field with the car rule indicator as flat-rate taxation (EE) or flat-rate taxation (ER), then go to the section *Create flat-rate income tax for a company car*.

**See:** [Create flat-rate income tax for a company car \[Page 8\]](#)

**Create Private Use of a Company Car**

4. In the block **company car**, enter the gross list price of the vehicle in the *vehicle value* field. (The gross list price is automatically rounded to the nearest 100,- DM).
5. If required, fill in the *other fields* in the block **company car**.
6. Save your entries.

**Interim result:**

The infotype *Internal Control* (0032) has been created with the vehicle value and the relevant car taxation rule.

**II. Entering the travel distance in the *Addresses* (0006) infotype**

1. For the selected employee, choose the *Addresses* (0006) infotype using the function *Change/Create*.
2. Enter the *validity date*:
3. Enter *1* in the *address type* field for *permanent residence* and fill in the **address** block.
4. In the **other data** block, enter the *travel distance* in the corresponding field.  
Enter the one-way distance in kilometers, from the employee's home to work.
5. Save your entries.

**Interim result:**

The infotype *Addresses* (0006) has been created with the corresponding travel distance.

**FINAL RESULT:**

You have created the private use of a company car.

Create Flat-Rate Income Tax for a Company Car

## Create Flat-Rate Income Tax for a Company Car

The employer has the option to pay a flat rate income tax (1996: 15%) for the imputed income on a company car, which the employee uses to travel from home to work, as long as the employee can show income-related expenses (=0.70 DM per kilometer for a one-way trip from home to work). The income tax flat rate triggers an exemption from social insurance contributions. However, the employee loses the income-related expenses deduction as a result of the flat rate.

The employer and employee decide whether to opt for the 15% flat-rate tax or the normal taxation. This is especially relevant if the 15% flat-rate tax is to be passed on to the employee.

If the employer takes advantage of this flat rate possibility, you can assume, for reasons of simplicity, that the employee uses the car for 15 days in the month to travel from home to work. The effects of an income tax flat rate can clearly be seen in the following example:



The employee uses a company car (gross list price 50 000 DM) to travel from home to work. The travel distance is 20 km. As of 01.01.1996, the monthly taxable imputed income is:

|  |        |
|--|--------|
| 0.03% of 50 000 DM * 20 km   | 300 DM |
| The employer can pay a 15% flat-rate income tax, as long as the employee can show income-related expenses. This presupposes a 15 day working month |        |
| 0.70 DM * 20 km * 15 work days   | 210 DM |
| The remaining regular taxable income is  | 90 DM  |

By opting for the flat-rate amount of 210 DM per month, the employer loses the income-related expenses deduction for income tax assessment.

You can trigger the flat-rate partial taxation per employee with the corresponding coding in the *Internal Control* infotype (0032) in the *car rule* field with the indicator *partial flat-rate taxation on income-related expenses*.

**To create flat-rate taxation of a company car for an employee, proceed as follows:**

- I. Enter the company car data in the *Internal Control* (0032) infotype
  - II. Create the *Recurring Payments/Deductions* infotype (0014) with the user wage type for the flat-rate
- I. Enter the company car data in the *Internal Control* (0032) infotype**
1. For the selected employee, choose the *Internal Control* (0032) infotype using the function *Change/Create*.
  2. Enter the *validity date*:
  3. In the block **company car**, enter the relevant car rule indicator in the *car rule* field. That is, *partial flat-rate taxation of income-related expenses (EE)* or *partial flat-rate income-related expenses (ER)*.
  4. In the block **company car**, enter the gross list price of the vehicle in the *vehicle value* field. (The gross list price is automatically rounded to the nearest 100 DM).
  5. If required, fill in the *other fields* in the block **company car**.

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**Create Flat-Rate Income Tax for a Company Car**

6. Save your entries.

**Interim result:**

You have created the *Internal Control* infotype (0032).

**II. Create the *Recurring Payments/Deductions* infotype (0014) with the user wage type for the flat-rate**

1. For the selected employee, choose the *Recurring Payments/Deductions* (0014) infotype using the function *Change/Create*.
2. Enter the *validity date*:
3. In the field *wage type*, enter the relevant user wage type for the flat-rate taxation of a company car. The standard system defaults the model wage type *M810 office days car use*.
4. Complete the *number/unit* field  
You can presuppose 180 office days; that is, 15 office days per month.
5. If necessary, complete the *remaining fields*.
6. Save your entries.

**Result:**

You have created a flat-rate taxation of a company car with the relevant office days.

---

**Flat-Rate Compensation for Private Use of a Company Car**

## Flat-Rate Compensation for Private Use of a Company Car

If an employee has a flat-rate net deduction for the private use of a company car, the imputed income is reduced by this amount.

To create the flat-rate compensation for the private use of a company car, proceed as follows:

I. **Specify the compensation for the private use of a company car.**

See:

- [Create Private Use of a Company Car \[Page 6\]](#)

II. **Maintain the number of office days in the *Recurring Payments/Deductions* infotype (0014), and the *Additional Payments* infotype (0015).**

See:

- [Create Income Tax Flat Rate for a Company Car \[Page 8\]](#)

III. **In the *Recurring Payments/Deductions* infotype (0014), specify the flat-rate compensation in a separate data record.**

1. For the selected employee, choose the *Recurring Payments/Deductions* (0014) infotype using the function *Change/Create*.
2. Enter the *validity date*:
3. In the field *wage type*, enter the relevant user wage type for the flat-rate compensation for the use of a company car. The standard system defaults the model wage type *M720 car net deduction*.
4. If necessary, complete the *remaining fields*.
5. Save your entries.

**Interim result:**

You have created a flat-rate compensation in the *Recurring Payments/Deductions* (0014) infotype.

**FINAL RESULT:**

A flat-rate compensation has been created that is taken into account for the imputed income of the company car.

Create Employee Copayment for the Cost of the Company Car

## Create Employee Copayment for the Cost of the Company Car

If the employee pays a contribution to the purchase price of the company car, these payments are considered as imputed income for the calendar year when the payments are made.



The employee wants a higher price car, or a special model.

|   |                  |
|---|------------------|
| Gross list price without special features | 35 000DM         |
| Amount paid by the employee               | 6.000 DM         |
| <b>Assessment basis for the 1% method</b> | <b>41,000 DM</b> |
| Imputed income (1% of 41 000 DM) *12      | 4,920 DM         |
| Employee copayment                        | 6,000 DM         |
| Imputed income in calendar year 1996      | 00,000 DM        |

The employee's share of the cost of the car can be transferred to the imputed income for the first half of the year, if the employee receives a new company car for private use in the second half of the year, and if the employee pays a copayment. The employee's share of the cost of the car is determined with the 1% method for imputed income for private use, and for the imputed income for travel from home to work.



Enter the entire copayment as a *Recurring Payment* (0014). This is delimited to the end of the acquisition year.

Before entering the data in this infotype, check that data already exists for this employee in the infotypes *Internal Control* (0032) and *Addresses* (0006).

**To create an employee subsidy for the company car acquisition price, proceed as follows:**

1. For the selected employee, choose the *Recurring Payments/Deductions* (0014) infotype using the function *Change/Create*.
2. Enter the *validity date*:  
Select 31.12 of the acquisition year as the **end date**.
3. In the field *wage type*, enter the relevant user wage type. The standard system defaults the model wage type *M910 car tax-exempt amount*.
4. Complete the *Amount* field and, if necessary, the *remaining fields*.
5. Save your entries.

**RESULT:**

You have created a tax-exempt amount for the car in the *Recurring Payments/Deductions* (0014) infotype.

In this way, the employee copayment for the acquisition costs of the car is taken into account as imputed income.

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Create Employee Copayment for the Cost of the Company Car