

# Tax - Breaking News

March 2017



Consistent with our commitment to provide current information on tax issues, we summarize below the clarifications on the taxation of the use of company cars provided by Circular (POL 1045/2017) issued by the Independent Authority for Public Revenues.

On 24 March 2017 the long expected circular providing guidance relating to the benefit from the use of company cars as of 1 January 2016, was finally issued.

*The circular provides clarifications on the following:*

- Cars with a Pre - Tax Retail Price (PTRP) up to EUR 12 000 and which are exclusively provided to employees for business purposes are not considered as a taxable benefit provided that both conditions, business purpose and PTRP up to EUR 12 000, are met.
- Cars exclusively provided for business purposes are tool cars used by specific salesmen, technicians etc. for the employers' business activity, test drive cars, mini buses used for employee transportation, cars used for the transportation of guests or clients etc., cars used temporarily to replace cars that are being serviced and private cars used by airline companies to serve their passengers (assistance cars used on the runway).
- In cases where the same company car is used by two persons within the same time period in a given year, the total value of the benefit (PTRP) is included in both employees employment income without dividing the value between them.
- The value of the benefit in kind is reduced following the third year of the car's circulation year. Therefore, in case the circulation year is 2014, then no reduction will be effected up to and including the tax year 2016.
- The age of the car is determined from the initial issuance of the circulation license of the car internationally.

— The newly introduced calculation of the value of the benefit in kind is only used for the determination of the imputed income of the employee. The actual expenses such as depreciation, repair and maintenance costs, circulation duties, fuel, tolls, leasing or financial leasing expense etc. are fully deductible (100%).

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This Newsletter aims to provide the reader with general information on the above-mentioned matters. No action should be taken without first obtaining professional advice specifically relating to the factual circumstances of each case.

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