

VAT Alert Switzerland

New lump-sum rate for private use of business vehicles as from 1 January 2022

If the employer provides its employee with a business vehicle, which the employee may also use privately, this is deemed to be a supply that is provided by the employer. This supply is subject to the standard VAT rate and must be declared accordingly in the VAT return of the employer.

The deemed proceeds for the private use can be determined effectively or as a lump-sum. In the effective method, the deemed proceeds for private use are usually calculated using a logbook and a rate of CHF 0.70 per kilometre.

Due to this rather cumbersome data collection, the proceeds of the private use is usually calculated using the lump-sum method. However, the lump-sum calculation of the deemed proceeds for the private use is only allowed, if the business use of the vehicle predominates. Otherwise, the deemed proceeds for private use must be calculated using the effective method.

As of 1 January 2022, the lump-sum rate is 0.9% per month (until 31 December 2021 it was 0.8% per month). The lump-sum rate multiplied

by the purchase price, excluding VAT, represents the monthly proceeds for the private use including the VAT at the standard rate. The minimum monthly deemed proceeds are CHF 150 and remain unchanged. The way to and back from workplace is now included in the lump-sum rate.

Grant Thornton Switzerland/Liechtenstein will be pleased to support your company as a competent contact partner for questions regarding VAT. We look forward to hearing from you.



Contact



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