

A GENERAL INFORMATION		
A 1	Category	Taxation
A 2	Subcategory	Transport Taxation
A 3	Transport policy measure (TPM)	Company car taxation
A 4	Description of TPM	Providing cars for private use is usually a low-tax way of employee remuneration. (The reason is that a car is only a cost item in the company accounting, not a salary with taxes, insurance etc) As a result, nowadays approx. 50% of new cars are bought or leased by companies, although the majority (e.g. 70-80% in Belgium and the Netherlands) of company car mileage is non-business use. Besides the large losses in state revenues, this "subsidy" leads to undesirable environmental and traffic effects, therefore taxation of company cars would be socially beneficial.
A 5	Implementation examples	Already implemented in most European countries (including Hungary)
A 6	Objectives of TPM	Reduce the tax burden gap between free private use of company cars and other ways of employee remuneration, in order to moderate undesirable environmental and traffic effects and state revenue losses.
A 7	Key changes concerning:	
A 7.1	- Choice of transport mode / Multimodality:	No mode choice impact mentioned, however experts estimation says increase might be expected due to less car usage
A 7.2	- Origin and/or destination of trip:	shorter commuting distances
A 7.3	- Trip frequency:	no impact mentioned but is it possible that the company car taxation will decrease the possibility of non-business car usage and the trip frequency
A 7.4	- Choice of route:	no impact
A 7.5	- Timing (day, hour):	no impact
A 7.6	- Occupancy rate / Loading factor:	no impact (possibly affecting the occupancy rate due to an increase of fellow passengers due fewer company cars
A 7.7	- Energy efficiency / Energy usage:	decrease in fuel consumption
A 8	Main source	Næss-Schmidt, S., Winiarczyk M.: Taxation papers: Company Car Taxation. Working paper no. 22. Copenhagen Economics, 2010.

B IMPACTS																				
B 1	OVERVIEW ON IMPACTS	AFFECTED SEGMENTS														Geographical level		Source		
		Passengers					Transport operators					Employees in transport	Residents	Economy	Public bodies	Society	1st level	2nd level	Source of assessment	Spatial level of source
Road	Rail	Air	Public transport	Slow modes	Road	Rail	IWW	Air	Maritime	Public transport										
B 1.1	Overall tendency																			
		Smaller (or no) gap between free car usage and other ways of employee remuneration will reduce excessive car usage and average car size as well. Total mileage, fuel consumption, air pollution and congestions will be reduced, besides increasing state revenues. A decrease in mobility of labour would be a side effect.																		
B 1.2	Overall tendency: Income groups	please see below at social impacts																		
B 1.3	Overall tendency: Age groups	no impact																		
B 1.4	Overall tendency: Disabled people	no impact																		
B 1.5	Overall tendency: Gender groups	no impact																		
B 1.6	Overall tendency: Ethnic groups	no impact																		

B 2 TRAFFIC IMPACTS																				
B 2		AFFECTED SEGMENTS														Geographical level		Source		
		Passengers					Transport operators					Employees in transport	Residents	Economy	Public bodies	Society	1st level	2nd level	Source of assessment	Spatial level of source
Road	Rail	Air	Public transport	Slow modes	Road	Rail	IWW	Air	Maritime	Public transport										
B 2.1	Travel or transport time																			
B 2.2	Risk of congestion	↓																		
B 2.3	Vehicle mileage	↓																		
B 2.4	Service and comfort																			
B 2.I	Overall impacts on social groups																			
B 2.II	Implementation phase																			
B 2.III	Operation phase																			
B 2.IV	Summary / comments concerning the main traffic impacts	- When employees face low-cost (or free) commuting by their company car, the average distance between their home and workplace is getting longer. It causes congestions on main roads from the suburbs. In some cases even free fuel can be provided for private routes without paying additional (or higher) fuel taxes, which also leads to excessive car use. [1]																		
B 2.V	Quantification of impacts																			

B 3 ECONOMIC IMPACTS																				
B 3		AFFECTED SEGMENTS														Geographical level		Source		
		Passengers					Transport operators					Employees in transport	Residents	Economy	Public bodies	Society	1st level	2nd level	Source of assessment	Spatial level of source
Road	Rail	Air	Public transport	Slow modes	Road	Rail	IWW	Air	Maritime	Public transport										
B 3.1	Transport costs	↑																		
B 3.2	Private income / commercial turn over																			
B 3.3	Revenues in the transport sector																			
B 3.4	Sectoral competitiveness																			
B 3.5	Spatial competitiveness																			
B 3.6	Housing expenditures																			
B 3.7	Insurance costs																			
B 3.8	Health service costs																			
B 3.9	Public authorities & adm. burdens on businesses																			
B 3.10	Public income (e.g.: taxes, charges)																			
B 3.11	Third countries and international relations																			
B 3.I	Overall impacts on social groups																			
B 3.II	Implementation phase																			
B 3.III	Operation phase																			
B 3.IV	Summary / comments concerning the main economic impacts	- At the moment EU governments lose tax revenues in average 0,5% of GDP due to unequal taxation of company cars and other ways of remuneration. [1] Hence, a taxation will significantly increase the public income and lower the private income.																		
B 3.V	Quantification of impacts																			

B 4	SOCIAL IMPACTS	AFFECTED SEGMENTS														Geographical level		Source		
		Passengers					Transport operators					Employees in transport	Residents	Economy	Public bodies	Society	1st level	2nd level	Source of assessment	Spatial level of source
		Road	Rail	Air	Public transport	Slow modes	Road	Rail	IWW	Air	Maritime									
B 4.1	Health (incl. well-being)																			
B 4.2	Safety																			
B 4.3	Crime, terrorism and security																			
B 4.4	Accessibility of transport systems																			
B 4.5	Social inclusion, equality & opportunities																			
B 4.6	Standards and rights (related to job quality)																			
B 4.7	Employment and labour markets																			
B 4.8	Cultural heritage / culture																			
B 4.I	Overall impacts on social groups																			
B 4.II	Implementation phase																			
B 4.III	Operation phase																			
B 4.IV	Summary / comments concerning the main traffic impacts																			
B 4.V	Quantification of impacts																			

- Lower mobility of labour, as workers face higher commuting costs. [1]
 - Lower labour mobility will negatively affect the employment and labour markets and the attractiveness of the overall economy.

B 5	ENVIRONMENTAL IMPACTS	AFFECTED SEGMENTS														Geographical level		Source		
		Passengers					Transport operators					Employees in transport	Residents	Economy	Public bodies	Society	1st level	2nd level	Source of assessment	Spatial level of source
		Road	Rail	Air	Public transport	Slow modes	Road	Rail	IWW	Air	Maritime									
B 5.1	Air pollutants																			
B 5.2	Noise emissions																			
B 5.3	Visual quality of the landscape																			
B 5.4	Land use																			
B 5.5	Climate																			
B 5.6	Renewable or non-renewable resources																			
B 5.I	Overall impacts on social groups																			
B 5.II	Implementation phase																			
B 5.III	Operation phase																			
B 5.IV	Summary / comments concerning the main traffic impacts																			
B 5.V	Quantification of impacts																			

- The average value of company cars are significantly higher than private ones. While there is a strong correlation between a car's value and its GHG emissions (as well as fuel consumption), high company car taxes may reduce average car size, pollution and consumption. (the more high tech engine the lower consumption and higher prize)
 - Lower car usage and traffic loads will have positive effects for residents at heavy loaded arterial roads concerning air pollutants and noise emissions.
 - 3rd level impact: Lower demand regarding car usage affects the land usage positively due to a decreasing demand of roads.

C REFERENCES	
C 1	Other TPMs of this subcategory
C 2	References

Vehicle taxation (circulation & registration taxes); CO2 based annual vehicle circulation tax (CO2 taxation)

International
 [1] Næss-Schmidt, S., Winiarczyk M.: Taxation papers: Company Car Taxation. Working paper no. 22. Copenhagen Economics, 2010.

National
 [2] Modernising tax relief for business expenditure on cars: a consultation update. HM Treasury and HM Revenue & Customs. March 2007
 [3] Report on the evaluation of the company car tax reform. Inland Revenue, 29 April 2004