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# Belgian constitutional court cancels “cash for car” system

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A 2018 law that established a mobility allowance — the “cash for car system” — has been annulled (Dutch) by Belgium's constitutional court. The system allowed employees to exchange company cars for remuneration and still receive favorable tax treatments, with a goal of reducing the number of cars being driven. However, the system was controversial for a variety of reasons — including discriminatory application — and the system did not necessarily reduce the number vehicles in use.

Unions and environmental agencies challenged the system as unconstitutional. The court found that the system led to an unequal tax treatment of wages and was discriminatory — as the cash benefit for car replacement was taxed more favorably than other cash payments and only those with access to a company car could benefit. Also, the court held that the scheme did not guarantee there would be less cars in use — because employees could replace their company car with another vehicle. Based on these findings, the court annulled the law as of 31 Dec 2020 to allow time for any needed new legal provisions to come into force.

The impact of the court's judgment should be limited. Recent studies have shown that only 0.011 percent of eligible employees took advantage of the system. The Mobility Budget, effective 1 March 2019, remains in force and allows eligible employees to exchange their company car for a budget to be spent on three alternative mobility solutions.

## Related resource

- [Decision](#) (Dutch) (Constitutional Court, 23 Jan 2020)

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