

**In 2026 emission-free company cars should become the norm**

The Belgian federal government has reached an agreement on the principles of greening the company car fleet. From 2026 onwards, emission-free company cars should become the norm.

Starting from the year 2026, only emission-free company cars - such as fully electric cars - will be able to benefit from a tax-friendly regime. The tax deduction for zero-emission passenger cars - including dual-use cars and minibuses - purchased in 2026 is 100 %. That rate falls to 95 % in 2027 and drops further to 90 % in 2028, 82.5 % in 2029, 75 % in 2030 and 67.5 % for cars bought in 2031.

For fossil fuel passenger cars bought between 1 July 2023 and 31 December 2025, there will be a transitional arrangement. The deductibility will be capped at 75 % in 2025. In 2026, it will be 50 %, in 2027 25 % and from 2028 zero %.

Hybrid company cars purchased after 1 July 2023, the tax deductibility of petrol or diesel costs will be limited to 50 %.

Vans are not covered by the new regime. Companies that bring in an emission-free truck do enjoy an increased investment deduction. The same applies to investments in refuelling infrastructure for hydrogen and an electric charging station. The rate is 35 % in 2023, 29.5 % in 2024, 24 % in 2025, 18.5 % in 2026 and 13.5 % in 2027.

The benefit in kind - the tax paid by users of a company car - does not change. Buying an environmentally friendly car with low or zero CO2 emissions can reduce the taxable benefit, but there is always a minimum benefit of EUR 1,340 per year (the amount for the 2020 income year). Whether an electric car will be taxed at that minimum benefit will depend as a principle on the catalogue value.

Please note that these rules still need to be introduced in our Belgian Income Tax Code.

Do not hesitate to contact us if you should have any questions.

Vandendijk & Partners  
Advocaten, Avocats.  
[info@vandendijk-taxlaw.be](mailto:info@vandendijk-taxlaw.be)

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