

Deloitte.

WLTP

January 2019

[Taking updated FAQ into account](#)

On 1 September, 2018 a new system to test the CO2 emission for cars became effective.

The system steps away from the NEDC testing cycle applied till now. The more static NEDC testing cycle was replaced by the new WLTP testing cycle, which is a more dynamic and realistic method to determine effective CO2 emissions. The shift includes adding real life environment testing to the current Labo-environment only testing.

The new WLTP test cycle will take more factors into account and will therefore result in a more differentiated CO2 value within same car, model and motorization, which was not the case today.

Generally, the WLTP values will be a significant increase from the previous NEDC test values.

A transitional period until 2020 has been created, during which WLTP values can be recomputed downwards (NEDC 2.0) to be closer to the original NEDC values.

In any case, even during the transition period, the CO2 value will increase in general for all cars, also when using the downwards reduced NEDC 2.0 value. Given the CO2 value drives so many aspects of managing company cars, the new CO2 values will certainly impact each organization.



Action 1 Your system(s) Impact of CO2 value

The CO2 value of the cars in your fleet, typically steers 1 or more of your systems and drives many different [tax] processes. You receive input from the dealer, from the leasing company, bank, fleet management software, HR software. Those systems typically all have in common that they only use 1 box to refer to for CO2 emission.

- Do you know which number you receive or input in your systems: NEDC, WLTP or NEDC2.0?
- The payroll team will define the BIK of the company car, taxes to be paid and net earning by the employee. The new CO2 value has a real impact on the net earnings of your employees.
- The corporate tax team will define the tax deductibility of the car for corporate tax purposes based on the CO2 value.
- CO2 Tax is defined by the CO2 value as well



Action 2 Your policy

Your company car policy might refer to a maximum level of CO₂ emission for employees to select a car.

Will you keep your policy at NEDC values or refer to NEDC 2.0 values for time being or will you create specific reference values for WLTP cars and include both?

Not only might the policy refer to the cars, but also options that can be selected, ie specific list or budget. With the new WLTP, specific options might increase the actual CO₂ of that specific car, increasing overall cost, increasing the taxable benefit for employee or maybe bringing the car above your maximum target level you set as a company.

The impact of example a specific interior or specific colour will be very different from example a full glass sky roof, due to the weight impact which drives the CO₂ value.

The policy might also be driven by reducing CO₂ emissions, which will be difficult to achieve when using a mix or shift from NEDC to WLTP.



Action 3 Tax Authorities - The Minister of Finance

The EU had a clear view to improve transparency and information on actual emission when the new WLTP test cycle was approved. They did not intend to increase income taxes, which is the indirect effect created through the link of the Belgian tax system with “the CO2 emission”.

Beginning of January 2019, the Ministry of Finance published an update to the [FAQ document](#) dedicated to Company Provided Cars.

The update meets the need for a formal confirmation that, at least today, NEDC CO2 values can be used.

The FAQ, question 41, stipulates that up to December 31st, 2020 the NEDC CO2 value can be used to determine the tax qualification of a company car (benefit in kind for employee, corporate tax deductibility for employer). The value can be found on the Certificate of Conformity (CoC) under box 49.1.

The CoC also includes the WLTP value under box 49.4. This (substantial) higher value will need to be used as from January 1st 2021, also for existing cars, which still seems like a serious increase in overall tax burden.

Important is that the Registration Certificate can include either the NEDC or the WLTP CO2 value, without indicating which is being reflected. Therefore, always verify the CoC to be certain when inputting a new company car in your systems. This approach is also confirmed in the FAQ question 41.



What is WLTP.

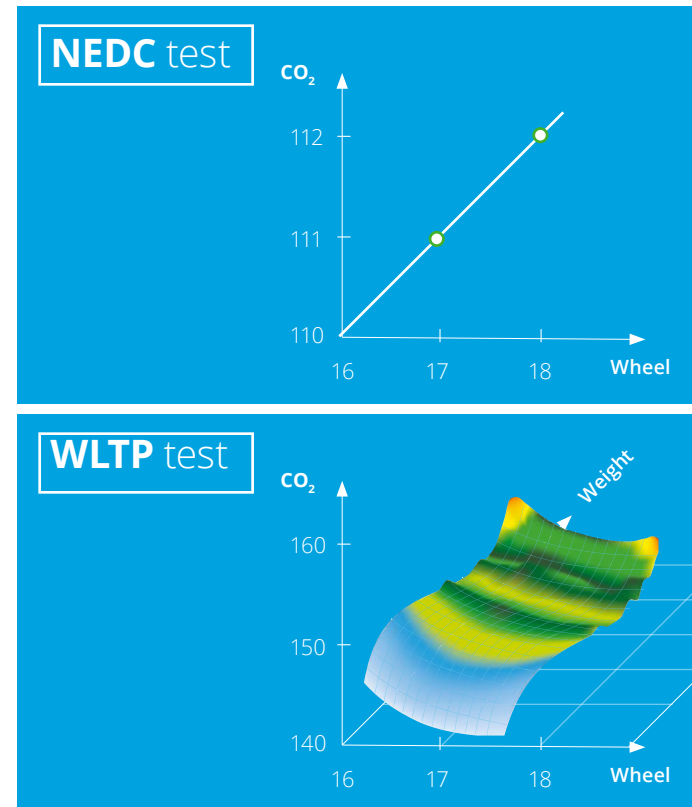
WLTP = Worldwide Harmonized Light Test Procedure

NEDC = New European Driving Cycle test.

The WLTP test cycle replaces the current NEDC test cycle to determine the CO₂ emission of a car. The new WLT cycle is much more realistic and includes actual on-road test io only laboratory testing.

The WLTP emission is much higher compared to the NEDC values, on average between 15% and 25%.

WLTP takes multi dimension into account and goes from NEDC with only tire size to options and weight and drag coefficient. (line to 3D box)



Timeline

WLTP for each new car
as from 1.9.2017
(new car = new
engine type or engine
configuration, not actual
model or specific car).



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