

CHAPTER VIII

Treatment of Fringe Benefits of Employees

Country	(i) Kind of allowances and perquisites included in taxable income or subject to special levies	(ii) Special rules for valuation of perquisites
Argentina	Fringe benefits are included in taxable income.	Where fringe benefits include lumpsum allowances for a car, travel, entertaining, etc., only actual expenses incurred, supported by third-party vouchers, may be deducted from the related fringe benefit.
Bangladesh	Perquisites are taxable whether in cash or in kind. Taxable benefits include value of rent-free accommodation, taxes paid by the employer on behalf of the employee, house rent allowance, entertainment allowance, conveyance provided by employer exclusively or partly for personal use, and free passage for travel abroad if not provided within the terms of employment.	Specific formulae & ceilings are laid down for calculating the value of rent-free accommodation, free conveyance, entertainment allowance and free passage for travel abroad.
Canada	<p>Most fringe benefits received or enjoyed by virtue of an individual's employment are subject to tax as employment income. Some examples of taxable fringe benefits are:</p> <ul style="list-style-type: none">- Board and lodging (with some exceptions for remote work sites, etc.).- Housing allowances, educational allowances for children.	<p>In the case of interest free or low interest loans the taxable benefit is equal to the difference between the amount of deemed interest computed at the prescribed rate and the actual interest paid on such loans in the year or within 30 days after the end of the taxation year. The prescribed rate is determined quarterly by reference to the bank prime rate.</p> <p>For personal use of a company owned automobile by an employee, he is generally required to include in his income a maximum</p>

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	<ul style="list-style-type: none"> - Personal use of employer's automobile, aircraft or yacht. - Vacation trips. - Expenses of spouse on a business trip. - Employer premium to a provincial health services plan. - Stock option benefits (except certain stock options of Canadian controlled private companies). - Imputed taxable benefits on interest free or low-interest loans. 	<p>benefit equal to 2% per month of the original cost of the automobile or two-thirds of the rental (cost net of insurance paid by the employer, based on the number of days the automobile was available to the employee. There is a pro-rata reduction in the benefit where it can be established that the personal use of the company car is less than, on average 1,000 Km. per month.</p> <p>In addition, the benefit derived from the operating costs of an automobile used for personal purposes paid by the employer will be taxable to the employee.</p>
Italy	All fringe benefits are taxed as employment income.	
Mexico	<p>Allowances of all types, including those for housing, living expenses, education, foreign service and low-interest or interest free loans to employees are included in taxable income.</p> <p>If required by the job, a company car can be provided at company expenses but living expenses can only be absorbed free of tax to the employer in the case of short term visits and if supported by receipts from third parties.</p> <p>A per diem rate is treated as a taxable allowance.</p>	-

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	<p>Reimbursement of expenses of a spouse or dependent usually represent taxable income to the employee. Travelling expenses, other than those supported by receipts from third parties must in general be added to salaries for income tax purposes.</p>	
The Netherlands	<p>Any remuneration in kind received by an employee from the employer, is taxable and valued at fair market prices.</p> <p>Interest free loans supplied by an employer to an employee do not increase the employee's taxable income.</p>	<p>Where an employee or an entrepreneur has a car at his disposal which is supplied by the employer or the business, normally 20% of the catalogue value of the automobile is added to his taxable income. 24% of this value is added to taxable income if the employee travels at least 3 times to the place of work and the distance exceeds 30 km.</p>
New Zealand	<p>Since 1 April, 1989 all fringe benefits provided by employers to employees are subject to the Fringe Benefit Tax in the hands of the employer. The Fringe Benefit tax is levied on:</p> <ul style="list-style-type: none"> - motor vehicles - subsidized transport provided by the employer - loans from the employer - retirement allowances - some contribution to superannuation schemes. 	<p>In the case of cars, only motor vehicles weighing 3,500 kg. or less are covered. There are special rules for determining the value of the benefit depending on the ownership of the vehicle, lease arrangement or pool system under which cars are provided for use of employees. In respect of loans, different rules apply for calculating the prescribed rate of interest to arrive at the taxable benefit. Where goods provided by the employer to an employee are manufactured by the employer, the value of the benefit is equivalent to the lowest price charged in the open market to arms length purchasers.</p>

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Norway	In principle, taxable income includes all benefits in kind. In some cases, e.g. company cars, special rules apply.	-
The Philippines	Taxable benefits include provision of free living quarters by the employer, company car for personal use, compensation in the form of stocks in a corporation and entertainment allowance.	The rateable value of living quarters provided by the employer to the employee is income of the employee to the extent of the reasonable needs of the employee if the living quarters are not for the exclusive benefit of the employee. Where a car is used for both personal and business purposes, a pro rata proportion of the car expenses attributable to the personal use will be included in the user's taxable income.
Spain	In principle, benefits in kind (e.g., cost-free housing, subsistence and lodging allowances, cost-free schooling and vacations, etc.) constitute employment income and are valued at market prices.	Benefits in kind are valued at cost for the employer (including related taxes) or at market price with three exemptions: 1. The rent-free use of a residential dwelling is equivalent to 2% of the residence for net wealth tax purposes; the amount of imputed income may not, however, exceed 10% of the employee's remaining remuneration. 2. The free supply or use of a private automobile is equal to the cost (including related taxes) to the employer, in the case of a free supply, or 15% of the cost to the employer on an annual basis if the employer owns the vehicle, or the amount paid by the employer to lease the automobiles. If the car is first

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freely used by and then supplied to the employee, the free supply is valued at market price.

3. The interest on loans below the legal rate is equal to the difference between the interest actually charged and the prevailing legal interest rate.