

# Vehicle mileage allowance limits for tax exemption in France

The allowances paid by the employer are usually exempted of contributions within the limits set by the mileage allowance of the French tax administration.

The mileage allowance limits are issued each year by the French tax administration (Note: the current mileage allowance limits are the same as last year).

It sets the maximum reimbursement of mileage allowances for employees, based on the car horsepower and on the mileage driven for professional purposes. The employer can choose to reimburse a smaller amount than the amount resulting from this schedule.

## WHAT IS INCLUDED IN THE MILEAGE ALLOWANCES

The mileage allowance is supposed to include the following expenses: depreciation of the vehicle, maintenance and repair, tyres, petrol, insurance, helmet and accessories. Therefore, if a non taxable mileage allowance is paid to the employee, these expenses (petrol, etc.) should not be reimbursed additionally.

This concerns the employees using their own car for professional purposes.

If the employee doesn't own the car, he is not entitled to the non-taxable mileage allowance.

Mileage reimbursement for car (*) in Euros			
Horsepower	<= 5 000 km	Annual mileage driven on professional grounds 5 001 to 20 000 kilometers	> 20 000 km
<= 3 HP	$d \times 0,405$	$(d \times 0,242) + 818$	$d \times 0,283$
4 HP	$d \times 0,487$	$(d \times 0,274) + 1063$	$d \times 0,327$
5 HP	$d \times 0,536$	$(d \times 0,3) + 1180$	$d \times 0,359$
6 HP	$d \times 0,561$	$(d \times 0,316) + 1223$	$d \times 0,377$
7 HP	$d \times 0,587$	$(d \times 0,332) + 1278$	$d \times 0,396$
8 HP	$d \times 0,619$	$(d \times 0,352) + 1\ 338$	$d \times 0,419$
9 HP	$d \times 0,635$	$(d \times 0,368) + 1\ 338$	$d \times 0,435$
10 HP	$d \times 0,668$	$(d \times 0,391) + 1\ 383$	$d \times 0,46$
11 HP	$d \times 0,681$	$(d \times 0,41) + 1\ 358$	$d \times 0,478$
12 HP	$d \times 0,717$	$(d \times 0,426) + 1\ 458$	$d \times 0,499$
13 HP and more	$d \times 0,729$	$(d \times 0,444) + 1\ 423$	$d \times 0,515$

HP : car horsepower

d : mileage for the year (in kilometers)

\* : maximum reimbursement for mileage in order to avoid social contributions

# Vehicule mileage allowance limits for tax exemption in France

## MILEAGE REIMBURSEMENTS HAVE TO BE JUSTIFIED

The justification of the mileage can be made through schedules. These schedules should mention for each travel the date, the name of the clients, of the suppliers, of the visited prospects, the visited town and the covered mileage.

The French tax administration considers that, if they are not justified are to be taxed as a fringe benefit.

Usually, a comparison is made between:

- The payments to employees related to the use of their own cars (e.g.: car allowance at the bottom of the payslip, reimbursement of fuel expenses...) - Except for tolls and parking tickets
- And the amount which is tax exempted according to the French administration scale after having provided the evidence (particularly the summary of the travels).

Only the excess payment is considered as fringe benefit.

Every year, employees should provide their employer with a copy of their car registration cards and mileage schedules for the whole calendar year

These documents may be asked by the French tax administration in case of a tax / social inspection.

For more information on this issue, please consult our memorandum on fringe benefits and employees' expenses.

## ALLOWANCE PAID IN ADDITION TO THE BENEFIT OF A COMPANY CAR

If the car driven by the employee belongs to the company and if a "mileage allowance" or "car allowance" is paid in addition to the employee, then this allowance is considered as a kind of taxed bonus (social and tax contributions).



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