

PSEUDO FINAL LEVY 2027: THE IMPACT ON YOUR FLEET

Insight into rules, consequences and practical steps for employers

From January 1, 2027, employers will pay an additional tax. This applies to passenger cars with an internal combustion engine that are also used privately.* This tax is called the pseudo final levy (pseudo-eindheffing).

The pseudo final levy amounts to 12% of the vehicle's list price, including VAT and BPM. The employer pays this tax and is not allowed to pass it on to the employee. The employer can choose to pay the levy per tax period or after the end of the year. Payment must be made no later than with the second payroll tax return of the following year.

WHEN DOES THE PSEUDO FINAL LEVY APPLY?

- ✓ At the moment the car is made available to the employee (not the registration date).
- ✓ If the car is used privately for even oneday, the levy applies to the entire month.
- ✓ *Commuting (home-work travel) is considered private use for this scheme.

WHEN DOES THE PSEUDO FINAL LEVY NOT APPLY?

- ✓ If the passenger car is a zero-emission vehicle.
- ✓ If it is not a passenger car (e.g. a van).
- ✓ If the car is not used privately during a period.
- ✓ If the car falls under the transitional arrangement.
- ✓ For entrepreneurs subject to income tax (such as freelancers and sole proprietors).

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FREQUENTLY ASKED QUESTIONS

TRANSITIONAL ARRANGEMENT – WHAT ABOUT THE EXCEPTION UNTIL 2030?

If the employer has made a combustion engine car available before 2027, an exception applies until September 17, 2030. During this period, the employer does not have to pay the pseudo final levy for that vehicle. After this period, the levy applies to all passenger cars with combustion engines made available by the employer.

EMPLOYER – WHEN ARE YOU A WITHHOLDING AGENT?

The employer is responsible for payroll taxes and pays the pseudo final levy.

CHANGE OF EMPLOYER – WHAT HAPPENS IF THE CAR IS TRANSFERRED?

If another employer (legal entity) provides the same car to an employee after January 1, 2027, the new employer must pay the pseudo final levy. Tip: take this into account when combustion engine cars are used via a subsidiary.

RENTAL CARS – DOES THE LEVY ALSO APPLY?

If an employer rents a combustion engine car and it is used privately, the pseudo final levy applies. If the car is used for two days in a month, the levy still applies to the entire month.

CHANGE OF DRIVER – WHAT IF ANOTHER EMPLOYEE USES THE SAME CAR?

If an employer provides the car to employee A in 2026 and then to employee B in mid-2027 within the same legal entity, the transitional arrangement remains applicable (provided the car qualifies).

TEMPORARY CAR – DOES IT FALL UNDER THE TRANSITIONAL ARRANGEMENT?

The transitional rules are linked to both the employer and the specific car. If a combustion engine car is first assigned as a temporary vehicle to employee A before 2027 and later to employee B, the transitional arrangement remains valid until September 17, 2030.

HOW MUCH IS THE PSEUDO FINAL LEVY?

12% of the list price.

Example:

- List price: €40,000 → levy: €4,800 per year / €400 per month
- List price: €60,000 → levy: €7,200 per year / €600 per month

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HOW TO LIMIT THE IMPACT OF THE PSEUDO FINAL LEVY

If you want to avoid or limit the costs, it is wise to take action now.
The steps below help you prepare your mobility policy:

01

SWITCH TO A BEV-ONLY POLICY IN TIME

Switch to a policy allowing only fully electric passenger cars no later than December 31, 2026.

02

ANALYSE YOUR CURRENT FLEET

Check whether there are combustion engine cars with contract end dates beyond September 17, 2030. If so, explore suitable solutions in time.

03

AVOID NEW LONG-TERM COMBUSTION ENGINE CONTRACTS

If you still introduce combustion engine cars in 2026, align contract duration with September 17, 2030. Shorter contracts may lead to higher monthly lease costs.

04

CONSIDER STRATEGIC USE OF THE TRANSITIONAL ARRANGEMENT

It may be beneficial to add one or more combustion engine cars to the pool before December 31, 2026. As long as these cars remain within the same legal entity (even with driver changes), the transitional arrangement applies until September 17, 2030.

05

REVIEW TEMPORARY REPLACEMENT VEHICLES (E.G. HOLIDAY CARS)

If temporary replacement cars are included in your policy, consider discontinuing them. The pseudo final levy may lead to significantly higher costs for the employer.

Do you have questions or
would you like more information?
Please contact your account manager.

DISCLAIMER

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