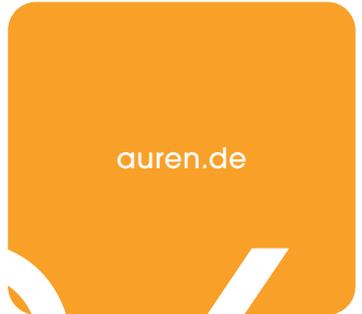




Company Bicycles & Electric Mobility



2026

COMPANY BICYCLES – BICYCLE LEASING AND PRIVATE USE

Everybody is talking about company bikes. These are bicycles that are usually leased by employers for their employees, who are also allowed to use their bikes for private purposes.

The process is similar to that associated with leasing a car. The employer concludes the leasing contract and covers the running costs for the bicycle, including insurance costs in most cases. This indicates the employer’s ownership and allows them to grant the employee permission to use the company bike for private purposes, too.

Differentiation between bicycles and motor vehicles How electric bicycles are treated in terms of income tax, depends on whether the bike in question is an e-bike or a pedelec, and therefore on whether it is categorised as a bicycle or a motor vehicle that must be registered.

	pedelec (pedal electric cycle)	s-pedelec	e-bike
Definition	The term pedelec is generally used to refer to an electric bicycle that only offers motor assistance while the user is pedalling. The maximum continuous rated power of a pedelec is limited to 0.25 kW and the bike’s motor assistance must be limited to 25 km/h.	An s-pedelec works in the exact same way as a “normal” pedelec; however, motor assistance is limited to 45 km/h and the permitted maximum continuous rated power of the motor is 0.5 kW.	Unlike a pedelec, an e-bike does not require pedalling to offer motor assistance. This means that the electric motor of this type of bicycle can be controlled by means of a button or twistgrip. Registration as a motor vehicle is required from a speed of 6 kilometres per hour and up.
Classification	Bicycle	Motor vehicle (requiring a number plate)	Motor vehicle with a speed of 6 km/h and up (requiring a number plate)

CLASSIFICATION AS A BICYCLE

If a company makes a bicycle available to an employee and allows them to also use the bike privately, this can be considered a non-cash benefit. The following rules apply for assessing whether this is the case:

- The 1% rule is applied as the monthly average value of private use. This includes trips between the employee’s home and their main place of work and any trips home of individuals with two households.
As is the case for company cars, the base value assumed in this calculation is the manufacturer’s recommended price plus value-added tax, rounded down to the nearest EUR 100.
- This rule also applies to electric bikes, if these are classified as bicycles under traffic law (meaning they do not require a number plate and no insurance obligations apply).

Please note: The usual monthly tax-exempted amount for non-cash benefits of EUR 50 does not apply in the context of a bicycle being made available to an employee.

Depending on the time the bicycle is made available, a reduction of the assessment basis for the 1 % monthly average value **of private use** may apply. The amount is always calculated based on the manufacturer’s recommended retail price at the time the bicycle is first acquired, abbreviated hereinafter as RRP:

Time the bicycle is made available	Assessment basis
1 January 2020 – 31 December 2030	Taxation of 1% of one quarter of the RRP, rounded down to the nearest EUR 100
After 31 December 2030	Taxation of 1% of the RRP, rounded down to the nearest EUR 100

Note: The different approaches to taxation apply to income tax only, value-added tax is always calculated based on 1% of the gross list price.

Bicycles for family members From an income-tax point of view, it is also possible for employees to lease bicycles for family members. The scope of this should be specified by the employer in consideration of labour law, and coordination with the lessor may also be required.

Discount allowance An annual discount allowance of EUR 1,080 applies if the provision of bicycles is part of the employer's service range.

Tax exemption A tax exemption applies for bicycles made available to employees in addition to their earned pay between 2019 and 2030. Please note: This tax exemption does not apply to bikes that are classified as motor vehicles.

Value-added tax If the company purchases bicycles that are not intended for resale but for use within the company, these are considered fixed assets and the acquisition costs are deductible as business expenses distributed over their useful life. A typical period of use of seven years is assumed for "normal" bicycles according to the official depreciation tables.

This means that the acquisition costs can be spread over this period according to tax law. The German Federal Ministry of Finance (BMF) has not issued any separate values regarding the typical period of use of e-bikes. The typical period of use that applies to "normal" bicycles therefore has to be assumed for e-bikes, too.

If acquisition costs excluding VAT are no more than EUR 800.00, these can be immediately claimed in full for tax purposes in the year of acquisition. As an alternative, the bicycle can also be included in a compound item for tax purposes, provided that it cost at least EUR 250.00 but no more than EUR 1,000.00 (excluding VAT). In this case, 20% of the acquisition cost is recognised for tax purposes per year over a period of five years. Further costs (usually running costs) are treated as regular operating expenses, in the same way as is the case for motor vehicles that are company assets. Such costs include, for example, repair costs, insurance premiums and electricity for charging bicycles.

CLASSIFICATION AS A MOTOR VEHICLE

If a bicycle (i.e. an e-bike or s-pedelec) is classified as a motor vehicle, the tax rules for motor vehicle provision apply. This means that the employer must assume 1 % of the manufacturer's recommended price plus 0.03 % per kilometre separating the user's home from their main place of work.

For the years indicated above, reductions regarding the use of the 1 % value as a calculation basis apply for **private use** in this case, too.

Time the bicycle is made available	Assessment basis
1 January 2020 – 31 December 2030	Taxation of 1 % of one quarter of the RRP, rounded down to the nearest EUR 100
After 31 December 2030	Taxation of 1% of the RRP, rounded down to the nearest EUR 100

The respective assessment basis applies with regard to income tax only, also when an e-bike is categorised as a motor vehicle. Value-added tax is always considered based on 1 % of the RRP.

TRANSFER OF OWNERSHIP OF ALL TYPES OF BICYCLES

After the end of the leasing term that is usually 36 months long, the company bike is returned to the lessor. In some cases, however, the bicycle is acquired by the employee.

If an employee buys a bicycle, evidence of this must be provided stating its market value. If the employee pays this amount, no non-cash benefit arises. If an employee pays less than this amount, the difference must be considered for tax purposes as a non-cash benefit.

A bike's market value can be determined as being 40 % of the manufacturer's price rounded down to the nearest EUR 100 (i.e. the non-cash benefit assessment basis assumed up to this point), and no further investigation is required. As an alternative, it is also possible to provide evidence of the bicycle's actual market value (e.g. an expert's report).

The financial authority allows the lessor or provider of the leasing scheme to report the non-cash benefit at a flat rate to settle taxation (pursuant to Section 37b (1) of the German Income Tax Act (EStG)).

The employer should ask for confirmation that such flat-rate taxation has been taken care of.

Apart from the market value based on information available on the internet, it is also possible to assume 96 % of the typical final price; the usual 4 % deduction for non-cash benefits applies. The final price can then be reported for individual taxation or flat-rate taxation, provided that certain requirements are met. If the user takes over the company bike after the end of the leasing term, the financial authorities will assume a remaining value of 40 % as standard for tax purposes.

Calculations by bike suppliers are usually based on a lower percentage, and the resulting difference is considered a non-cash benefit. However, employees usually do not have to pay tax for this, as lessors tend to cover the 30% tax burden in the context of flat-rate taxation pursuant to Section 37b EStG.

Since 2020, employers have been able to apply a standard rate of 25 % income tax for non-cash benefits in the form of free or discounted provision of company bikes to employees. The solidarity surcharge and, if applicable, church tax apply in addition to this. This standard taxation means that an exemption from social insurance contributions applies for the amount in question. The option to apply standard taxation is available for electric bicycles and standard bicycles alike. However, it is not available for electric bicycles that are categorised as motor vehicles under traffic law. Standard taxation with regard to income tax is only available where company bicycles are provided in addition to the salary already owed.

Please note: In the case of e-bike leasing, ownership of the bicycle would first need to be transferred to the employer, according to the wording of the relevant provision.

ELECTRICITY FOR CHARGING AND CHARGING POINTS

Charging electric bicycles at the workplace If the employer enables the employee to charge their electric bicycle (e-bike or pedelec) free of charge, this benefit granted in addition to the employee's salary is granted tax-free. Tax incentives are available for charging private electric vehicles and electric company vehicles alike.

Prerequisite: The electricity is obtained from a fixed installation provided by the employer.

Employer compensation for charging expenses incurred privately at external charging points

Private electric bicycles	Electric company bicycles
Reimbursement of electricity costs paid by the employee is treated as taxable income (limit of EUR 50 for non-cash benefits unless utilised otherwise).	Reimbursement of electricity costs paid by the employee is treated as tax-free reimbursement of expenses.

Transfer of ownership of chargers Transfer of ownership of a charger to an employee is treated as taxable income that is eligible for 25% standard taxation applied by the employer. The option to apply standard taxation is only available for the period from 1 January 2017 until 31 December 2030.

Prerequisite: The transfer of ownership takes place in addition to the employee's salary. Standard taxation is not available in the context of salary conversion.

Subsidies for chargers If an employee covers the cost of a charger themselves, their employer may subsidise the purchase. The employer may apply 25% standard taxation to such subsidies, and these are not subject to social insurance contributions as a result. The same prerequisites that apply to transfer of ownership of chargers also apply here.

BICYCLE ALLOWANCES AND SUBSIDIES

Income-related expenses Despite the tax benefits granted, employers may claim EUR 0.38 per kilometre travelled in their income tax return for each day on which they went to work by bike. This commuting allowance may only be claimed once per day, even if the route was travelled multiple times in the same day. The means of transportation used is not relevant here.

In addition, the financial authority will only accept the shortest route available. Any longer distances travelled to work require an explanatory statement. The maximum commuting allowance available per year is EUR 4,500.

Travel allowance It is possible to grant an employee a travel allowance for trips between their home to their main place of work. Provided that such allowances are no greater than the income-related expenses, standard taxation at a rate of 15% is available, and no social insurance contributions apply as a result. Individual taxation applies if the travel allowance granted is greater than the tax-deductible income-related expenses.

Trips in connection with external activities If business travel is done by bicycle, it must be differentiated whether the bike in question is a bicycle or a motor vehicle under traffic law

Categorised as a bicycle	Categorised as a motor vehicle
No standard allowance has been available for bicycles since 2014.	A business travel allowance of EUR 0.30 per kilometre may be asserted for motor vehicles.

EXCEPTIONS IN THE CASE OF PROVISION OF A BICYCLE IN THE EVENT OF ILLNESS

Interrupted working relationships An employee who is off sick does not have to cover the leasing rate for their company bike after the end of the period in which they are eligible for continued remuneration. The Osnabrück Labour Court declared a corresponding contractual clause ineffective.

There are also contracts that provide that the employer has the right to demand that the company bike is returned as soon as the working relationship is suspended, for example due to parental leave or the employee not receiving remuneration for a period of time. The employer must inform the employee of this in writing, at least 14 days before the bike is to be returned.

In the case of company bike leasing, the leasing rate is generally deducted from the employee's salary. If the employee does not get a salary, the employer is unable to deduct anything. The employer would therefore have to ask the employee to return the bicycle. The contract provides that if the employer fails to demand that the bike is returned, they can expect the employee to pay the rates to the employer. This means that the employee would have to pay the rates themselves by transferring the amount in question to the employer every month. A few employees have contested this approach, claiming that they had not interpreted the contract in this way. This was confirmed by the labour courts that ruled that this clause/provision in the contract was in fact "non-transparent" and therefore not clear.

Issues that are considered non-transparent under labour law cannot be asserted by employers in a court of law. This means that there is a risk that the employee would be able to keep the bicycle without the employer getting any money from the employee while they are not receiving a salary. The employer would then have to take legal action to enforce return of the bicycle.

The courts consider such provisions to be inappropriately disadvantageous to employees in the sense of Section 307 of the German Civil Code (BGB). Contractual provisions according to which an employer can ask an ill employee to return a company bike after the end of the six-week period of continued remuneration are generally compatible with the basic principle of the continued remuneration law, as the company bike is part of an employee's (non-cash) remuneration. However, the judges believe that an employee cannot reasonably be expected to anticipate that the employer would also make the sick employee bear the leasing charges and therefore the employer's business risk.

The finance ministry has looked into "disruptions" in using a bicycle from a tax-law point of view and the ministry now differentiates between the following THREE options.

A disruption exists when an employee no longer obtains a salary, i.e. in the case of illness without continued remuneration or parental leave.

- 1.) The employee returns the bicycle: the non-cash benefit of the employee no longer exists.
The employer has to check, how they can return the bike or use it otherwise.
- 2.) The employee keeps the bicycle and the employer continues to pay the leasing rates: the non-cash benefit continues to exist. The BMF assumes that no additional non-cash benefit arises due to the employer taking over the leasing rate payments. However, the employee does not lose the non-cash benefit either, as they still have the bike.
- 3.) The employee keeps the bicycle and retention of the leasing rates continues, e.g. by issuing invoices or in another similar way. The non-cash benefit continues to exist, but is reduced to zero due to the additional payments made by the employee.

ELECTRIC AND HYBRID VEHICLES

An electric vehicle is a motor vehicle that is powered exclusively by means of an electric motor that is fully or largely fuelled by mechanical or electro-chemical energy storage devices or by emission-free energy converters (e.g. hydrogen-powered fuel cell).

A hybrid electric vehicle is powered by an operating fuel as well as featuring a storage device for electric energy. Hybrid vehicles also have to be externally chargeable.

It is frequently the case that only half or, in the case of fully electric vehicles, only a quarter of the standard non-cash benefits are considered in company car taxation.

The following prerequisites apply:

	Acquisition	Prerequisite	Taxation
(Fully) electric car	1 January 2019 31 December 2023	List price ≤ 60.000 EUR	¼ (from 2020)
		List price > 60.000 EUR	½
	1 January 2024 – 30 June 2025	List price ≤ 70.000 EUR	¼
		List price > 70.000 EUR	½
	1 July 2025 – 31 December 2030	List price ≤ 100.000 EUR	¼
		List price > 100.000 EUR	½
Plug-in hybrid	1 January 2022 – 31 December 2024	<ul style="list-style-type: none"> CO₂-emissions of up to 50g/km or electric motor range of at least 60km 	½
	1 January 2025 – 31 December 2030	<ul style="list-style-type: none"> CO₂-emissions of up to 50g/km or electric motor range of at least 80km 	½

Charging with electricity

Tax benefits are available for charging at any fixed installation operated by the employer or its affiliated companies. However, no tax benefits are available when vehicles are charged at charging points on third-party premises or charging points operated by third parties, or for use of a charger owned by the employee.

The tax exemption is only granted for temporary free or discounted use of the charging point. A transfer of ownership to the employee is not exempted from taxation. However, it is possible to apply a standard tax rate of 25 % in this case, which will lead to the amount being exempted from social insurance contributions.

The term charging point refers to the entire charging infrastructure including any accessories and services provided in connection with installing and servicing such charging infrastructure. This includes, for example, the assembly, installation and commissioning of the charging point, its servicing and operation, and any preparatory work required for commissioning, such as laying a high-voltage cable.

If employees are reimbursed for electricity costs incurred for charging their privately owned electric and hybrid electric vehicles, such reimbursement is considered taxable pay.

If employees are reimbursed for electricity costs incurred for charging electric and hybrid electric company cars, such reimbursement is considered tax-free reimbursement of expenses. In order to simplify the tax-free and social insurance-free reimbursement of expenses incurred by employees for charging electric company cars, the financial authority accepts monthly allowances.

The following net allowances applied for the period from 2021 until the end of 2025:

- If an additional charging point exists on the employer's premises:
 - EUR 30 per month for electric vehicles (previously EUR 20)
 - EUR 15 per month for hybrid electric vehicles (previously EUR 10)
- If no additional charging point exists on the employer's premises:
 - EUR 70 per month for electric vehicles (previously EUR 50)
 - EUR 35 per month for hybrid electric vehicles (previously EUR 25)

The tax exemption for electricity outlined above also applies to so-called micromobility vehicles. These are mostly the so-called e-scooters.

Provision of company bicycles

The legal provisions for company cars also apply to company bicycles. This means that if the company bicycle is handed over during the month, the non-cash benefit is applied to the full month.

The option to reimburse employees in the shape of monthly allowances is no longer available from 1 January 2026. Employees may provide evidence of the amount of electricity used (kilowatt hours) in the form of information from their EV charger or the vehicle itself. A separate electricity meter may be required if no analysis function exists.

The employee is then required to provide evidence of the electricity costs. The following options are available here:

- Information about their individual electricity charges including the basic fee or average values in the case of dynamic rates, or
- Determination of a calendar-year lump sum based on the figure issued by the Federal Statistics Office for the first half of past year: for 2026 this is EUR 0.34 per kilowatt hour. It continues to be the case that no reimbursement is available for electricity produced using a photovoltaic system.
- Employees must not present any documents about electricity consumption they have produced themselves.