

Information on Payroll Accounting

Key Tax Regulations for Promoting Electromobility

December 2025

The topic of electromobility has been on the rise for many years, including among many employees in Germany. Employers are free to work with fixed allowances for expense reimbursement instead of individually reimbursing the actual private electricity costs incurred by employees for charging company electric vehicles. These allowances were previously regulated in the BMF letter dated September 29, 2020. Many companies have taken advantage of this regulation, benefiting employees.

The Federal Ministry of Finance has recently fundamentally revised the administrative view on income tax and wage tax regulations to promote electromobility (BMF letter dated November 11, 2025). The current letter replaces the version from September 29, 2020, and is to be applied for the period from January 1, 2017, to December 31, 2030, subject to individual leniency or non-objection regulations.

In addition to refined definitions of electrically powered mobility forms, the letter contains comprehensive new regulations on tax-exempt coverage of electricity costs and the provision of charging infrastructure by employers. It is particularly noteworthy that the simplification allowances for expense reimbursement are valid for the last time for wage payment periods ending before January 1, 2026.

A central element of the new BMF letter is the tax exemption for charging private and company electric and hybrid electric vehicles. The tax exemption applies to charging at a fixed business facility of the employer or an affiliated company. It can also be granted when using charging points operated by third parties, provided they are made available solely for the employer's purposes. The tax exemption also applies if the charging device operated by a third party is available to other users of the same property, but not to unrelated third parties. The condition is that the employer directly covers the electricity costs for the employee's use of the charging device.

The tax-free benefits must always be granted in addition to the wages already owed. Granting them as part of a salary conversion is excluded. The free or discounted transfer of ownership of a charging device, as well as subsidies for the acquisition or use of such a device, are not tax-free, unlike the temporary provision of a company charging device, but can be taxed at a flat rate of 25 percent. When applying the flat-rate usage value determination ("1-percent rule"), the provided charging electricity is already considered settled, whereas it must be separately accounted for in the logbook method.

To prove private electricity costs incurred for charging a company electric vehicle at a home charging device, a separate (e.g., wallbox or vehicle-internal) electricity meter is required. The individual electricity tariff of the employee, including the proportional basic price, is decisive for determining the reimbursable costs; for dynamic tariffs, the average monthly electricity price can be used.

In comparison, the following is evident: Until now, employers have been able to pay monthly flat rates of 30 euros (for electric vehicles) or 15 euros (plug-in hybrids) with additional charging options, and 70 euros or 35 euros without charging options, tax-free to employees since 2021. These flat rates served both the reimbursement of privately borne electricity costs and the crediting to the usage value. With the new BMF letter, this flat-rate simplification regulation is eliminated, so from 2026, proof of actual electricity costs is generally

required. However, the BMF grants a non-objection regulation: For the period from January 1, 2026, to December 31, 2030, the total electricity price for private households published semi-annually by the Federal Statistical Office can be used to simplify the determination of electricity costs borne by the employee in all application cases (including the application with dynamic electricity tariffs and the use of a private photovoltaic system).

Conclusion

- The new BMF letter creates a significantly more precise and comprehensive regulation of the tax promotion of electromobility but also leads to increased documentation and proof requirements.
- The previous monthly simplification allowances for privately borne charging electricity will expire on January 1, 2026.
- To ensure the reimbursement of charging electricity in the future, detailed recording is necessary. This can be achieved either through a separate electricity meter or by documenting actual electricity costs. For simplification purposes, data from the Federal Statistical Office may also be used until December 31, 2030.

Our Recommendations to You

- Adjust your internal policies and company car regulations to the new legal requirements if necessary.
- Inform your employees early on that the monthly allowances will no longer be permissible from 2026 and therefore must not be paid out further.
- Please also inform your employees that starting in 2026, additional verification and documentation requirements for the reimbursement of electricity costs will come into effect.

Your direct contacts at KPMG AG Wirtschaftsprüfungsgesellschaft are always available for questions.

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