TABLE OF CONTENTS

Α.	INTRODUCTION	7
В.	DEFINITION OF FRINGE BENEFITS FOR TAXATION PURPOSES	7
	i) Introduction	7 8 9
C.	REASONS WHY FRINGE BENEFITS ARE USED AND GOVERNMENTS ARE PREPARED IN SOME CASES TO PROVIDE FAVOURABLE TAX TREATMENT	11
	i) Motives of employeesii) Motives of employersiii) Reasons why governments may provide a favourable tax treatment of certain fringe benefits	12 13
D.	THE PROBLEMS POSED TO GOVERNMENTS BY FRINGE BENEFITS	15
Ε.	THE VALUATION ISSUE	16
F.	REVENUE AND DISTRIBUTIONAL IMPLICATIONS	18
G.	TAX TREATMENT OF FRINGE BENEFITS IN MEMBER COUNTRIES	23 23
	2. Which benefits are subject to tax?	25
	3. Non-deductibility of employers' costs and special taxes on fringe benefits	27
	4. Valuation of benefits in Member countries	31

н.	THE TREATMENT OF EMPLOYEE SHARE SCHEMES	32
	i) Introductionii) Member country approaches to benefits derived from	32 34
	employee share issues	35
I.	THE TREATMENT OF FRINGE BENEFITS UNDER COMPULSORY SOCIAL SECURITY SCHEMES	38
J.	ADMINISTRATION AND COLLECTION PROCEDURES	39
	i) Overviewii) Reporting requirementsiii) Collection systems	39 40 41
Κ.	INTERNATIONAL IMPLICATIONS	42
L.	CHANGES IN TAXING FRINGE BENEFITS SINCE 1986	43
Notes	and references	45
Table	A: Tax treatment of the most popular fringe benefits in Member countries	49
Table	B: Deductibility under the corporation tax of the cost of fringe benefits provided by the employer	58
Table	C: Valuation of certain fringe benefits in Member countries	62
Table	D: The treatment of employer-provided motor vehicles	65
Table	E: The treatment of employee share schemes	69
	i) Basic approachi) Incentive provisions	69 76
Table	F: The treatment of fringe benefits in the calculation of compulsory social security contributions	83
Annex	: Statistical data available on the cost and distributional effects of the tax treatment of fringe benefits Tables 1 to 20	85