

Apparently the simplest and most direct approach is to ask directly for the amount of benefit for which the recipient is assessed for tax purposes. Company car is collected from 2007 onwards. Till 2006, the variable collects only company car contribution. In 2007 only, in order to monitor time break in the series, it is proposed to create a separate variable collecting the company car contribution only: PY021G/PY021N.

Advantages

- Very simple approach. Only two questions are needed:
 - Do you use a company car for private purposes, and if so,
 - What is the corresponding amount assessed for tax (this amount should take into account the associated cost)?

No modelling or collection of secondary information is required. (In any case, in the presence of item non-response to the question, the alternative series of questions described below can (and should) be followed for the respondents concerned in the same survey).

Disadvantages

- It may be subjected to high levels of non-response and/or response errors; and possibly under-coverage (benefits not being reported, especially if not taxed).
- Secondly, the approach depends entirely on national taxation rules.

1.2. Car allowance

While the purchase and provision by the employer of an actual vehicle at least partly for private use is the normal form in which the benefit is provided, sometimes the benefit is simply in the form of a regular (such as monthly) cash allowance alongside the normal salary. It is even possible that there is no reference to any specific "company car". In this situation, the direct approach in terms of the additional income as assessed for income tax purposes is the only possible approach.

Another important point to note is that in a survey, a benefit in this form may already have been included in the reported income from work, and care must be taken to avoid double counting.

Sometimes, the employee has to forgo reimbursement of certain travel expenses as a consequence of receiving a car allowance, where the expenses would normally be claimed in the absence of such an allowance. In principle, such expenses should be deducted from the allowance to obtain the *net* level of benefits received. The amount of benefit assessed for tax purposes is again likely to be the most direct and convenient source of this information.

2. Indirect or modelling approaches

The second approach is to begin with obtaining information on characteristics of the company car. These characteristics are then used to determine the "utility" that the recipient derives from the benefit per unit of time (such as over a year). Exactly which characteristics are collected very much depends on the model or the approach used for this conversion. Basically, there are two types of "indirect" approaches:

2.1. Conversion using tax rules

One method is to use national tax rules to make this conversion. This differs from the direct approach in that here, *tax-related information is not sought from individual respondents but is compiled at the macro-level outside the survey* – hence it does not involve increasing the response burden.

Advantages

- This approach is less likely to be prone to response, non-response and coverage errors than the direct approach.
- It is still relatively simple: either the characteristics of interest such as make, model and registration year of the car or the associated cost are easily reported⁶⁰.

⁶⁰ The specific characteristics that need to be collected depend on what is required for the application of the tax assessment rules in the country concerned. Normally, it may be simpler to collect information from the respondent on physical