Claim for Car Expenses & Capital Allowances

If your Employer has already paid you expenses at Civil Service mileage rates there is no additional tax relief due to you

PPSN

Name of Claimant

Address of Claimant (include Eircode)

Tax year for which you are making a claim

Claim is in respect of (tick) Self ☐ Spouse or Civil Partner ☐

Total annual running expenses[1] .00

Running expenses reimbursed by employer .00

Annual business mileage Annual private mileage

Date you purchased car Purchase Price .00

Date car was first used for business purposes

Leasing expenses (where car is leased rather than purchased) .00

Retail price of the car when new .00

CO2 Emissions (tick the appropriate box):

0 – 140g/km ☐ 141 – 155g/km ☐ 156 – 190g/km ☐ 191g/km+ ☐

If the car was replaced during the year, state:

Date car ceased to be used for business purposes

Disposal date Disposal price .00

Date of purchase of replacement car

Purchase price of replacement car .00

Leasing expenses incurred on replacement car
(where car is leased rather than purchased) .00

Retail price of replacement car when new .00

CO2 Emissions (tick the appropriate box):

0 – 140g/km ☐ 141 – 155g/km ☐ 156 – 190g/km ☐ 191g/km+ ☐

Tick your election under Section 290 TCA 1997:

Treat any Balancing Charge as income in the current year ☐

Or

Offset any Balancing Charge against the purchase price of the replacement car ☐

[1]See point 1 of the guidance enclosed in this form for further details on Running Expenses

Refunds

If you wish to have any refund paid directly to your bank account, please supply your bank account details.

Single Euro Payments Area (SEPA)

Your International Bank Account Number (IBAN) and Bank Identifier Code (BIC) are generally available on your bank account statements. Further information on SEPA can be found on **www.revenue.ie**.

It is not possible to make a refund directly to a foreign bank account that is not a member of SEPA.

IBAN (Maximum 34 characters)

BIC (Maximum 11 characters)

Note: Any subsequent Revenue refunds will be made to this bank account unless otherwise notified.

Declaration which must be signed

I declare that all the particulars on this form are correct to the best of my knowledge and belief.

Signature Date

Address (include Eircode)

Phone Number

Email

Claim for Car Expenses & Capital Allowances

Who can Claim?

If you have already been reimbursed by your employer at Civil Service rates, there is no additional relief due.

Civil Service rates were designed to cover both running expenses and wear and tear allowances. Where an individual makes a claim for running expenses or wear and tear allowances and had previously been paid the Civil Service rates by their employer, such reimbursements by their employer will be treated as taxable salary.

An individual who uses his or her private car for business purposes may claim car expenses in respect of the running expenses of the car[2] and capital allowances in respect of wear and tear[3].

Expenses must be incurred necessarily in the performance of the duties of the employment.

Wear and tear allowances compensate for the depreciation in the value of the car.

Where an individual leases rather than purchases the car, he or she may claim leasing expenses but not wear and tear allowances. These topics are discussed separately below.

Where an individual claims expenses or allowances that were previously reimbursed tax-free by his or her employer, the reimbursements by the employer **will** be treated as taxable salary.

1. Running Expenses

An individual who uses his or her private car for business purposes may claim expenses in respect of the running expenses of the car. These include items such as motor tax, insurance, repairs, services, etc. Only the portion of running expenses relating to the business use of the car is allowable. The 'business' portion is calculated by reference to the business kilometre travel over the total kilometre travel for the period.

2. Wear and Tear

Wear and tear is an annual capital allowance in respect of the depreciation in the value of the car. As it is given at a fixed rate it does not reflect the actual depreciation suffered. The current annual rate is 12½% of the allowable cost of a car over a period of 8 years. Only the portion of the wear and tear that is applicable to the business use of the car is allowable. The 'business' portion is calculated by reference to the business kilometre travel over the total kilometre travel for the period.

The actual cost of a car is generally disregarded for capital allowances purposes. For expenditure incurred on the purchase of a car (new or secondhand) **on or after 1 July 2008**, the allowable expenditure for wear and tear allowances is determined by the car's level of CO2 emissions, calculated by reference to a "specified amount" which is currently €24,000.

Cars are categorised by reference to the bands of CO2 emissions that are used to determine Vehicle Registration Tax (VRT). The original CO2 emissions figure at manufacture determines the band and not the CO2 emissions of the car at the date of registration.

The regime as it applies to cars purchased **before 1 January 2021** is summarised in the **table** below.

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[2] The statutory basis for the expenses is section 114 TCA 1997

[3] The statutory basis for the wear and tear allowances is section 301 TCA 1997

Table 1

Group	Vehicle Category	CO2 Emissions (grams per km)	Allowable Expenditure
1	A	0 – 120	€24,000
1	B	121 – 140	€24,000
1	C	141 – 155	€24,000
2	D	156 – 170	50% of €24,000 or, if lower, 50% of the retail price (when new)
2	E	171 - 190	50% of €24,000 or, if lower, 50% of the retail price (when new)
3	F	191 - 225	Nil
3	G	more than 225	Nil

The emissions thresholds on which capital allowances are based were revised downwards in Finance Act 2019. For cars purchased **on or after 1 January 2021** the following regime applies:

Table 2

Group	Vehicle Category	CO2 Emissions (grams per km)	Allowable Expenditure
1	A	0 – 120	€24,000
1	B	121 – 140	€24,000
2	C	141 – 155	50% of €24,000 or, if lower, 50% of the retail price (when new)
3	D	156 – 170	Nil
3	E	171 - 190	Nil
3	F	More than 191	Nil

Example 1 – car purchased prior to 1 January 2021

A car (CO2 emissions level of 170g/km) cost €26,000 in May 2018. Only €12,000 of this amount qualifies for wear and tear allowances in accordance with Table 1. 2018 travel is 12,000km business use and 6,000km private use.

2018 wear and tear

€12,000 x 12.5% = €1,500

Restricted to 2/3 for business use = €1,000

Example 2 – car purchased on or after 1 January 2021

A car (CO2 emissions level of 170g/km) cost €26,000 in May 2024. In accordance with Table 2 this car does not qualify for wear and tear allowances.

Example 3 – car purchased on or after 1 January 2021

A new car (CO2 emissions level of 150g/km) cost €23,000 in May 2024. Only €11,500 of this amount qualifies for wear and tear allowances in accordance with Table 2. 2021 travel is 12,000km business use and 6,000km private use.

2021 wear and tear

€11,500 x 12.5% = €1,438

Restricted to 2/3 for business use = €959

Balancing Allowances and Balancing Charges

Part of the calculation of wear and tear allowances involves looking at whether an individual has been over or under- compensated for the wear and tear on a car when certain events occur such as the sale of the car. Depending on the sales proceeds there may be a clawback of the allowances previously claimed or additional allowances may be due. Similarly, if you traded-in, scrapped or ceased to use the car for the purposes of the employment during the year the same position applies. A wear and tear allowance cannot be claimed for a year in which such a 'disposal' event occurs.

Where the sales or other proceeds (for example, insurance) exceed the remaining value of the car, that is, the allowable cost less the allowances previously claimed in respect of wear and tear, there is a clawback of the excess allowances subject to a maximum limit of the allowances previously claimed. This is known as a 'balancing charge'. A balancing charge does not arise where the proceeds do not exceed €2,000. You have the option of treating any balancing charge as additional income in the year in which it arises or setting it against the purchase cost of a replacement car. Where the proceeds are less than the remaining value of the car additional allowances equal to the shortfall are due. This is known as a 'balancing allowance'. When calculating a balancing charge or allowance you must adjust any sales or other proceeds in accordance with the relevant cost limit.

Example 4

A car (CO2 emissions level of 120g/km) cost €16,000 in January 2022 and is sold in July 2024 for €14,000. Annual business mileage is 12,000km and annual private mileage is 6,000km. For wear and tear purposes the allowable cost of the car is the relevant cost limit of €24,000.

The wear and tear computation are:

Wear and Tear 2022

€24,000 x 12.5% = €3,000

Restricted to 2/3 for business use = €2,000

Wear and Tear 2023

€24,000 x 12.5% = €3,000

Restricted to 2/3 for business use = €2,000

Calculation of Balancing Allowance or Balancing Charge:

Sale price €14,000

Deemed sale price: Sale price multiplied by Car cost limit divided by Purchase price

€14,000 x €24,000 ÷ €16,000 = €21,000

Allowable cost **Less** deemed sale price **Equals** Loss **Less** wear and tear granted

The formula gives a loss of €3000 on the sale of the car. This is more than the €6000 of wear and tear allowances already given. The excess results in a balancing charge of €3000.

Balancing charge arising for 2024 €3,000 x 2/3 (business use only) = €2,000

3. Leasing expenses

Only the portion of the leasing expenses that is applicable to the business use of the car is allowable.

As with capital allowances, the CO2 regime outlined above applies to lease payments incurred on or after 1 July 2008. Where a lease was entered into before 1 January 2021, and the first payment was made under that lease before that date, the regime outlined in Table 1 applies. The regime in Table 2 applies to leases entered into on or after 1 January 2021.

Example 5

A car (CO2 emissions 156g/km) was leased in 2018. The retail price of the car (when new) was €22,000. Business mileage for 2018 was 15,000 km and private mileage was 5,000 km. The total lease payments made were €4,000. The allowable leasing expenses for 2018 are calculated as follows:

€4,000 x 50% = €2,000 x ¾ business use = €1,500

Example 6

A car (CO2 emissions 157g/km) was leased in 2023. In accordance with Table 2 there is no deduction for leasing expenses for this car.

Example 7

A car (CO2 emissions 121g/km) was leased in 2023. The retail price of the car (when new) was €22,000. Business mileage for 2023 was 15,000km and private mileage was 5,000km. The total lease payments made were €4,000. The allowable leasing expenses are calculated using the following formula:

Lease payments x specified amount ÷ Retail price of the car (when new)

€4000 X €24,000 / €22,000 = €4,363 X 3/4 use = €3,272

Please see Tax and Duty Manual 11-00-01 on **www.revenue.ie** for further information.

Time Limit for Repayment Claims

A claim for repayment of tax must be made within four years after the end of the tax year to which the claim relates.

Documentation to be retained

As your claim may be selected for future compliance intervention, you are requested to retain all documentation relating to this claim for a period of six years. Receipts should not be submitted with your claim.

The Revenue Commissioners collect taxes and duties and implement customs controls. Revenue requires customers to provide certain personal data for these purposes and certain other statutory functions as assigned by the Oireachtas. Your personal data may be exchanged with other Government Departments and agencies in certain circumstances where this is provided for by law. Full details of Revenue's data protection policy setting out how we will use your personal data as well as information regarding your rights as a data subject are available on our **Privacy** page on **www.revenue.ie**. Details of this policy are also available in hard copy upon request.

The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.