

VEHICLE REGISTRATION TAX

STATEMENT OF PRACTICE (SP -VRT 1/97)

**REPAYMENT OF VRT IN RESPECT OF VEHICLES
ACQUIRED FOR LEASING OR HIRING OR PROVIDING
INSTRUCTION IN THE DRIVING OF VEHICLES**



Vehicle Registration Tax

Statement of Practice (SP-VRT 1/97)

Repayment of VRT in respect of vehicles acquired for leasing or hiring or providing instruction in the driving of vehicles

1. Introduction

Section 134 of the Finance Act 1992 provides for the repayment of an amount of Vehicle Registration Tax (VRT) paid in respect of a qualifying vehicle acquired by a person carrying on the business of leasing or hiring vehicles to others or providing instruction in driving vehicles.

For the purpose of this repayment a qualifying vehicle means a previously unregistered Category A vehicle or a motor-cycle.

The scheme was introduced in order to maintain broadly the pre 1993 tax position in which leasing companies etc. entitled to a deduction of VAT under s. 12 of the Value Added Tax Act 1972 could claim a deduction of the VAT charged on the excise duty applicable at that time. Under the VRT regime this position is maintained by a combination of deduction of VAT paid before the application of VRT and repayment of a proportion of the VRT paid.

It should be noted that in the case of companies engaged in Short-Term Car Hire, an additional repayment based on the depreciation of the vehicle while on hire can be claimed after the vehicle has been removed from hire. A separate Statement of Practice on this scheme is being prepared.

2. Eligibility for Repayment

In order to qualify for repayment, the following criteria must be met:

- the vehicle must have been purchased outright by the applicant**
- the applicant must be entitled to a deduction under s. 12 of the Value Added Tax Act 1972 of the VAT charged to him in respect of the vehicle**

- any VAT which is due from the person concerned must have been paid by the date of repayment of VRT
- only one repayment of this type can be made for each vehicle
- a vehicle which is the subject of a leasing repayment does not qualify for repayment under the demonstration scheme

3. Calculation of the amount to be repaid

The amount of VRT repaid is calculated by reference to the rate of VAT chargeable on the acquisition of the vehicle by the person concerned. The formula used is $\frac{R \times 100}{R + 100}$ where R is the percentage rate of VAT chargeable on the vehicle. For example the current rate payable is $\frac{21 \times 100}{121} = 17.355\%$ of the VRT paid.

4. Procedure for obtaining a Repayment

- A new participant in the scheme should complete Form VRT 37 - general declaration and Form VRT 18A - list of persons authorised to sign applications for repayment on his/her behalf. Both forms should be sent to the Central Repayment Office, M TEK II Building, Armagh, Monaghan. See Appendix A and B.
- The application for repayment should be made on a monthly basis on Form VRT 18 (copy at Appendix C) or alternatively details may be submitted on computer diskette accompanied by a signed Form VRT 18 endorsed "VRT repayment claim as per details on attached diskette". Where a diskette is used a hard copy of the data must also be submitted, each page being signed and stamped by an authorised signatory of the claimant company.

The format and specification of the data to be supplied on the diskette are outlined at Appendix D. Form VRT 18 must be signed by the applicant or an authorised signatory. Applicants are encouraged to use the diskette system. In order to expedite the processing of repayment applications, applicants should, where possible, ensure that claims are lodged with the Central Repayments Office not later than the 5th working day of the month following the month to which they relate.

- All repayment applications should be sent to

**The Central Repayments Office
Office of the Revenue Commissioners
M: TEK II Building ,
Armagh,
Monaghan
Telephone (047) 62100**

Fax (047) 82221

- Where an application for repayment is refused on the grounds that VAT due is outstanding, the applicant will receive a Notice of Refusal on Form VRT 18C from the Central Repayments Office. The person concerned should take immediate steps to rectify the situation. A copy of the form is at Appendix E
- Where any deduction from the amount of VRT to be repaid fails to be made, traders will be notified on Form 18D. A copy of the form is at Appendix F.

5. Obligations on persons participating in the scheme

- All vehicles which are the subject of a repayment must have been previously **unregistered** at the time of acquisition. Otherwise VAT is payable on the VRT inclusive price at the time of acquisition and the normal deduction may be made under s. 12 of the VAT Act 1972. In such circumstances a repayment of VRT under this scheme does not arise.
- In the case of leasing companies, while the leasing agreement should normally be signed prior to registration a period of up to 2 weeks for completion of formalities will be allowed provided it is clearly understood at the time of registration that the vehicle has been purchased with a view to leasing.
- Records and documents relating to an application for repayment, which will also be kept for VAT purposes, should normally be kept for a period of six years from the date of the last transaction to which they relate. These can be disposed of earlier once the permission of the local VAT Inspector and Control Officer has been obtained. These records should normally include:
 - ✧ copies of leases, where appropriate
 - ✧ copies of invoices from dealers
 - ✧ record of payments made to dealers
 - ✧ record of payments received from lessees, where appropriate
 - ✧ record of hire contracts or use for driving instruction, as appropriate.
- Access to the premises where records and documents are kept must be provided to an Authorised Officer at all reasonable times.
- All records and documents relating to each transaction must be produced on demand to an Authorised Officer.

6. Appeals

Where a person is dissatisfied with a decision made to refuse a repayment under this scheme recourse is available to the excise appeal procedure. The process is

outlined in leaflet No. C & E 6 which is available from the Central Repayments Office, Monaghan.

7. Enquiries

Further information and application forms etc. may be obtained from the Central Repayments Office, Monaghan telephone (047) 62100; fax (047) 62199.

Issued by VRT Administration Branch

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