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D	D	M	M	Y	Y
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D	D	M	M	Y	Y
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D	D	M	M	Y	Y
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D	D	M	M	Y	Y
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€ . .00

0 - 155g/km

156 - 190g/km

191 g/km +

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Please sign the Declaration overleaf →

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

Claim for Car Expenses & Capital Allowances

Any individual who uses his or her private car for business purposes and is not reimbursed by his or her employer can claim car expenses in respect of the running costs of the car.¹ Expenses must be incurred **necessarily** in the performance of the duties of the employment. An individual can also claim wear and tear allowances as compensation for the depreciation in the value of the car.² Where an individual leases rather than purchases the car, he or she can claim leasing expenses but not wear and tear allowances. These topics are discussed separately below.

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. Where expenditure was incurred on the provision of a car **before 1 July 2008** and where the actual cost of the car exceeded a specified limit, wear and tear allowances were based on the relevant specified limit. Where the actual cost of the car was lower than the relevant specified limit, wear and tear allowances were based on the actual cost of the car. For expenditure incurred on or after 1 July 2008, the allowable expenditure for wear and tear allowances is determined by the car's level of CO2 emissions.

The maximum cost limit has been increased over time. The more recent limits are set out in the following table.

Table 1

Date Expenditure Incurred	Specified Limit
1 January 2006 to 31 December 2006	€23,000
1 January 2007 to Date	€24,000

Cars purchased on or after 1 July 2008

Wear and tear allowances for cars (new and second hand) **purchased** on or after 1 July 2008 are determined by reference to the car's CO2 emissions. 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 is summarised in the table below.

Table 2

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

¹The statutory basis for the expenses is section 114 TCA 1997

²The statutory basis for the wear and tear allowances is section 301 TCA 1997.

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 restrict any sales or other proceeds in accordance with the maximum cost limit.

Example 1:

A car cost €26,000 in May 2008. However, as this exceeded the maximum cost limit of €24,000, only €24,000 of this amount qualifies for wear and tear allowances in accordance with Table 1. 2008 travel is 12,000km business and 6,000km private use.

2008 wear and tear:

$$€24,000 \times 12.5\% = €3,000$$

$$\text{Restricted to } 2/3 \text{ for business use} = €2,000$$

Example 2:

Using the same figures from Example 1 above, in October 2011 the car is sold for €18,000.

The wear and tear computation is:

		Restricted to 2/3 for business use
Wear and Tear 2008	€24,000 x 12.5% = €3,000	€2,000
Wear and Tear 2009	€24,000 x 12.5% = €3,000	€2,000
Wear and Tear 2010	€24,000 x 12.5% = €3,000	€2,000

2011 - Calculation of Balancing Allowance or Balancing Charge:

As the purchase price of the car was restricted to the cost limit of €24,000, the subsequent sale price must be restricted in the same proportion:

Sale price €18,000

$$\text{Deemed sale price: } \frac{€18,000 \times €24,000}{€26,000} = €16,615$$

Allowable cost €24,000

Less deemed sale price €16,615

Loss €7,385 x 2/3 (business use only) = €4,923

Less Wear and Tear granted (2,000 + 2,000 + 2,000) = €6,000

Balancing Charge arising for 2011 €1,077

Example 3:
Cars purchased on or after 1 July 2008

A car (CO2 emission levels of 140g/km) cost €16,000 in July 2012 and is sold in July 2014 for €14,000. It is used exclusively for business purposes. For wear and tear purposes the allowable cost of the car is the relevant cost limit of €24,000. The wear and tear computation is:

Wear and Tear 2012	€24,000 x 12.5% = €3,000
Wear and Tear 2013	€24,000 x 12.5% = €3,000

Calculation of Balancing Allowance or Balancing Charge:

Sale price €14,000

$$\text{Deemed sale price: } \frac{\text{Sale price} \times \text{Car cost limit}}{\text{Purchase price}} = \frac{€14,000 \times €24,000}{€16,000} = €21,000$$

Allowable cost	€24,000
Less deemed sale price	€21,000
Loss	€3,000
Less wear and tear granted	€6,000
Balancing Charge arising for 2014	€3,000

2. Running Expenses

In addition to wear and tear allowances, an individual who uses his or her private car for business purposes and is not reimbursed by his or her employer can claim expenses in respect of the running costs of the car. These include items such as motor tax, insurance, repairs, services, etc. Only the portion of running expenses 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. Any contribution made by the employer towards the running expenses must be deducted from the claim.

3. Leasing expenses

Only the portion of the leasing expenses that is applicable to the business use of the car is allowable. Additionally, for lease payments incurred up to 30 June 2008, where the original retail price of the car (when new) exceeds the specified limit (see Table 1), the expenditure is adjusted in the proportion the specified limit bears to the retail price. The following formula gives the allowable leasing expenses:

$$\text{Lease payments} \times \frac{\text{specified limited}}{\text{retail price of car (when new)}}$$

As with capital allowances, the new CO2 regime outlined above applies to lease payments incurred on or after 1 July 2008. However, in practice Revenue will not seek to impose these rules where a lease was entered into before 1 July 2008 but the lease payments are made after that date. 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 audit, 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.

Accessibility

If you are a person with a disability and require this form in an alternative format, the Revenue Access Officer can be contacted at accessofficer@revenue.ie.

The Revenue Commissioners will treat as confidential the information provided by you in this form. However, Revenue may, when permitted or requested to do so by legislation, disclose this information to other Public Bodies. Further details are available on www.revenue.ie.