Chapter 2 - Employer provided vehicles

Part 05-01-01b

This manual should be read in conjunction with sections 121 and 121A of the Taxes Consolidation Act 1997

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Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

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.

Table of Contents

1 Introduction 4
2 Definitions 5
2.1 Employer provided vehicle 5
2.1.1 A Car 5
2.1.2 A Van 5
2.1.3 An Electric Vehicle 6
2.2 Business mileage 6
3 Charge to Benefit-In-Kind (BIK) on Employer Provided Vehicles 7
4 Calculation of BIK 8
4.1 Cash Equivalent 8
4.1.1 Original Market Value (OMV) 8
4.1.2 Discounts 9
4.1.3 Temporary Reduction to OMV 10
4.1.4 Reduction for High Business Kilometres for Cars (Tapering Relief) 11
4.1.5 Records to be Kept 14
4.1.6 Vehicle Available for Less than Full Year - Annualising Business Kilometres 14
5 Exemptions and Reductions in Amount Chargeable 16
5.1 Reduction of Cash Equivalent of a Car 16
5.2 Limited Private Use of a Van 18
5.3 Overseas Duties and Benefit in Kind 18
5.4 Car or Van Pool Treatment 19
5.5 Weight Exemption 19
6 Electric Vehicles 20
6.1 Original Exemption for the 2018 Tax Year 20

6.2 Extension to Tax Years 2019 to 2022.....20
6.3 Extension to Tax Years 2023 to 2027.....25
6.3.1 Relief for Electric Vehicles and Temporary Reduction to OMV.....25
6.3.2 Summary of Electric Vehicle Regime.....28
7 Chauffeur Driven Cars.....30
8 Employees in the Motor Industry.....31
8.1 Affected Employees and Employers.....32
8.2 Determination of Agreed Average OMV.....32
8.3 Right to Apply Actual OMV.....32
8.4 Records to be Kept.....33
8.5 Non-Application of Arrangement.....33
9 Concessionary Treatment - COVID-19 Circumstances.....34
10 Charge to Benefit in Kind on Electric Charging Facilities.....36
10.1 Electric charging facility at employer's business premises.....36
10.2 Electric charging facility at an employee's/director's home.....36
10.3 Home electricity costs.....37
Appendix A: Business Mileage Tables.....38
Appendix B: Average OMV Bands for Employees in the Motor Industry.....40

1 Introduction

This manual outlines the tax treatment, as set out in sections 121 and 121A of the Taxes Consolidation Act (TCA) 1997, applicable where an employer makes a vehicle (as defined in paragraph 2.1 below) available to an employee for his or her private use.

These provisions apply both to directors and to other employees, irrespective of the level of emoluments from the office or employment.

An employer makes a vehicle available to an employee through:

- the provision of the use of a vehicle, and
- covering any vehicle running costs (such as insurance and petrol) on behalf of the employee.

Generally, the employee will be charged to tax on the 'cash equivalent' of the private use of the vehicle.

The tax treatment set out in this manual is only applicable where ownership of the vehicle does not transfer to the employee, including scenarios where the employer does not directly have ownership of the vehicle, for example, where the employer has an operating lease on the vehicle.

Where a vehicle is:

- transferred to an employee free of charge by the employer, or
- sold to an employee by the employer at a discount,

the guidance in this manual shall not apply, and the rules set out in Tax and Duty Manual (TDM) Part 05-01-01a shall apply instead.

2 Definitions

2.1 Employer provided vehicle

For the purposes of this manual, an employer provided vehicle refers to all cars or vans made available to an employee by reason of his or her employment.

2.1.1 A Car

A 'car' is any mechanically propelled road vehicle designed, constructed or adapted for the carriage of the driver, or the driver and one or more persons.

Subsequent adaptation of a vehicle does not alter the fact that the vehicle was originally designed and constructed for the carriage of one or more persons. As such, the vehicle would remain a car for tax purposes.

The definition of a car specifically excludes the following:

- a motorcycle (i.e., a mechanically propelled vehicle with less than four wheels and the weight of which unladen does not exceed 410kgs),
- a van, or
- a vehicle not commonly used as a private vehicle and unsuitable to be so used (such as a lorry or a bus).

The definition of a car does however include motorcycles with a weight over 410kgs.

Where an employee has private use of an employer owned motorcycle that weighs less than 410 kilograms, the provisions of this manual do not apply. Section 119(4)(b) TCA 1997 instead provides that, the annual value of the use of the motorcycle is, 5% of the market value of the motorcycle when it was first provided by the employer to any employee. See TDM Part 05-01-01a for further guidance in respect of same.

2.1.2 A Van

A 'van' is a mechanically propelled vehicle which –

- is designed or constructed solely or mainly for the carriage of goods or other burden,
- has a roofed area or areas to the rear of the driver's seat,
- has no side windows or seating fitted in that roofed area or areas, and
- has a gross vehicle weight not exceeding 3,500 kilograms.

Where a crew cab or other similar type of vehicle meets all of the above conditions it is regarded as a van rather than a car.

If a van is adapted in such a way that it no longer meets the criteria (such as if rear seats are fitted), the vehicle no longer satisfies the criteria to be regarded as a van for benefit in kind (BIK) purposes. Therefore, the vehicle should be treated as a car and the BIK should be calculated accordingly.

Example 1
Cian works for a marketing company. His employer provides him with a car which he is required to use during his working day and is also entitled to use it for private use.

Cian's employer decided to modify the car so that marketing materials could be transported more effectively. His employer removed the back seats from the car for storage and tinted the rear windows black for security purposes.

In this instance the vehicle remains a 'car' for the purposes of BIK for the following reasons:

- the vehicle was originally designed and constructed for the carriage of one or more persons, and
- the definition of 'van' for tax purposes requires that the vehicle must be designed or constructed solely or mainly for the carriage of goods or other burden and therefore does not include cars which are adapted into vans.

Thus, in this scenario, section 121 TCA 1997 continues to apply as the 'car' is made available for private use.

2.1.3 An Electric Vehicle

An 'electric vehicle' is one that derives its motive power exclusively from an electric motor. Hybrid vehicles are not electric vehicles.

2.2 Business mileage

'Business mileage' means the total number of kilometres an employee is necessarily obliged to travel in the vehicle in the performance of the duties of his or her employment. Travel to and from work is generally regarded as private travel rather than business travel. See TDM Part 05-01-06 for further information on what constitutes business mileage.

3 Charge to Benefit-In-Kind (BIK) on Employer Provided Vehicles

An employee is chargeable to tax on the BIK arising where, by reason of his or her employment, a vehicle is made available (without a transfer of ownership) to him or her and the vehicle is, in the tax year, available either for that individual's private use or to his or her family or household.

A vehicle is regarded as being made available to an individual by reason of his or her employment if it is made available to them by his or her employer (or a person connected with the employer).

A vehicle made available to an employee is deemed to be available for private use unless the terms on which it is made available prohibit private use, **and no such use is made of the vehicle in the tax year**. As stated above, travel to and from work is generally regarded as private use.

Once a vehicle is made available to the employee for private use, it is irrelevant whether or not there is any private use – a BIK charge will arise in either case.

4 Calculation of BIK

BIK on the use of an employer provided vehicle, being either a car or van, is equal to:

- the cash equivalent of the use of the vehicle,
  less
- any amount made good to the employer by the employee in respect of the costs of providing or running the vehicle.

4.1 Cash Equivalent

Since 1 January 2023[1], the cash equivalent of the use of a **car** is calculated with reference to:

i. a percentage of the original market value (OMV), which may be reduced by a temporary reduction to OMV (paragraph 4.1.3),

ii. the cars CO_2 emissions and business mileage (paragraph 4.1.4).

Prior to 1 January 2023, the cash equivalent of the use of a car was equal to 30% of the OMV of the car.

The percentage OMV may be reduced based on business mileage travelled, as set out in Appendix A.

Since 1 January 2023, the percentage used in the calculation of the cash equivalent of the use of a **van** increased from 5% to 8% of the OMV. This percentage applies regardless of the business mileage.

A modified OMV applies in the case of **electric vehicles** - see paragraph 6 below for further information.

4.1.1 Original Market Value (OMV)

The OMV of a vehicle is the price which it might reasonably have been expected to fetch if sold in the State, singly in a retail sale in the open market, immediately before the date of its first registration.

Where the vehicle is first registered outside the State, it is still the Irish open market price for a single retail sale immediately before the date on which the vehicle was first registered which is taken into account.

[1] Further to section 6 of Finance Act 2019.

Example 2

The OMV of a car which was first registered in the UK on 1 July 2024, before being imported into and registered in Ireland on 6 January 2025, is the Irish open market price for a single retail sale immediately before 1 July 2024.

The OMV includes vehicle registration tax (VRT) and all other applicable Irish taxes and duties as set out in s121(1)(b)(iii) TCA 1997.

Where a van has been modified, for example, where a refrigeration unit has been installed, the OMV excluding such modifications should be used.

In practice, the OMV is generally considered with reference to the vehicle's list price before any reliefs or grants are applied.

4.1.2 Discounts

Where it is established that a discount was given when the vehicle was first registered, and such discount was normally obtainable in respect of a single retail sale in the open market, the list price (and in turn the OMV) may be reduced accordingly.

Generally, the bill of sale should indicate the actual price paid (which can easily be compared to the list price) thus indicating the amount of the discount.

In cases where -

- an exceptionally large discount was obtained (for example, a quantity or fleet discount),
- the discount cannot be determined (for example, where a vehicle has been traded in against a new vehicle), or
- the vehicle involved was purchased second-hand,

any claim in respect of discounts must be limited to the discounts normally obtainable in respect of a single retail sale on the open market. Reductions for discounts do not usually exceed 10%.

Where the discount received was greater than 10%, employers are advised to obtain evidence from the vendor (e.g., the garage). This should be a written confirmation that the discount received was also obtained in single retail sales to other third parties.

Claims for reductions must be considered on a case-by-case basis and an automatic reduction (of any percentage) cannot be applied. For example, a discount would not normally be obtainable where the model of a vehicle is in scarce supply. The objective in each case is to determine the OMV.

4.1.3 Temporary Reduction to OMV

A temporary reduction to OMV is available in respect of the 2023, 2024 and 2025 years of assessment[2]. Finance Act 2025 provided that the reduction in OMV is available in respect of the years of assessment 2026 to 2028 (2027 and 2028 available on a tapered basis). The table below outlines the temporary reduction available for the years of assessment 2023 to 2028 inclusive:

Year of assessment	Original market value is reduced by
2023 – 2026 (inclusive)	€10,000
2027	€5,000
2028	€2,500

The temporary reduction applies to the OMV of cars in categories A1, A, B, C and D (it is not applicable to cars in category E). The reduction also applies to all vans and all electric vehicles. See Table A in paragraph 4.1.4 for information on the categories of cars provided for by section 121 TCA 1997.

In addition to the above, section 121 TCA 1997 also provides for a temporary reduction to OMV in respect of electric vehicles only. This is in place, on a tapered basis until 31 December 2027. See paragraph 6 below for further information relating to electric vehicles.

Summary of OMV temporary reductions for 2023 to 2028
The table below provides a summary of the temporary reduction to OMV that applies for all vehicles for the 2023 to 2028 years of assessment.

Year of assessment	All cars in categories A1**, A, B, C and D (including electric cars)	All cars in category E	All vans (including electric vans)	Electric vehicles
2023	€10,000	0	€10,000	€45,000*
2024	€10,000	0	€10,000	€45,000*
2025	€10,000	0	€10,000	€45,000*
2026	€10,000	0	€10,000	€30,000*
2027	€5,000	0	€5,000	€15,000*
2028	€2,500	0	€2,500	€2,500

* A modified OMV applies in the case of electric vehicles - see paragraph 6 for details on electric vehicles.
** Category A1 applies with effect from 1 January 2026.

[2] Finance Act 2023 introduced temporary reductions to OMV for the 2023 and 2024 years of assessment. Finance Act 2024 extended these temporary reductions to the 2025 year of assessment.

4.1.4 Reduction for High Business Kilometres for Cars (Tapering Relief)

Prior to 1 January 2023, where the business kilometres for a tax year exceeded 24,000km, the cash equivalent of the use of a car was reduced by applying the scales shown at Appendix A (i.e. a reduction of the 30% rate to 24%, 18%, 12% or 6% as appropriate). This tapering relief is not applicable to vans.

As previously noted, section 6 of Finance Act 2019 introduced a new method to calculate the cash equivalent of the use of a car, which is based on the vehicle's CO_2 emissions as well as business mileage.

As such, for the year of assessment 2023 and subsequent years, tapering relief continues to apply - however, the cash equivalent of the use of an employer provided car is determined using the formula:

Original market value (OMV) x A

To determine the OMV for the purposes of the calculation above, the temporary reduction to OMV (paragraph 4.1.3), which applies to cars (except category E vehicles), vans and electric vehicles should be applied.

To calculate A:

1. Determine the applicable vehicle category from Table B based on the amount of CO_2 g/km the vehicle produces.
2. Locate the vehicle category in Table A.
3. Compare the annual business mileage travelled for the year to establish the appropriate percentage to use for A.

TABLE A

Business mileage		**Vehicle Categories**					
Lower limit (1)	Upper limit (2)	A1 (3) **(Note 2)**	A (4)	B (5)	C (6)	D (7)	E (8)
Kilometres	Kilometres	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
--	26,000	15	22.5	26.25	30	33.75	37.5
26,001	39,000	12	18	21	24	27	30
39,001	48,000	9	13.5	15.75	18	20.25	22.5
48,001 **(Note 1)**	--	6	9	10.5	12	13.5	15

Note 1:
Finance Act 2023 provided for a reduction of 4,000 kilometres in the lower limit of the highest mileage band from 52,001 kilometres to 48,001 kilometres for the 2023 and 2024 years of assessment. Finance Act 2025 made this a permanent reduction to 48,001 kilometres.

Note 2:
Finance Act 2025 introduced a new vehicle category, category A1, in respect of cars with zero CO_2 emissions. With effect from 1 January 2026 rates of between 6% and 15% (depending on business mileage) apply to category A1 cars. The temporary reductions to OMV (paragraph 4.1.4) also apply to category A1 cars.

TABLE B

Vehicle Category (1)	**CO_2 Emissions (CO_2 g/km) (2)**
A1	0g/km
A	More than 0g/km up to and including 59g/km
B	More than 59g/km up to and including 99g/km
C	More than 99g/km up to and including 139g/km
D	More than 139g/km up to and including 179g/km
E	More than 179g/km

Example 3

Tony has use of a car provided by his employer for all of 2025. The OMV of the car is €28,000. All running costs are met by his employer. Per the manufacturer, the car produces 120g/km in CO_2 emissions.

Business kilometres for 2025 are estimated at 32,000 kilometres.

120g/km in CO_2 emissions puts the car in vehicle category C in Table B. As Tony drives 32,000 kilometres in the year, the cash equivalent is equal to the OMV of €28,000 x 24% (mileage between 26,001 and 39,000, see Table A).

Taking account of the temporary reduction to OMV (paragraph 4.1.3), the OMV may be reduced by €10,000.

2024 BIK Calculation:
Cash Equivalent (OMV – €10,000) x 24% = €18,000 x 24% = €4,320

Example 4
Sarah was provided with a car by her employer for 2025. The OMV of the car is €28,000 and all running costs are met by Sarah's employer. The car produces 190g/km in CO_2 emissions.

Business kilometres in the year are estimated at 32,000 kilometres.

190g/km in CO_2 emissions puts the car in vehicle category E in Table B. As Sarah drives 32,000 kilometres in the year, the cash equivalent is equal to the OMV of €28,000 x 30% (mileage between 26,001 and 39,000, see Table A).

The €10,000 temporary reduction to OMV (paragraph 4.1.3), will not apply in this case, as this is a category E car.

2024 BIK Calculation:
Cash Equivalent (OMV x 30%) = €28,000 x 30% = €8,400

Example 5
Fleur has the use of a car provided by her employer in 2025. The OMV of the car was €28,000. The estimated business kilometres in the year are 31,630 kilometres. Fleur made good to her employer €1,000 in respect of the cost of the car. The car produces 140g/km in CO_2 emissions.

140g/km in CO_2 emissions puts the car in vehicle category D in Table B. As Fleur drives 31,630 kilometres in the year, the cash equivalent is equal to the OMV of €28,000 x 27% (mileage between 26,001 km and 39,000 km, see Table A).

Taking account of the temporary reduction to OMV (paragraph 4.1.3), the OMV may be reduced by €10,000.

The cash equivalent of the use of the car is then reduced by the €1,000 made good by Fleur.

BIK calculation for 2025:

Cash Equivalent (OMV – €10,000) x 27% = €18,000 x 27% =	€4,860
Less amount made good by Fleur	(€1,000)
Amount subject to BIK	€3,860

Example 6

Peter has use of an electric car provided by his employer for all of 2026. The OMV of the car is €55,000. All running costs are met by his employer. Per the manufacturer, the car produces 0g/km in CO_2 emissions.

Business kilometres for 2026 are estimated at 23,000 kilometres.

0g/km in CO_2 emissions puts the car in vehicle category A1 in Table B. As Peter drives 23,000 kilometres in the year, the cash equivalent is equal to the OMV of €55,000 x 15% (mileage between 0 and 26,000, see Table A).

Taking account of the temporary reductions to OMV in respect of an electric car in 2026 (paragraph 4.1.3), the OMV may be reduced by €30,000.

2026 BIK Calculation:

Cash Equivalent (OMV – €10,000 – €20,000) x 15% = €25,000 x 15% = €3,750

4.1.5 Records to be Kept

Employers must put in place a robust business process whereby business mileage covered by employees is recorded and can be verified (e.g., the employee could keep a logbook showing business journeys).

Employers and employees using an alternative basis for calculating BIK are required to keep a logbook. The logbook must be certified by the employer as being true and accurate, to the best of his or her knowledge and belief.

In the case of vans, Revenue will accept a tachometer/tripmeter reading, taken each Friday evening and again on Monday morning, to show that no private mileage was undertaken over the weekend.

In a case where a person -

- fails to give particulars of business or private kilometres for the year, or
- where the particulars delivered are not satisfactory,

the business kilometres may, in the absence of sufficient evidence to the contrary, be determined by deducting 8,000 kms from the total number of kilometres travelled in the year.

4.1.6 Vehicle Available for Less than Full Year - Annualising Business Kilometres

Where a vehicle is made available for only part of the tax year, the cash equivalent for that year is reduced proportionately.

Cases where a vehicle is made available to the employee for the first time during the tax year (e.g., on taking up employment) or a vehicle is no longer available to the employee during the tax year (e.g. due to cessation of employment) are examples of when this apportionment may apply.

Where the cash equivalent is to be reduced, the business kilometres may be "annualised" for the purpose of determining the percentage charge to be applied in the calculation of the cash equivalent of the use of the car.

The following formula may be applied to determine the annualised business kilometres:

$$\frac{A \times B}{C}$$

Where: A = Actual business kilometres

B = Full Year (in days)

C = Part of Year (in days) for which the car is available

Example 7

A car was made available to Irene for her private use on 1 February 2025 and she retained it up to 31 December 2025. The OMV of the car is €18,000 and the actual business kilometres in the period from February to December is 32,000 kilometres. The car is in category C as determined in Table B. Irene made good €750 to her employer in respect of the running cost of the car. To note the temporary reduction to OMV (paragraph 4.1.3) is incorporated in the calculations.

The actual business kilometres of 32,000 is annualised to determine what cash equivalent would have applied if the employee had maintained that level of business mileage for the full year.

This is calculated as follows:

(32,000 kilometres x 365) / 334 = 34,970

As annualised mileage is 34,970, the cash equivalent is equal to the OMV x 24% (being the % which applies to mileage between 26,001 and 39,000 as set out in Table A).

As the car is made available for only part of the year (i.e. for 334 days from 1 February to 31 December 2025 inclusive) the cash equivalent is proportionally reduced to 334 / 365.

The cash equivalent of the use of the car is then further reduced by the €750 made good by Irene to her employer.

BIK calculation for 2025:

(€18,000-€10,000*) x 24% x (334/365) =	€1,757
Less amount made good	(€750)
Amount subject to BIK	€1,007

* €10,000 temporary reduction to OMV (paragraph 4.1.3).

5 Exemptions and Reductions in Amount Chargeable

5.1 Reduction of Cash Equivalent of a Car

If an employee does not qualify for tapering relief in respect of a car as set out in paragraph 4.1.4 above, the cash equivalent may be reduced by 20% if **all** of the following conditions are met:

- The employee works an average of 20 hours per week,
- The employee travels at least 8,000 kilometres per annum on employer's business, and
- Due to the nature of the role, the employee spends at least 70% of his or her working time away from the employer's premises.

The employee must retain a daily logbook detailing the business kilometres travelled, business transacted, business time travelled and date of journey. This log should then be certified by the employer as being correct.

Where an individual was temporarily working from home on foot of public health guidance related to the COVID-19 pandemic, he or she should not claim this relief if their working circumstances prior to the onset of the pandemic would not have facilitated a claim in that regard.

Although the method by which the cash equivalent for BIK purposes is calculated with respect to employer provided cars has changed from 1 January 2023, employees with employer provided cars can still avail of this 20% reduction, provided all of the conditions outlined above are met. To note that this reduction may be claimed instead of business mileage tapering relief (paragraph 4.1.4), so it is a matter of which computation method gives the most beneficial treatment.

Example 8
A car was made available to Shane on 1 January 2025 and was available for all of 2025. The car is in category C as determined in Table B. The OMV of the car is €18,000 and all running costs were met by Shane's employer. Shane worked full-time for the firm and travelled 9,000 kilometres for work related purposes. Due to the nature of his role, Shane spent more than 70% of working time away from his employer's premises during 2025.

As Shane travelled less than 24,000 kilometres during the year for work related purposes the cash equivalent of the use of the car is OMV x 30%. It would therefore be beneficial to Shane to claim the reduction outlined above as it will result in the cash equivalent of the vehicle being reduced to OMV x 24%.

BIK calculation for 2025:

With 20% reduction		Without 20% reduction
(€18,000 - €10,000*) x 30%		(€18,000 - €10,000*) x 30%
€8,000 x 30%	€2,400	€8,000 x 30%**= €2,400
Less reduction of 20%	(€480)	
Amount subject to BIK	€1,920	

* €10,000 temporary reduction to OMV (paragraph 4.1.3).
** Rate of 30% applies to category C vehicle – ascertained from Table A and Table B.

Example 9
A category C car was made available to Aoibheann on 1 January 2025 and was available for the entire year. The OMV of the car is €30,000 and all running costs were met by Aoibheann's employer. Aoibheann works full-time for the firm and is expected to travel 40,000 kilometres for work related purposes during 2025. Aoibheann will spend more than 70% of working time away from her employer's premises during 2025, due to the nature of her role.

Due to Aoibheann's business mileage the cash equivalent of the use of the car is OMV x 18% (category C car as determined in Table B). It would not be beneficial to Aoibheann to claim the reduction outlined above as the actual cash equivalent based on the business mileage tapering relief (paragraph 4.1.4) is less than that which would be determined if this relief was applied. To note the temporary reduction to OMV (paragraph 4.1.3) is incorporated in the calculations below.

BIK calculation for 2025:

With 20% reduction		Without 20% reduction
(€30,000-€10,000*) x 30%**		(€30,000-€10,000*) x 18%***
20,000 x 30%	€6,000	20,000 x 18% = €3,600
Less reduction of 20%	(€1,200)	
Amount subject to BIK	€4,800	

* €10,000 temporary reduction to the OMV (paragraph 4.1.3).

** 30% is the highest rate that applies to a category C vehicle (i.e. without business mileage tapering relief) – ascertained from Table A and Table B.

***18% is the rate that applies to a category C vehicle (i.e. with business mileage tapering relief) – ascertained from Table A and Table B.

5.2 Limited Private Use of a Van

No BIK will arise in respect of the private use of a van provided to an employee by his or her employer where **all** of the following conditions are met:

- the van is supplied by the employer to the employee for the purposes of the employee's work,
- the employee is required by his or her employer to bring the van home after work,
- apart from travel between the employee's home and his or her workplace, other private use of the van by the employee is forbidden by the employer and there is in fact no other private use, and
- in the course of his or her work, the employee spends at least 80% of his or her time away from the premises of the employer to which he or she is attached.

Example 10
John is a maintenance technician working for a facilities management company. The company provides him with a van which he is required to take home each day due to early morning call outs. John spends over 80% of his working time away from his employer's premises. The company's policy prohibits private use of the van apart from travel between home and work, and John adheres to this policy.

In this case, no BIK arises as all the conditions for the limited private use of a van exemption are met.

5.3 Overseas Duties and Benefit in Kind

A vehicle provided to a director or an employee will not be regarded as available for private use for that part of the year in which the director or employee is outside the State for the purpose of performing the duties of the office or employment provided **all** of the following conditions are met:

- the aggregate number of days spent outside the State for the purpose of performing the duties of the office or employment is at least 30 complete days in the tax year (any holiday period abroad is excluded and a day for this purpose must include an overnight stay),
- the director or employee travels abroad without the vehicle, and
- the vehicle is not available for use by the director or employee's family or household during the director or employee's period of absence from the State.

5.4 Car or Van Pool Treatment

A vehicle which is included in a car or van pool for the use of employees of one or more employers is treated as not available for the private use of employees if, in the tax year, **all** of the following conditions are met:

- the vehicle is available to, and actually used by, more than one of the employees concerned,
- in the case of each employee, the vehicle is made available to him or her by reason of his or her employment,
- the vehicle is not ordinarily used by any one employee to the exclusion of the others,
- in the case of each of the employees concerned, any private use of the vehicle by him or her is merely incidental to his or her business use, and
- the vehicle is not normally kept overnight at or in the vicinity of any of the employees' homes.

Where:

a) it is scheduled and verifiable that an officer of the State (including an officer of a statutory body) is obliged to be 'on call' outside of his or her normal working hours to respond to situations giving rise to possible contravention of law and, for this purpose the officer –
   (i) is provided with a vehicle during scheduled and verifiable 'on call' periods outside of his or her normal working hours, and
   (ii) keeps the vehicle overnight at, or in the vicinity of, his or her home, and

b) the vehicle would, but for the obligation in (a) above, be a pool vehicle, then such vehicle may be deemed to be a vehicle in a vehicle pool for the purposes of the BIK provisions.

Where it is proposed to treat a vehicle as being in a vehicle pool but there is a doubt about that treatment, the employer may agree the position in advance with the Revenue Branch dealing with their tax affairs.

5.5 Weight Exemption

No BIK will arise in respect of the private use of a commercial vehicle with a gross vehicle weight (i.e., gross laden weight) in excess of 3,500kg.

6 Electric Vehicles

Finance Act 2017 introduced an exemption from BIK in relation to employer provided electric vehicles.

This exemption from BIK for electric vehicles has been modified in subsequent years. The tax treatment applicable to employer provided electric vehicles varies depending on -

- the date the vehicle was first provided to the employee,
- the period for which the vehicle is made available to the employee for private use, and
- the OMV of the vehicle.

Finance Act 2025 introduced a new vehicle category A1 for zero CO_2 emission cars. From 1 January 2026 new rates of between 15% and 6%, depending on business mileage, will apply for category A1 cars. See Table A.

As Sustainable Energy Authority of Ireland (SEAI) grants are paid after the registration of the vehicle, the OMV is not reduced by the value of the SEAI grant.

For information pertaining to the exemption from BIK on the provision of charging points by an employer, please see paragraph 10.

6.1 Original Exemption for the 2018 Tax Year

The original measure, as provided for in Finance Act 2017, fully exempted any electric vehicle first provided to and made available for an employee's private use during the 2018 year of assessment.

This exemption applied to both new and used electric vehicles, regardless of the OMV of the vehicle.

6.2 Extension to Tax Years 2019 to 2022

In contrast to the 2018 treatment above, where the exemption applied irrespective of OMV, a full exemption from BIK for years 2019 to 2022 only applies in certain circumstances as set out below.

Finance Act 2018 provided for the favourable BIK regime for certain electric vehicles made available for an employee's private use during the 2019, 2020 or 2021 years of assessment. Finance Act 2019 extended the preferential BIK regime for another year to 31 December 2022.

For an electric vehicle made available for an employee's private use during the years 2019 to 2022, a full exemption from BIK is only available in certain circumstances, as set out below.

Where a full exemption does not apply, partial relief from BIK may apply. This partial relief is granted by reducing the OMV by €50,000 when calculating the cash equivalent of the vehicle.

Where an electric vehicle is **first** provided to an employee during the period **10 October 2017 to 9 October 2018**, for the employee's private use in any of the years of assessment from 2019 to 2022, the employee's private use of that vehicle will be:

- fully exempt from BIK for private use of the vehicle in the period from 1 January 2019 to 31 December 2020, irrespective of the original market value of the vehicle,
- fully exempt from BIK for private use of the vehicle in the period from 1 January 2021 to 31 December 2022 where the original market value of the vehicle does not exceed €50,000, and
- partially exempt from BIK for private use of the vehicle in the period from 1 January 2021 to 31 December 2022 where the original market value of the vehicle exceeds €50,000.

Where an electric vehicle is **first** provided either **prior to 10 October 2017 or on or after 10 October 2018,** for the employee's private use in any of the years of assessment from 2019 to 2022, the employee's private use of that vehicle will be:

- fully exempt from BIK for the private use of the vehicle in the period from 1 January 2019 to 31 December 2022, where the original market value of the vehicle does not exceed €50,000, and
- partially exempt from BIK for private use of the vehicle in the period from 1 January 2019 to 31 December 2022 where the original market value of the vehicle exceeds €50,000.

A summary of the applicable tax treatment for electric vehicles made available for an employee's private use in the years 2018 to 2022 inclusive is set out below:

Vehicle First Provided by Employer to Employee	Year of Assessment	BIK Exemption
Before 10 Oct 2017	2018	**Fully exempt** irrespective of OMV
Before 10 Oct 2017	2019 –2022	**Fully exempt** if OMV ≤ €50,000 **Partially exempt**[3] if OMV > €50,000
10 Oct 2017 – 9 Oct 2018	2018 –2020	**Fully exempt** irrespective of OMV
10 Oct 2017 – 9 Oct 2018	2021 – 2022	**Fully exempt** if OMV ≤ €50,000 **Partially exempt**[3] if OMV > €50,000
On or after 10 Oct 2018	2018	**Fully exempt** irrespective of OMV
On or after 10 Oct 2018	2019 –2022	**Fully exempt** if OMV ≤ €50,000 **Partially exempt**[3] if OMV > €50,000

Example 11

E Tops Limited has a team of salespersons across Ireland who travel to various client sites around the country. E Tops Limited provides all salespersons with a car, which they can use for private use outside of working hours.

The company is concerned about their environmental footprint and in 2016 began providing certain sales and executive staff with electric cars on a trial basis, with a view to transferring all sales and executive staff to electric cars by 2020.

Following the announcement of the BIK exemption for electric vehicles in Finance Act 2017, the company decided to replace all non-electric vehicles, with the result that all sales staff were using electric cars by June 2018.

[3] **Partial exemption** entails reducing OMV by €50,000 for BIK calculations.

In 2019, E Tops Limited decided to continue to provide all new sales and executive staff with an electric car.
The OMV of electric cars used by all sales staff is €40,000 and the OMV of electric cars used by all executives is €80,000. In addition, all executive staff incur business mileage of between 24,000 and 32,000 kilometres per annum.

The BIK arising in respect of electric cars made available to the two staff groups for private use from in the tax years 2019 to 2022 is as follows:

	Category 1 – Salespersons	**Category 2 – Executives**
Pilot Project – Vehicle first provided prior to 10 October 2017	Salespersons who were part of the pilot project and were provided with their electric car prior to 10 October 2017 will be fully exempt from the charge to BIK for any private use in the years 2019 to 2022 as the OMV of the electric vehicle they received did not exceed €50,000.	Executives who were part of the pilot project and were provided with their electric car prior to 10 October 2017 do not qualify for full exemption from the charge to BIK for private use in the years 2019 to 2022 as the OMV of the electric vehicle they received exceeded €50,000. These Executive staff will qualify for a partial exemption from the BIK charge, as shown below. BIK Calculation: OMV of the vehicle is €80,000. This is reduced by €50,000, so that the modified OMV of the vehicle is €30,000. The cash equivalent which, based on the level of business mileage, is 24% of the modified OMV equates to €7,200 (€30,000 x 24%). Therefore, the amount subject to BIK for each of the years 2019 – 2022 is €7,200.
Extended Project – Vehicle first provided on or after 10 October 2017 but prior to 10 October 2018	Salespersons who were first provided with their electric vehicle during the period from 10 October 2017 to 9 October 2018 will be fully exempt from the charge to BIK for any private use of the vehicle in 2019 and 2020 irrespective of the OMV of	Executives who were first provided with their electric vehicle during the period from 10 October 2017 to 9 October 2018 will be fully exempt from the charge to BIK for any private use of the vehicle in 2019 and 2020 irrespective of the OMV of

	same. This full exemption will continue to be available to these salespersons for any private use of the vehicle in the years 2021 and 2022 as the OMV of the electric vehicle they received did not exceed €50,000.	same. This full exemption will not however be available to these Executives for any private use of the vehicle in the years 2021 and 2022 as the OMV of the electric vehicle they received exceeded €50,000. These Executive staff will qualify for a partial exemption from the BIK charge for private use in 2021 and 2022, as shown below. BIK Calculation: OMV of the vehicle is €80,000. This is reduced by €50,000, so that the modified OMV of the vehicle is €30,000. The cash equivalent which, based on the level of business mileage, is 24% of the modified OMV equates to €7,200 (€30,000 x 24%). Therefore, the amount subject to BIK for each of the years 2021 and 2022 is €7,200.
Further Extended Project – Vehicle first provided on or after 10 October 2018	Salespersons who were first provided with their electric vehicle on or after 10 October 2018 will be fully exempt from the charge to BIK for any private use in the years 2019 to 2022 as the OMV of the electric vehicle they received did not exceed €50,000.	Executives who were provided with their electric car prior on or after 10 October 2018 do not qualify for full exemption from the charge to BIK for private use in the years 2019 to 2022 as the OMV of the electric vehicle they received exceeded €50,000. These Executive staff will qualify for a partial exemption from the BIK charge, as shown below. BIK Calculation: OMV of the vehicle is €80,000. This is reduced by €50,000, so that the modified OMV of the vehicle is €30,000.

		The cash equivalent which, based on the level of business mileage, is 24% of the modified OMV equates to €7,200 (€30,000 x 24%) Therefore, the amount subject to BIK for each of the years 2019 – 2022 is €7,200.

6.3 Extension to Tax Years 2023 to 2027

Finance Act 2021 and Finance (No. 2) Act 2023 extended the relief available in respect of electric vehicles made available in the period from 1 January 2023 to 31 December 2027. The relief available from the BIK charge arising during 2025, 2026 and 2027 applies on a tapered basis.

For an electric vehicle made available for an employee's private use during the years 2023 to 2027, the cash equivalent will be calculated based on the actual OMV of the vehicle reduced by:

- €35,000 in respect of vehicles made available in the 2023, 2024 and 2025 year(s) of assessment;
- €20,000 in respect of vehicles made available in the 2026 year of assessment; and
- €10,000 in respect of vehicles made available in the 2027 year of assessment.

This reduction applies irrespective of the actual OMV of the vehicle or when the vehicle was first provided to the employee.

If the reduction reduces the OMV to nil, a BIK charge will not arise. Any portion of OMV remaining, after the reduction is applied, is chargeable to BIK at the prescribed rates.

6.3.1 Relief for Electric Vehicles and Temporary Reduction to OMV

The above relief may be applied in addition to the temporary reduction to OMV as outlined in paragraph 4.1.3. The table below summarises the combined effect:

Year of Assessment	Relief on Electric Vehicle	Temporary Reduction to OMV	Total Reduction
2023	€35,000	€10,000	€45,000
2024	€35,000	€10,000	€45,000
2025	€35,000	€10,000	€45,000
2026	€20,000	€10,000	€30,000

2027	€10,000	€5,000	€15,000
2028	-	€2,500	€2,500

Example 12

E Tops Limited continued making electric vehicles available to its employees for their private use in 2023, 2024 and 2025 and plans to continue to do so in 2026.

The vehicles made available to the sales team, (as in example 11 above), for years of assessment 2023, 2024, 2025 and 2026, have an OMV of €40,000, while the OMV of vehicles made available to executives is €80,000.

From 1 January 2023 onwards the BIK charge for any car made available to an employee for his or her private use will be determined based on both the business mileage undertaken and the vehicle's CO_2 emissions. It is therefore necessary to determine which emissions category the vehicles provided by E Tops Limited will fall into, and what business mileage the staff will undertake in the vehicles.

The cars made available are electric cars meaning that for years up to and including the 2025 year of assessment, these cars are Category A vehicles i.e., vehicles with CO_2 emissions between 0g/km and 59g/km inclusive. From 1 January 2026 the cars are Category A1 vehicles i.e., vehicles with CO_2 emissions of 0g/km. See Table B above for further information on vehicle categories.

For the 2023 to 2025 years of assessment inclusive, as a category A vehicle, the percentage applied to the OMV to determine the cash equivalent ranges from 22.5% to 9%, depending on the amount of business mileage the employee undertakes in the vehicle.

For 2026 and subsequent years of assessment, as a category A1 vehicle, the percentage applied to the OMV to determine the cash equivalent ranges from 15% to 6%, depending on the amount of business mileage the employee will undertake in the vehicle.

All executive staff are expected to incur business mileage of between 30,000 and 35,000 kilometres per annum. Any business mileage incurred by sales staff is not expected to exceed 20,000 kilometres. See Table A for the ranges of percentage rates applicable to each vehicle category.

The BIK charge which will arise on the private use of these vehicles (based on the business mileage and vehicle category provided) is as follows:

	Category 1 – Salespersons	**Category 2 – Executives**
BIK charge in 2023, 2024 and 2025.	For the purposes of determining the BIK charge, the OMV of the vehicle is reduced by €35,000 (paragraph 6.3) and the additional €10,000 (paragraph	For the purposes of determining the BIK charge, the OMV of the vehicle is reduced by €35,000 (paragraph 6.3) and the additional €10,000 (paragraph

	4.1.3). The remaining OMV will be subject to BIK at the prescribed rates. OMV for BIK purposes: Actual OMV (€40,000 - €35,000 -- €10,000) = 0 As the cash equivalent is nil, no BIK charge arises.	4.1.3). The remaining OMV will be subject to BIK at the prescribed rates. OMV for BIK purposes: Actual OMV (€80,000 - €35,000 - €10,000) = €35,000. As a category A vehicle with annual business mileage between 30,000 and 35,000 kilometres, the cash equivalent is equal to 18% of the OMV for BIK purposes: €35,000 x 18% = €6,300.
BIK charge in 2026.	For the purposes of determining the BIK charge, the OMV of the vehicle is reduced by €20,000 (paragraph 6.3) and the additional €10,000 (paragraph 4.1.3). OMV for BIK purposes: Actual OMV (€40,000 - €20,000 - €10,000) = 10,000. As a category A1 vehicle with annual business mileage of less than 20,000 kilometres, the cash equivalent is equal to 15% of the OMV for BIK purposes: €10,000 x 18% = €1,800.	For the purposes of determining the BIK charge, the OMV of the vehicle is reduced by €20,000 (paragraph 6.3) and the additional €10,000 (paragraph 4.1.3). OMV for BIK purposes: Actual OMV (€80,000 - €20,000 - €10,000) = €50,000. As a category A1 vehicle with annual business mileage between 30,000 and 35,000 kilometres, the cash equivalent is equal to 12% of the OMV for BIK purposes: €50,000 x 12% = €6,000.

6.3.2 Summary of Electric Vehicle Regime

Year of Assessment	Electric vehicle first made available to the employee during the period 10 October 2017 to 9 October 2018	Electric vehicle first made available to the employee either prior to 10 October 2017 or on or after 10 October 2018
OMV of electric vehicle is €50,000 or less		
2018	Full BIK exemption	Full BIK exemption
2019	Full BIK exemption	Full BIK exemption
2020	Full BIK exemption	Full BIK exemption
2021	Full BIK exemption	Full BIK exemption
2022	Full BIK exemption	Full BIK exemption
2023, 2024 and 2025	Partial relief – In calculating the BIK the OMV is reduced by €35,000 (paragraph 6.3) and by an additional €10,000 (paragraph 4.1.3).	Partial relief – In calculating the BIK the OMV is reduced by €35,000 (paragraph 6.3) and by an additional €10,000 (paragraph 4.1.3).
2026	Partial relief – In calculating the BIK the OMV is reduced by €20,000 (paragraph 6.3) and by an additional €10,000 (paragraph 4.1.3).	Partial relief – In calculating the BIK the OMV is reduced by €20,000 (paragraph 6.3) and by an additional €10,000 (paragraph 4.1.3).
2027	Partial relief – In calculating the BIK the OMV is reduced by €10,000 (paragraph 6.3) and by an additional €5,000 (paragraph 4.1.3).	Partial relief – In calculating the BIK the OMV is reduced by €10,000 (paragraph 6.3) and by an additional €5,000 (paragraph 4.1.3).

OMV of electric vehicle exceeds €50,000		
2018	Full BIK exemption.	Full BIK exemption.
2019	Full BIK exemption.	Partial relief – In calculating the BIK the OMV is reduced by €50,000 (paragraph 6.2).
2020	Full BIK exemption.	Partial relief – In calculating the BIK the OMV is reduced by €50,000 (paragraph 6.2).
2021	Partial relief – In calculating the BIK the OMV is reduced by €50,000 (paragraph 6.2).	Partial relief – In calculating the BIK the OMV is reduced by €50,000 (paragraph 6.2).
2022	Partial relief – In calculating the BIK the OMV is reduced by €50,000 (paragraph 6.2).	Partial relief – In calculating the BIK the OMV is reduced by €50,000 (paragraph 6.2).
2023, 2024 and 2025	Partial relief – In calculating the BIK the OMV is reduced by €35,000 (paragraph 6.3) and by an additional €10,000 (paragraph 4.1.3).	Partial relief – In calculating the BIK the OMV is reduced by €35,000 (paragraph 6.3) and by an additional €10,000 (paragraph 4.1.3).
2026	Partial relief – In calculating the BIK the OMV is reduced by €20,000 (paragraph 6.3) and by an additional €10,000 (paragraph 4.1.3).	Partial relief – In calculating the BIK the OMV is reduced by €20,000 (paragraph 6.3) and by an additional €10,000 (paragraph 4.1.3). .
2027	Partial relief – In calculating the BIK the OMV is reduced by €10,000 (paragraph 6.3) and by an additional €5,000 (paragraph 4.1.3).	Partial relief – In calculating the BIK the OMV is reduced by €10,000 (paragraph 6.3) and by an additional €5,000 (paragraph 4.1.3).

7 Chauffeur Driven Cars

In the case of chauffeur driven cars two separate charges arise:

1. a BIK charge in respect of the provision of the car, and
2. a BIK charge in respect of the expenses incurred by the employer in the provision of the chauffeur.

The total expense incurred by the employer in providing the chauffeur (e.g., chauffeur's salary) is chargeable, less any amount made good by the employee.

Example 13

Mary's employer provides her with a chauffeur driven electric car. The OMV of the car is €90,000 and the employer incurs annual chauffeur expenses of €20,000. The business mileage in 2025 was 30,000km.

The BIK charges are as follows:

Car provision

Cash Equivalent (OMV* - €35,000 - €10,000) X18%

€45,000 X 18% = €8,100

*The OMV is reduced by €35,000 (paragraph 6.3) and by an additional €10,000 (paragraph 4.1.3).

Chauffeur Expenses	€20,000
Less amount made good by Mary	€0

Total charge to BIK: €8,100 + €20,000 = €28,100

8 Employees in the Motor Industry

Employees in the motor industry generally have the use of several different vehicles, both new and old, during the course of a tax year.

A simplification arrangement is available to deal with the issue of frequent changes of employer provided vehicles for employees within the motor industry. This simplification arrangement provides that the BIK in such cases is calculated using agreed average OMV of the vehicles used, rather than the actual OMV.

'Frequent changes' means changes within periods of less than 1 month.

In light of the unprecedented impact of the COVID-19 pandemic, Revenue concessionally agreed to relax this rule for the duration of the 2020 and 2021 years of assessment. Therefore, where an employee in the motor industry typically availed of the special cash equivalents for calculating BIK on company cars, but, due to COVID restrictions, was unable to change his or her vehicle within the required timeframe throughout the 2020 or 2021 years of assessment, he or she was permitted to utilise the special cash equivalents for employees in the motor industry when determining the amount liable to PAYE, PRSI and USC.

In light of the updated public health guidance issued on 16 November 2021 requiring all employees to work from home unless it is necessary to attend the workplace in person, Revenue agreed that this treatment would be retained for the 2022 year of assessment. However, for the 2022 year of assessment, this treatment **only** applied for the period of time during which this public health guidance remained in place. Therefore, from 1 January 2022, where public health guidance no longer required an employee to work from home, the 'usual' 1-month timeframe applied. As public health restrictions due to Covid-19 no longer apply, this treatment ceased to apply from 1 June 2022.

Having regard to the introduction of tapering relief from 1 January 2023 (full details in paragraph 4) and the complexities unique to the motor industry, as a simplification measure Revenue is prepared to allow category C band, to be used as an average for the purpose of calculating the BIK charge from 2023 onwards. This does not however affect an employee's statutory right to have the BIK calculated on the basis of the actual OMV of the vehicles made available to him or her during the course of the year, see details at paragraph 8.3 below. Where the simplification measure is availed of, it must be consistently applied for the year of assessment (i.e. it is not possible to use the simplification measure and switch to the statutory basis during a year of assessment).

8.1 Affected Employees and Employers

This alternative arrangement applies to the following employees:

- employees in the retail motor trade,
- employees in the short-term car hire trade, or
- other employees in the motor trade who are employed by one of the following categories of employer:
    - motor retailers who are engaged in selling used cars only,
    - franchised motor retailers who are engaged in selling both new and used cars,
    - short-term car hire providers, or
    - motor distributors and car leasing.

This treatment does not apply to employees who have exclusive use of specific vehicles for predictable periods in excess of one month. Where this occurs, the tax due by the employee should be calculated by reference to actual OMV.

8.2 Determination of Agreed Average OMV

The agreed average OMV to be used when calculating the BIK on the use of the vehicle is determined by reference to:

- the highest value of the vehicles that the employee normally drives, and
- the average OMV band for the section of the motor industry within which the individual is employed.

There are 8 average OMV Bands which are listed in Appendix B.

The occasional use of a vehicle in a higher or lower bracket will not affect the figure for average OMV.

8.3 Right to Apply Actual OMV

An employee may at any time exercise his or her statutory right to have the BIK calculated on the basis of the actual OMV of the vehicles made available to him or her during the course of the year.

Where the employee exercises this right, the employer will have to carry out the necessary calculations and retain relevant evidence of the vehicles made available during the course of the year.

8.4 Records to be Kept

It is important that records are kept in respect of employer provided vehicles used by employees and that the correct OMV Band is used for each employee's BIK calculation.

Employers are obliged to keep records in respect of:

- the vehicles driven by all employees, including directors,
- the value of the vehicles driven and the OMV Band used in the BIK calculation, and
- the BIK computation in respect of each employee.

8.5 Non-Application of Arrangement

If, during the course of an audit or other compliance intervention, it comes to light that the employer has not complied with the statutory obligation to operate Income Tax, PRSI and USC in respect of any BIK arising to employees from the availability of the private use of employer provided vehicles, then the treatment outlined above will not be available.

9 Concessionary Treatment - COVID-19 Circumstances

In March 2020 Revenue agreed a short-term concessional treatment in relation to the operation of BIK on employer provided vehicles in light of the unique circumstances arising due to the COVID-19 pandemic.

Following the introduction of COVID-19 travel restrictions, the following may apply for the years of assessment 2020 and 2021, when calculating the BIK on an employer provided vehicle.

a) Where an employer takes back possession of the vehicle and an employee has no access to the vehicle, no BIK shall apply for the period (this is by way of clarification rather than concessional treatment being afforded).

b) Where an employee retains possession of a vehicle, but the employer prohibits the use of the vehicle, no BIK shall apply if the vehicle is not used for private use. Records should be maintained to show that the employer has prohibited its use and no such use has occurred, for example communication from employer, photographic evidence of odometer etc.

c) Where an employee has a car provided by his or her employer and

   (i) the circumstances in a) and b) above don't apply,

   (ii) limited or reduced business mileage (if any) is undertaken during the period of the COVID-19 crisis,

   and

   (iii) personal use is limited,

   the amount of business mileage travelled in January 2020 may be used as a base month for the purposes of calculating the amount of BIK due. Thus, the percentage applied in the calculation of the cash equivalent, which is based on annualised business mileage, may have regard to the actual business mileage for January 2020.

   Therefore, the BIK charge applicable for the period of the COVID-19 restrictions arising in 2020 and 2021, will be determined based on the business travel the employee would likely have undertaken throughout that period in the absence of any COVID related restrictions. Appropriate records should be kept, for example business mileage travelled in January 2020, amount of private use, photographic evidence of odometer etc.

   Where an employee did not have any business mileage for their current role in January 2020, for example, an employee who has taken on a new role since January 2020, a reasonable alternative may be used to calculate the annualised mileage. The reasonable alternative used must have due regard to the:

- specific role carried out by the employee,

and

- business travel the employee would likely undertake in that role in the absence of any COVID-19 related travel restrictions.

d) Where an employee continues to undertake business travel as usual in an employer provided vehicle, the usual BIK rules will apply.

In light of the updated public health guidance issued on 16 November 2021 requiring all employees to work from home unless it is necessary to attend the workplace in person, Revenue agreed that this treatment would be retained for the 2022 year of assessment.

However, for 2022 the treatment only applied for the period of time during which the public health guidance measures remained in place. As public health restrictions due to Covid-19 no longer apply, this treatment ceased to apply from 1 June 2022. Where public health guidance no longer requires an employee to work from home the BIK charge on an employer provided vehicle should be calculated in the 'usual' manner. This will be the case where an employer facilitates an employee or director in continuing to work from home or undertake limited or reduced business mileage after the relaxation of this public health guidance.

Where the concessionary measure applies for the 2022 year of assessment, the BIK charge due in that period may be calculated having due regard to the actual travel undertaken in January 2020 or a reasonable alternative, as outlined above. However, if at any time since January 2020 an employee returned to normal business travel which he or she would have undertaken in the absence of COVID restrictions, the travel undertaken in that period may also be used as a reasonable alternative.

10 Charge to Benefit in Kind on Electric Charging Facilities

10.1 Electric charging facility at employer's business premises

Section 118(5H)(a) TCA 1997 provides for an exemption from BIK in connection with the provision of a facility for the electric charging of vehicles (including hybrid electric vehicles) on an employer's business premises. To avail of the BIK exemption the facility must be available to all employees and directors.

10.2 Electric charging facility at an employee's/director's home

Finance Act 2024 provided for section 118(5H)(b) TCA 1997 which, subject to certain conditions, provides for an exemption from BIK for the installation of a battery electric vehicle (BEV) home charger by an employer at a director's or an employee's private residence. The exemption only applies where the employer provided electric vehicle derives its motive power exclusively from an electric motor, it does not apply to a hybrid electric vehicle.

In order to avail of the home charger BIK exemption, **all of** the following conditions must be met:

1. The director or employee must have the private use of an employer provided BEV to which section 121 TCA 1997 (in respect of a car) or section 121A TCA 1997 (in respect of a van) applies.

   Where the employer provides a charging facility to an employee or a director at his or her home, and the employee or director does not have the private use of an employer provided electric vehicle, a benefit in kind charge will apply. However, the exemption may apply where the electric vehicle is one to which section 121 or 121A TCA 1997, as the case may be applies, but where no charge to Income Tax for a BIK arises, due to an exemption or relief available under section 121 or 121A TCA 1997. For example, where the conditions under section 121A(2A) TCA 1997 are met – see paragraph 5.2.

2. The charging facility must be installed at a qualifying residence of the employee or director.

   A qualifying residence for the purpose of this exemption means a residential premises situated in the State, which is occupied by a director or employee, as the case may be, as his or her sole or main residence for the year of assessment concerned.

3. The employer must retain ownership of the charging facility.

4. Only one charging facility can be provided to any employee or director.

Where **all** the above conditions are met, the exemption will also apply to amounts paid by the employer in regard to the maintenance of the qualifying charging facility.

10.3 Home electricity costs

In principle, where an employer is providing a vehicle to his or her employee and the employee is incurring home electricity costs, provided it can be shown that the employer is only reimbursing for the running costs of that employer provided vehicle, it would be reasonable for this reimbursement to be paid free of tax.

The reimbursement of home electricity costs on a tax free basis only applies in respect of the employer provided electric vehicle and would be conditional on the employer retaining sufficient supporting documents to verify the amount of the reimbursed cost.

Appendix A: Business Mileage Tables

Applicable with effect from 1 January 2026

Business mileage		**Vehicle Categories**					
Lower limit (1)	Upper limit (2)	A1 (3)	A (4)	B (5)	C (6)	D (7)	E (8)
Kilometres	Kilometres	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
--	26,000	15	22.5	26.25	30	33.75	37.5
26,001	39,000	12	18	21	24	27	30
39,001	48,000	9	13.5	15.75	18	20.25	22.5
48,001[4]	--	6	9	10.5	12	13.5	15

Applicable with effect from 1 January 2023

Business Mileage		**Vehicle Categories**				
Lower limit (1)	Upper limit (2)	A (3)	B (4)	C (5)	D (6)	E (7)
Kilometres	Kilometres	Per cent	Per cent	Per cent	Per cent	Per cent
--	26,000	22.5	26.25	30	33.75	37.5
26,001	39,000	18	21	24	27	30
39,001	48,000	13.5	15.75	18	20.25	22.5
48,001[5]	--	9	10.5	12	13.5	15

[4] A temporary reduction of 4,000 kilometres in the lower limit of the highest mileage band from 52,001 kilometres to 48,001 kilometres applied in respect of the 2023, 2024 and 2025 years of assessment. This reduction applies on a permanent basis from 1 January 2026.

Applicable with effect from 1 January 2014

Business Mileage Lower Limit (1)	**Business Mileage Upper Limit (2)**	**Percentage of Original Market Value**
Kilometres	**Kilometres**	**Percent**
0	24,000	30
24,000	32,000	24
32,000	40,000	18
40,000	48,000	12
48,000 and over	-	6

Applicable up to and including 2013

Business Mileage Lower Limit (1)	**Business Mileage Upper Limit (2)**	**Percentage of Original Market Value**
Miles	**Miles**	**Per cent**
0	15,000	30
15,000	20,000	24
20,000	25,000	18
25,000	30,000	12
30,000 and over	-	6

Appendix B: Average OMV Bands for Employees in the Motor Industry

Band 1: Average OMV Not Exceeding €30,000

Employees who normally have the use of vehicles with an OMV not exceeding €30,000

Section of Motor Industry	Average OMV
Motor Retailers engaged in selling used cars only and short-term car hire providers	€15,000
Franchised motor retailers who are engaged in selling new and used cars	€18,000
Motor distributors and leasing businesses	€22,000

Band 2: Average OMV Greater than €30,000, but Not Exceeding €35,000

Employees who normally have the use of vehicles with an OMV which is greater than €30,000, but does not exceed €35,000

Section of Motor Industry	Average OMV
Motor Retailers engaged in selling used cars only and short-term car hire providers	€18,000
Franchised motor retailers who are engaged in selling new and used cars	€21,000
Motor distributors and leasing businesses	€25,000

Band 3: Average OMV Greater than €35,000, but Not Exceeding €40,000

Employees who normally have the use of vehicles with an OMV which is greater than €35,000, but does not exceed €40,000

Section of Motor Industry	Average OMV
Motor Retailers engaged in selling used cars only and short-term car hire providers	€21,000
Franchised motor retailers who are engaged in selling new and used cars	€24,000
Motor distributors and leasing businesses	€30,000

Band 4: Average OMV Greater than €40,000, but Not Exceeding €45,000

Employees who normally have the use of vehicles with an OMV which is greater than €40,000, but does not exceed €45,000

Section of Motor Industry	Average OMV
Motor Retailers engaged in selling used cars only and short-term car hire providers	€24,000
Franchised motor retailers who are engaged in selling new and used cars	€27,000
Motor distributors and leasing businesses	€34,000

Band 5: Average OMV Greater than €45,000, but Not Exceeding €50,000

Employees who normally have the use of vehicles with an OMV which is greater than €45,000, but does not exceed €50,000

Section of Motor Industry	Average OMV
Motor Retailers engaged in selling used cars only and short-term car hire providers	€27,000
Franchised motor retailers who are engaged in selling new and used cars	€30,000
Motor distributors and leasing businesses	€38,000

Band 6: Average OMV Greater than €50,000, but Not Exceeding €55,000

Employees who normally have the use of vehicles with an OMV which is greater than €50,000, but does not exceed €55,000

Section of Motor Industry	Average OMV
Motor Retailers engaged in selling used cars only and short-term car hire providers	€30,000
Franchised motor retailers who are engaged in selling new and used cars	€33,000
Motor distributors and leasing businesses	€42,000

Band 7: Average OMV Greater than €55,000, but Not Exceeding €60,000

Employees who normally have the use of vehicles with an OMV which is greater than €55,000, but does not exceed €60,000

Section of Motor Industry	**Average OMV**
Motor Retailers engaged in selling used cars only and short-term car hire providers	€33,000
Franchised motor retailers who are engaged in selling new and used cars	€36,000
Motor distributors and leasing businesses	€44,000

Band 8: Average OMV Exceeding €60,000

Where the OMV of the vehicle(s) used by the employee normally exceeds €60,000, the figure to be taken should be:

- the appropriate figure in the Band 7 category,
  plus
- 75% of the difference between the OMV and €60,000.

For example, if an employee of a franchised garage normally uses a vehicle with an OMV of €80,000, the average OMV should be €51,000 (€36,000 + (75% of €20,000)).