

## VAT and VRT on Transactions Involving Motor Vehicles

This document should be read in conjunction with Part 4 and Part 10 of the VAT Consolidation Act 2010

Document last reviewed May 2018

### Table of Contents

<b>1. Introduction.....</b>	<b>5</b>
<b>2. What this guidance contains .....</b>	<b>5</b>
<b>3. Vehicles bought or sold by an authorised motor dealer ....</b>	<b>6</b>
<b>4. New Motor Vehicles bought and sold by an authorised motor dealers.....</b>	<b>6</b>
<b>4.1 Vehicle Registration Tax (VRT) charges on new vehicles bought and sold by an authorised motor dealer.....</b>	<b>6</b>
<b>4.2 Value-Added Tax (VAT) charges on new vehicles bought and sold by an authorised motor dealer.....</b>	<b>7</b>
<b>4.3 VAT on new vehicles sold to VAT-registered customers outside the State by an authorised motor dealer .....</b>	<b>7</b>
<b>4.4 VAT on new vehicles sold to private customers outside the State by an authorised motor dealer.....</b>	<b>7</b>
<b>5. Second-hand motor vehicles bought and sold by an authorised motor dealer.....</b>	<b>8</b>
<b>5.1 VRT due on second-hand motor vehicles.....</b>	<b>8</b>
<b>5.2 VAT due on sales of second-hand motor vehicles .....</b>	<b>8</b>
<b>5.3 VAT treatment of 'trade-ins' .....</b>	<b>9</b>
<b>6. Vehicles purchased as stock-in-trade from foreign sellers by an authorised motor dealer .....</b>	<b>9</b>
<b>6.1 Second-hand vehicles purchased by an authorised motor dealer from a dealer in another country operating a Special or Margin Scheme, including motor auctioneers .....</b>	<b>10</b>

6.2	Second-hand vehicles purchased by an authorised motor dealer from a VAT-registered person in another country other than a dealer.....	10
6.3	Second-hand vehicles purchased by an authorised motor dealer from a private person in another country .....	11
6.4	New vehicles (New Means of Transport) purchased by an authorised motor dealer from a VAT-registered person in another country .....	11
6.5	New vehicles (Means of Transport) purchased by an authorised motor dealer from a private person in another country .....	12
6.6	Vehicles imported into the EU as a result of purchase by an authorised motor dealer .....	12
7.	Registration of vehicles by dealers/distributors in their own names.....	12
8.	Self-supply of vehicles registered in the name of a dealer/distributor.....	13
9.	Subsequent sale of a vehicle registered in the name of a dealer/distributor.....	13
10.	New Means of Transport purchased by a VAT-registered trader from a VAT-registered person in another country .....	14
11.	New Means of Transport purchased by a VAT-registered trader from a private person in another country.....	15
12.	Vehicles imported into the EU as a result of purchase by an Irish VAT-registered trader .....	15
13.	Vehicles purchased from foreign sellers by private individuals .....	15
13.1	Second-hand vehicles purchased by a private individual from a VAT-registered trader, including a motor dealer, in another country .....	16
13.2	Second-hand vehicles purchased by a private individual from a private individual in another country .....	16
13.3	New vehicles (New Means of Transport) purchased by a private individual from a VAT-registered person, including a motor dealer, in another country .....	16
13.4	New vehicles (New Means of Transport) purchased by a private individual from a private individual in another country .....	17

13.5	Vehicles imported into the EU as a result of purchase by a private individual .....	18
14.	Motor vehicles supplied by private individuals.....	19
15.	Motor vehicles supplied by dealers without TAN numbers	19
16.	Motor vehicles supplied by traders who are not motor dealers .....	19
17.	Short-term and long-term hire .....	20
18.	Insurance, damage waivers, maintenance etc. ....	20
19.	Accessories supplied with a hired vehicle .....	21
20.	Recovery of VAT charged on hire / leasing payments .....	21
21.	Recovery of VAT & VRT by hire / lease providers.....	21
22.	Recovery of tax on the purchase of motor vehicles .....	22
22.1	Recovery of VAT by motor dealers.....	22
22.2	Paperwork and Documentation.....	22
22.3	Recovery of VAT & VRT by driving schools.....	22
22.4	Recovery of VAT by other VAT-registered traders.....	23
22.5	Recovery of VAT under hire-purchase agreements .....	24
22.6	Recovery of VAT and/or VRT by purchasers not registered for VAT.....	25
22.6.1	Repayment of VAT on touring coaches.....	25
22.6.2	Repayment of tax on motor vehicles for use by or for disabled persons .....	26
23	Useful Terms and Definitions .....	26
23.1	Commercial and non-Commercial Vehicles .....	26
23.2	Vehicle Categories .....	27
23.3	Purchasing & selling commercial vehicles .....	28
23.4	Importation.....	28
23.5	Intra-Community Acquisitions .....	28
23.6	Intra-Community Supplies .....	29
23.7	Member State .....	29
23.8	Motor Dealer.....	29
23.9	New Means of Transport .....	30
23.10	New Motor Vehicle.....	31
23.11	Private Individual .....	31
23.12	Registration for VRT .....	31
23.13	Second-Hand or Used Motor Vehicle .....	32

<b>23.14</b>	<b>Self-Registered Vehicles.....</b>	<b>32</b>
<b>23.15</b>	<b>Trade-in.....</b>	<b>32</b>
<b>23.16</b>	<b>Value-Added Tax (VAT).....</b>	<b>32</b>
<b>23.17</b>	<b>Vehicle Registration Tax (VRT).....</b>	<b>33</b>

A more recent version of this manual is available.

## 1. Introduction

Motor vehicles sold in Ireland are liable to Value-Added Tax (VAT) at the standard rate. In addition, when a motor vehicle is being registered in Ireland, it is liable to Vehicle Registration Tax (VRT). The rate of VRT varies between vehicle types, and is mainly dependent on the level of CO2 emissions. VRT is payable on new unregistered vehicles, and also on vehicles brought into Ireland from other countries.

The VAT and VRT procedures involved when buying and selling motor vehicles may vary depending on the status of the buyers or sellers. These may be motor dealers, traders buying or selling their own business vehicles, motor auctions, private individuals, etc. There are also special procedures for transactions involving second-hand vehicles, or vehicles being transported between countries as part of a purchase or sale. As well as vehicle sales, VAT is also due on any work on motor vehicles, such as repair and maintenance, and on the hire and leasing of vehicles.

How VAT and VRT should be paid in different transactions, and the circumstances in which these taxes may be reclaimed, are set out in this guidance. Please contact your local Revenue district with any further queries.

## 2. What this guidance contains

This guidance sets out details of how VAT and VRT should be paid and accounted for when buying or selling new or second-hand motor vehicles. It does not contain rates of VRT, or procedures for registration of vehicles. These are available by contacting the local [NCTS Centre](#) or on the Revenue website.

Also included are:

- Guidelines regarding the treatment of other transactions involving motor vehicles, such as hiring.
- Particulars of the VAT/VRT treatment of vehicles registered by distributors or dealers in their own names.

For reasons of clarity, the term 'motor vehicles' is used in preference to the more general 'means of transport', as this guide is directed mainly at the motor trade and private purchasers in respect of motorised land vehicles. Where a means of transport other than a motor vehicle is referred to this will be explicitly stated in the relevant part of the guide. A glossary of the specialist terms used in this guide is available at the section on Useful Terms and Definitions.

### 3. Vehicles bought or sold by an authorised motor dealer

A motor dealer who wishes to deal or trade in unregistered or foreign-registered vehicles must apply for authorisation to do so. Once authorised, a dealer will be issued with a TAN (Trader Account Number) by the local Revenue District. Details of the application process and requirements are available on the Revenue website. Authorisation and possession of a TAN number only affects the way in which the dealer operates Vehicle Registration Tax (VRT).

For further information on the operation of VRT by traders without a TAN number, see the section on Motor vehicles supplied by dealers without TAN numbers. Dealers' obligations with regard to Value-Added Tax (VAT) are the same whether or not they have a TAN number.

### 4. New Motor Vehicles bought and sold by an authorised motor dealers

For the purposes of this guide, a new motor vehicle should generally be regarded as one which has not been owned by any person other than the manufacturer, distributor(s) and authorised dealer(s), and/or has not been registered by any of these in their own name(s). This is not the same as a 'new means of transport', which is a technical term that applies where vehicles are brought in to Ireland from other EU countries (see sections on vehicles brought into the State by motor dealers, other traders and private individuals).

#### 4.1 Vehicle Registration Tax (VRT) charges on new vehicles bought and sold by an authorised motor dealer

An authorised motor dealer, who holds a new motor vehicle as stock-in-trade, is not required to register the vehicle in his or her own name. However, the dealer is obliged to ensure that the vehicle is registered before the customer takes delivery of it. In the course of a sale, the dealer therefore generally collects the VRT amount from the customer and registers the vehicle in the customer's name. This can be done by using the Revenue On-line System (ROS), or at any [NCTS Centre](#). Once a vehicle is registered, it can then be supplied to the customer with registration plates fitted.

An easy way of calculating the VRT liability on any vehicle is to use the [VRT Calculator](#) on the Revenue website. The [NCTS Centre](#) will confirm the amount of VRT payable. It should be noted that VRT is calculated on the Open Market Selling Price (OMSP) of a vehicle, rather than the actual purchase price.

N.B.: Only authorised motor dealers are entitled to hold unregistered vehicles. If a person other than an authorised dealer obtains a motor vehicle that is not registered in the State, the vehicle must then be registered in his or her own name, and the VRT must be paid at that time.

## **4.2 Value-Added Tax (VAT) charges on new vehicles bought and sold by an authorised motor dealer**

In general, VAT is due (at the standard rate) on the full purchase price received by a dealer for any vehicle. However, in the sale of an unregistered vehicle by an authorised dealer, Revenue will accept that the portion of the purchase price that represents the VRT liability is paid by the dealer in the name and on the account of the purchaser; i.e., the customer pays the VRT, and the dealer simply administers the payment from the money handed to him or her.

Accordingly, the VAT liability on the sale of a new vehicle by an authorised motor dealer is generally calculated on the VRT-exclusive amount received from the customer. (This also applies in the case of a second-hand or used vehicle brought into the State by an authorised dealer, and sold by him or her prior to being registered in Ireland.) In the case of the sale of a registered vehicle, a VAT liability arises on the full VRT-inclusive amount received, and no adjustment is allowed.

## **4.3 VAT on new vehicles sold to VAT-registered customers outside the State by an authorised motor dealer**

Sales of new vehicles to VAT registered traders in other Member States of the EU where the vehicles are dispatched to that other Member State by, or on behalf of, the Irish vendor should generally be treated as intra-Community supplies, and zero-rated for VAT. The dealer must retain proof that the vehicle was transported outside the State.

New vehicles exported by the dealer outside the EU should also generally be zero-rated for VAT, and the dealer must retain proof that the vehicle was transported outside the EU (The zero-rate does not apply in any circumstances to second-hand or used vehicles sold by Irish vendors under the Margin Scheme.)

## **4.4 VAT on new vehicles sold to private customers outside the State by an authorised motor dealer**

In the case of the sale of a new vehicle which is also a new means of transport to a private individual in another EU Member State, VAT is ultimately payable by the private individual in that other Member State. Nonetheless, the Irish dealer should charge Irish VAT on the sale of the vehicle. The purchaser will then be liable to account again for VAT in his or her own Member State. Once the customer satisfies the dealer that VAT has been paid, and the vehicle registered with the licensing authorities in that Member State, the dealer should refund the Irish VAT to the customer.

The dealer must obtain documentary proof from the customer that VAT has been paid, and the vehicle registered, in the other EU Member State, and he or she can then claim an adjustment in the VAT return to account for the refund of VAT.

If an Irish dealer supplies a vehicle in the circumstances set out above, he or she may elect not to charge VAT if the vehicle is dispatched by the dealer to a place in another EU Member State, and the customer is known to the dealer.

In this situation, the dealer is relying on the customer returning documents confirming registration of the vehicle in another Member State. If such proof has not been provided by the date on which the VAT return for the period is due, the Irish dealer must account for VAT on the transaction.

## **5. Second-hand motor vehicles bought and sold by an authorised motor dealer**

For this section, a second-hand or used motor vehicle is one that has had at least one previous owner, including the current owner, but not including a motor dealer who held the vehicle as stock-in-trade. Most transactions by motor dealers involving second-hand vehicles will come within the scope of the Margin Scheme.

### **5.1 VRT due on second-hand motor vehicles**

Where an authorised motor dealer holds a second-hand motor vehicle as stock-in-trade, he/she is not required to register the vehicle in his/her own name, but it must be registered in the name of the eventual purchaser. In general, there is no VRT due on Irish second-hand vehicles; i.e. vehicles that were previously registered in the State. When such a vehicle is sold, the dealer's only obligation with regard to registration is to forward the documentation for the change of owner (the Single Registration Certificate) to Vehicle Licensing (Motor Tax Unit), Department of Environment, Heritage and Local Government, Shannon, Co. Clare. There is, however, a VRT charge on second-hand vehicles brought into the State from any other country. This VRT must be paid before the vehicle can be registered in Ireland.

### **5.2 VAT due on sales of second-hand motor vehicles**

In the case of Irish-registered second-hand vehicles, VAT is due on the difference between the sale price and the purchaser price of the vehicle. Under no circumstances can any portion of the price, e.g. the VRT element, be separated from the rest of the sale price when calculating the VAT liability.

Where an authorised dealer brings a second-hand vehicle into the State that has been registered in another country, he/she is not obliged to register the vehicle in Ireland until it is being sold.



At that stage, the dealer is obliged to ensure that the vehicle is registered in Ireland in the name of the purchaser (or the nominated person, where the purchaser is a company) before the vehicle is released to the purchaser.

In this situation Revenue generally accepts that the portion of the sale price that represents the VRT liability is paid by the dealer in the name and on the account of the purchaser, i.e. the customer pays the VRT, and the dealer simply administers the payment from the money handed to him or her.

Accordingly, the VAT liability on the sale by an authorised motor dealer of a second-hand vehicle, brought into the State from another country, is generally calculated on the VRT-exclusive amount received from the customer. (This also applies in the case of a new vehicle sold by an authorised dealer prior to being registered in Ireland.)

In the case of the sale of a second-hand vehicle by any person other than an authorised dealer, a VAT liability arises on the full VRT-inclusive amount received, and no adjustment is allowed.

### **5.3 VAT treatment of 'trade-ins'**

If a dealer accepts a vehicle as a trade-in against the purchase of another vehicle, this is treated as two separate transactions for the purpose of accounting for VAT: the sale of a vehicle by the dealer, and the purchase of the 'trade-in' by the dealer.

In respect of the sale of the vehicle the dealer accounts for VAT on the full consideration she or he is entitled to receive on that sale, i.e. the value of the trade-in plus any other payment made in respect of the purchase of the vehicle, unless the sale is taxed under the Margin Scheme.

The dealer treats the trade-in as the simple purchase of a second-hand vehicle. If the dealer receives a VAT invoice from the person supplying the trade-in (i.e. the trade-in is from a VAT-registered person who was entitled to reclaim VAT on the vehicle) the VAT charged may be reclaimed in the normal way.

## **6. Vehicles purchased as stock-in-trade from foreign sellers by an authorised motor dealer**

In general terms, authorised dealers are not entitled to recover VAT on any vehicle purchased as stock-in-trade from any person within the EU. Authorised dealers are not required to register any stock-in-trade vehicle for VRT purposes until the onward sale of the vehicle takes place (this applies to both new and second-hand vehicles and whether or not the vehicles were previously registered in any other jurisdiction).

N.B.: Vehicles purchased from suppliers outside the EU are referred to as imports, and may be liable to Customs duty as well as VAT (see below). Vehicles purchased from suppliers within the EU are referred to as 'intra-Community acquisitions', and are not liable to Customs duty.

In this section, the term 'second-hand vehicle' applies generally to pre-owned vehicles. However, it does not include a pre-owned vehicle brought in to the State that was either supplied less than 6 months after entering into service, or has travelled 6,000 kilometres or less. Such vehicles, even if they were previously owned and registered in another country, are categorised as 'new means of transport' (NMT), and do not come within the Margin Scheme. New means of transport bought and sold within the State are not subject to any such restrictions, and may be included in the Margin Scheme.

### **6.1 Second-hand vehicles purchased by an authorised motor dealer from a dealer in another country operating a Special or Margin Scheme, including motor auctioneers**

Vehicles purchased from a motor dealer operating under a Special or Margin Scheme in another EU Member State are liable to VAT in that country; e.g. a vehicle purchased from a dealer operating the Margin Scheme in the U.K. is liable to U.K. VAT. The Irish dealer is not entitled to claim any input VAT.

Occasionally, a foreign dealer may sell a vehicle outside of the Special or Margin Scheme. In this case, the foreign dealer must issue a zero-rated VAT invoice in respect of the vehicle, quoting the purchaser's VAT number. The purchasing dealer then accounts for VAT in the VAT return for that period, and can claim a simultaneous credit. When selling on a vehicle that was purchased outside of the Scheme the Irish trader may issue a normal VAT invoice if the customer is registered for VAT, and the customer may reclaim the VAT charged, subject to the usual conditions.

A motor auctioneer is deemed to buy and sell the vehicles that pass through the auction. The auctioneer may operate the Special or Margin Scheme in his or her own country, or may sell the vehicles outside of the Scheme, as a VAT-registered trader. In either case, the rules set out above will apply equally to an auctioneer.

### **6.2 Second-hand vehicles purchased by an authorised motor dealer from a VAT-registered person in another country other than a dealer**

Second-hand vehicles which are purchased as stock-in-trade by a VAT registered dealer from a VAT registered supplier other than a motor dealer (or a person operating the Margin Scheme) in another EU Member State are treated as intra-Community acquisitions. That is, the supplier of the vehicle must issue a zero-rated VAT invoice in respect of the vehicle, quoting the purchasing dealer's VAT number. The purchasing dealer then accounts for VAT in his/her VAT return for that period, and can claim a simultaneous credit.

If this vehicle is subsequently sold by the Irish dealer, s/he must charge VAT on the sale and, where appropriate, issue a normal VAT invoice, and allow the purchaser to claim a credit for the VAT charged.

If the sale of the vehicle takes place in the other Member State, and the supplier charges VAT on the sale rather than zero-rating it, then it may be possible for the Irish dealer to recover the VAT charged once the vehicle has been moved to Ireland. This is subject to the rules in the other Member State, but would normally require the Irish dealer to provide proof to the supplier that the vehicle had been transported to Ireland. The supplier would then issue a credit note and re-issue the invoice without VAT.

When selling on a vehicle that was purchased from a VAT-registered person other than a dealer, the Irish dealer may issue a normal VAT invoice if the customer is registered for VAT, and the customer may reclaim the VAT charged, subject to the usual conditions.

### **6.3 Second-hand vehicles purchased by an authorised motor dealer from a private person in another country**

Please see Revenue information on the [Margin Scheme](#)

### **6.4 New vehicles (New Means of Transport) purchased by an authorised motor dealer from a VAT-registered person in another country**

Where an Irish authorised dealer purchases a vehicle ([new means of transport](#)) from a person in another EU country, he or she generally accounts for Irish VAT on the vehicle. The VAT-registered foreign supplier issues a zero-rated VAT invoice in respect of the vehicle, quoting the purchasing dealer's VAT number. The purchasing dealer then accounts for VAT in his or her next VAT return, and can claim a simultaneous credit.

If the sale of the vehicle takes place in another Member State, and the supplier charges VAT on the sale rather than zero-rating it, then the Irish dealer can generally recover the VAT charged once the vehicle has been moved to Ireland. The Irish trader will normally be required to provide proof to the supplier that the vehicle has been transported to Ireland, allowing the supplier to issue a credit note and re-issue the invoice at zero per cent VAT. This procedure is subject to the rules in force in the other Member State.

When selling on a new means of transport that was purchased from a VAT-registered person other than a dealer, the Irish dealer may issue a normal VAT invoice if the customer is registered for VAT, and the customer may reclaim the VAT charged, subject to the usual conditions.

## **6.5 New vehicles (Means of Transport) purchased by an authorised motor dealer from a private person in another country**

Where a dealer purchases a new means of transport from a private person in another country, he or she must always account for Irish VAT on the vehicle even though the supplier cannot charge VAT. The purchasing dealer simply accounts for VAT on the purchase price in the VAT return following the purchase, and can claim a simultaneous credit.

When selling on a new means of transport purchased from a private person in another country, the Irish dealer must issue a normal VAT invoice if the customer is registered for VAT, and the customer may reclaim the VAT charged, subject to the usual conditions.

## **6.6 Vehicles imported into the EU as a result of purchase by an authorised motor dealer**

Vehicles purchased from suppliers outside the EU are referred to as imports. These are liable to Customs Duty and to VAT at the point where they first enter the EU. Customs are responsible for taxes and duties on imported goods, and all VAT and duty is payable to Customs. A VAT registered dealer can reclaim this VAT in his or her VAT return. Customs duty cannot be recovered.

## **7. Registration of vehicles by dealers/distributors in their own names**

There are a number of different reasons why a dealer would want to register a vehicle in the name of the dealership (a self-registered vehicle). These include where a vehicle is used by the business other than as stock-in-trade, or where it is used as a demonstration model. In the case of a vehicle on which VAT is not normally deductible (see 'Commercial and non-Commercial Vehicles'), registering it in the name of the dealership is regarded as a 'self-supply' of the vehicle, and the VAT treatment changes.

[It is important to note that, in the normal course of events, where a dealer sells a vehicle it must be registered in the name of the purchaser (or in the case of a company car, a person nominated by the company). Following the sale of a vehicle, it cannot be (or remain) registered in the name of the dealer.]

## 8. Self-supply of vehicles registered in the name of a dealer/distributor

Where a dealer (and/or distributor) registers a non-deductible vehicle in the name of the dealership the vehicle is treated as removed from stock-in-trade. This removal results in a 'self-supply' for VAT purposes. This means that a dealer, who had taken deductibility for VAT on the purchase or importation of the vehicle, must pay back the VAT claimed on that vehicle. This must be done in the VAT return for the period in which the vehicle was registered in the dealer's name. The amount of VAT is calculated as if the vehicle were sold at cost price at the time of registration.

## 9. Subsequent sale of a vehicle registered in the name of a dealer/distributor

When a vehicle that was self-registered is subsequently sold to a customer, the vehicle is treated as if it were brought back into stock for sale as a second-hand vehicle, and it must then be sold through the Margin Scheme.

For the purpose of calculating the dealer's tax-inclusive margin on the sale of self-registered vehicles, the cost is the sum of:

1. the amount on which VAT was chargeable on the original sale of that vehicle to the dealer
2. the VAT chargeable on the original sale to the dealer, and
3. the VRT accounted for on the registration of the vehicle.

**Example:** VAT due on sale of a demonstration vehicle:

Where a vehicle is to be used as a demonstration model, the dealer (and/or distributor) is obliged to register the vehicle in his or her own name (also referred to as self-registration). The VAT and VRT treatment of such vehicles changed with effect from 1 May 2003. The vehicles involved are those of the type, which, outside of the motor trade, are non-deductible vehicles for VAT purposes. These include the vehicles classified for VRT purposes as 'category A' vehicles (cars in general) and motorcycles.

A new vehicle was purchased by a motor dealer for €11,465 (exclusive of VAT and VRT), registered by the dealer, used for demonstration purposes, and later sold for €21,000. The VAT liability is calculated as follows:

Net cost of vehicle to dealer:		€11,465
VAT (liability on self-supply):	€2,465	
VRT:		€5,625
Total cost price (incl. VAT and VRT):	€19,555	

Following use as a demo model, the vehicle was subsequently sold for €21,000.00.

The dealer's margin is calculated as follows:

Sale Price	€21,000
Cost Price	€19,555
Dealer's Margin	€1,445

Dealer's margin is a tax-inclusive amount. VAT payable at the standard rate is:  
 $(€1,445 \times 23) / 123 = €270.20$

## 10. New Means of Transport purchased by a VAT-registered trader from a VAT-registered person in another country

Where an Irish VAT-registered trader, including an unauthorised dealer, purchases a vehicle ([new means of transport](#)) from a person in another EU country he or she must account for Irish VAT on the vehicle. The VAT registered foreign supplier issues a zero-rated VAT invoice in respect of the vehicle, quoting the purchaser's VAT number. The Irish purchaser then accounts for VAT in his or her next VAT return, and can claim a simultaneous credit.

If the sale of the vehicle takes place in the other Member State, and the supplier charges VAT on the sale rather than zero-rating it, then the Irish trader may nonetheless recover the VAT charged once the vehicle has been moved to Ireland. The Irish trader must provide proof to the supplier that the vehicle has been transported to Ireland, and the supplier should then issue a credit note and reissue the invoice at zero per cent VAT. The Irish trader must then self-account for the VAT on the supply.

When selling on a new means of transport that was purchased from a VAT registered person other than a dealer, the Irish trader must issue a normal VAT invoice if the customer is registered for VAT, and the customer may reclaim the VAT charged, subject to the usual conditions.

## **11. New Means of Transport purchased by a VAT-registered trader from a private person in another country**

Where a VAT-registered trader, including an un authorised dealer, purchases a vehicle ([new means of transport](#)) from a private person in another country, this is regarded as an 'intra-Community acquisition' of the vehicle. The trader must account for Irish VAT on the vehicle even though the supplier cannot charge VAT. The purchasing trader simply accounts for VAT in his/her VAT return following the purchase, and may be able to claim a simultaneous credit if the vehicle is purchased as stock-in-trade, or is 'commercial'.

The private person in another country who sells a new means of transport to an Irish VAT-registered trader may be entitled to reclaim the VAT charged to them on the original purchase of the vehicle, subject to the rules applying in their own country. This will normally be dependent on proof that VAT has been paid on the vehicle in Ireland.

When selling on a new means of transport purchased from a private person in another country, the Irish trader may issue a normal VAT invoice if the customer is registered for VAT, and the customer may reclaim the VAT charged, subject to the usual conditions.

## **12. Vehicles imported into the EU as a result of purchase by an Irish VAT-registered trader**

Vehicles purchased from suppliers outside the EU are referred to as imports. These are liable to Customs Duty and to VAT at the point where they first enter the EU. Customs are responsible for taxes and duties on imported goods, and all VAT and duty is payable to Customs. A VAT registered dealer can reclaim this VAT in his or her VAT return. Customs duty cannot be recovered.

## **13. Vehicles purchased from foreign sellers by private individuals**

Any vehicle purchased abroad and brought in to the country by a private individual is liable to VRT, and will be liable to VAT if it is a new means of transport. In this section, the term 'second-hand vehicle' applies generally to pre-owned vehicles. However, it does not include a pre-owned vehicle brought in to the State that was either acquired less than 6 months after entering into service, or has travelled 6,000 kilometres or less. Such vehicles, even if they were previously owned and registered in another country, are categorised as 'new means of transport', and are always liable to VAT in Ireland.

An easy way of calculating the VRT liability on any vehicle is to use the [VRT Calculator](#) on the Revenue website. The [NCTS Centre](#) will confirm the amount of VRT payable. It should be noted that VRT is calculated on the Open Market Selling Price (OMSP) of a vehicle, rather than the actual purchase price.

### **13.1 Second-hand vehicles purchased by a private individual from a VAT-registered trader, including a motor dealer, in another country**

Where a private individual purchases a second-hand vehicle from a motor dealer or any VAT-registered trader in another country, the price will generally include any VAT or other tax chargeable in that country. This VAT cannot be reclaimed. There is no VAT liability in Ireland. In respect of VRT, the owner of the vehicle must make a booking with an [NCTS Centre](#) within 7 days of the vehicle entering the State and registration must be completed within 30 days of the vehicle entering the State. The VRT liability can be calculated using the [VRT Calculator](#) on the Revenue website.

### **13.2 Second-hand vehicles purchased by a private individual from a private individual in another country**

Where a private individual in Ireland purchases a second-hand vehicle (but not a 'new means of transport' – see below) from a private person in another country, there is no VAT element included in the price, nor is there any VAT liability in Ireland. In respect of vehicle registration tax, the owner of the vehicle must make a booking with a NCTS Centre within 7 days of the vehicle entering the State and registration must be completed within 30 days of the vehicle entering the State. The VRT liability can be calculated using the [VRT Calculator](#) on the Revenue website.

### **13.3 New vehicles (New Means of Transport) purchased by a private individual from a VAT-registered person, including a motor dealer, in another country**


It is important to note that the operative date in determining whether a means of transport comes within the time limits is the date on which it arrives in Ireland. Therefore, if a vehicle is first registered in the EU e.g. UK or NI, and it is sold within six months of arriving in this State and it is subsequently presented for registration, it is the date of first registration in the EU e.g. UK or NI by which the date is calculated for VAT purposes.

For example:

- Where a vehicle is first registered in the UK or NI on 2nd January and is purchased by a State resident in June and subsequently arrives in the State on 4th July and is presented for registration with 7000km, this is not a new means of transport and therefore VAT is not chargeable.



- Also, the point at which the 6000km is calculated is the date it arrives in this State and not the mileage given on the invoice when the vehicle was purchased in the UK/NI.

Where a private individual purchases a new means of transport from a VAT-registered person in another country - in respect of VRT, the owner of the vehicle must make a booking with a NCTS Centre within 7 days of the vehicle entering the State and registration must be completed within 30 days of the vehicle entering the State. The VRT liability can be calculated using the [VRT Calculator](#) on the Revenue website. The vehicle is also liable to Irish VAT on registration, and this VAT is payable at the [NCTS Centre](#) .

The VRT is calculated on the Open Market Selling Price (OMSP) of a vehicle, rather than the actual purchase price. The value for calculating VAT is the price charged for the vehicle, converted to Euro where necessary.

If the seller also charged VAT or an equivalent tax on the sale of the vehicle in the other country, then this can normally be reclaimed from the foreign supplier, once the vehicle is registered and VAT has been paid in Ireland. The purchaser must send proof of registration and payment of Irish VAT to the foreign supplier, who will then arrange repayment of the foreign VAT (or equivalent tax) subject to the regulations in that country.

However, it is important to note that the refund of VAT from the foreign supplier is subject to the laws and regulations in force in that country, which may differ significantly from the Irish laws. This means that in certain circumstances a person bringing a vehicle into Ireland, and therefore obliged to pay VAT in Ireland, may be unable to obtain a refund of VAT paid in another country. This will result in VAT being paid twice on the same vehicle.

It is essential that any person who intends to purchase a new vehicle in another EU country, with the intention of bringing it into Ireland, ensures that he or she will be able to obtain a refund of any VAT paid in the other country, as there is no provision whereby VAT properly charged in Ireland can be refunded to a private individual.

### **13.4 New vehicles (New Means of Transport) purchased by a private individual from a private individual in another country**

It is important to note that the operative date in determining whether a vehicle comes within the time limits for [new means of transport](#) is the date on which it arrives in Ireland.

Therefore, if a vehicle is first registered in the EU e.g. UK or NI, and it is sold within six months of arriving in this State and it is subsequently presented for registration, it is the date of first registration in the EU e.g. UK or NI by which the date is calculated for VAT purposes.

For example:

- Where a vehicle is first registered in the UK or NI on 2nd January and is purchased by a State resident in June and subsequently arrives in the State on 4th July and is presented for registration with 7000km, this is not a new means of transport and therefore VAT is not chargeable.
- Also, the point at which the 6000km is calculated is the date it arrives in this State and not the mileage given on the invoice when the vehicle was purchased in the UK/NI.

Where a private person purchases a new means of transport from a private person in another country, there is no VAT chargeable on that transaction.

When the vehicle is brought into Ireland, - in respect of VRT, the owner of the vehicle must make a booking with a NCTS Centre within 7 days of the vehicle entering the State and registration must be completed within 30 days of the vehicle entering the State.

The VRT liability can be calculated using the [VRT Calculator](#) on the Revenue website. The vehicle is also liable to Irish VAT on registration, and this VAT is payable at the [NCTS Centre](#). The VRT is calculated on the Open Market Selling Price (OMSP) of a vehicle, rather than the actual purchase price. The value for calculating VAT is the price charged for the vehicle, converted to Euro where necessary.

### **13.5 Vehicles imported into the EU as a result of purchase by a private individual**

Vehicles purchased from suppliers outside the EU are referred to as imports. Where a private individual purchases a vehicle from a person outside the EU, he or she is liable to Customs Duty and to VAT at the point where the vehicle first enters the EU. These must be paid to Customs before the vehicle will be released. It should be noted that the value of the vehicle for Customs purposes may include freight costs.

In respect of VRT, an appointment must be made with an NCTS Centre within 7 days of the release of the vehicle from customs control - registration must be completed within 30 days of the release of the vehicle from customs control.

The VRT liability can be calculated using the [VRT Calculator](#) on the Revenue website. The VRT is calculated on the Open Market Selling Price (OMSP) of a vehicle, rather than the actual purchase price. While a vehicle is normally also liable to Irish VAT on registration, proof that VAT has been paid to Customs will be accepted.

## 14. Motor vehicles supplied by private individuals

Private individuals are not registered for VAT, and do not use vehicles owned by them in the course or furtherance of a business. Therefore, they are not entitled or obliged to charge VAT on the sale of any such vehicles.

This applies even where the individual had an entitlement under a special repayment scheme to recover VAT on the purchase of the vehicle (see Recovery of VAT and/or VRT by Purchasers not Registered for VAT). Private individuals resident in the State are not entitled to hold unregistered vehicles. Any vehicle offered for sale by a private individual should be already registered, and VRT should not be an issue.

## 15. Motor vehicles supplied by dealers without TAN numbers

The possession of a Trader Account Number (TAN) only affects the way in which the dealer operates VRT. The VAT obligations remain unchanged for dealers whether or not they have a TAN number, and such dealers may also avail of any of the special VAT schemes referred to in this guidance.

A dealer without a TAN number may not defer the registration of vehicles that are held as stock-in-trade. Where such a dealer acquires a vehicle that is not registered in the State (either new or second-hand), and the vehicle is not sold on by the end of the next working day, then the dealer remains the owner of the vehicle, and must register it in his/her own name. This registration is treated as a self-supply of the vehicle, as if the vehicle was taken out of stock by the dealer for his/her own use or for use as a demonstration model.

This means that, while a dealer, with or without a TAN number, is entitled to recover any VAT charged on the acquisition of a vehicle as stock-in-trade, following self-registration the dealer will be liable to repay any VAT claimed by him/her, and any subsequent sale of the vehicle must come under the Special Scheme for Second-Hand Vehicles set out in Margin Scheme.

It should also be noted that when such a vehicle is sold, under no circumstances may any portion of the sale price be regarded as attributable to VRT and stripped out from the sale price prior to calculating the VAT.

## 16. Motor vehicles supplied by traders who are not motor dealers

Ordinary VAT-registered traders who are not motor dealers may acquire motor vehicles (such as vans, trucks and company cars) for their own business use, and which they later resell. These vehicles are not acquired as stock-in-trade, but for the purpose of carrying on the normal activities of the business.

If the trader was entitled to recover VAT on the acquisition of the vehicle (see Recovery of Tax on the Purchase of Motor Vehicles) then the subsequent resale of the vehicle is liable to VAT on the full amount received for the vehicle. If the trader was not entitled to recover VAT on the acquisition of the vehicle, then the subsequent sale of the vehicle is not liable to VAT.

This applies generally to non-deductible vehicles, such as passenger motorcars. However, it also applies where a VAT-registered trader is re-selling a commercial vehicle that he or she purchased at a time prior to registration for VAT (e.g. the trader was below the turnover threshold for registration at the time of purchase). In this case, the trader may be required to show that he or she did not recover VAT on the original purchase.

## **17. Short-term and long-term hire**

Short-term hire is an agreement for the hire of a motor vehicle to a person, not exceeding a total of 5 weeks hire in any 12-month period. This is liable to VAT at the lower rate. The hiring of a motor vehicle for more than 5 weeks in any twelve-month period is liable to VAT at the standard rate.

N.B. It is important to note, when determining the rate of VAT, that the 5 weeks hire do not have to be consecutive, and that the agreement does not have to relate to a specific vehicle. The hiring of the same vehicle, or of a number of vehicles of the same kind, for a single period or a number of non-consecutive periods totaling more than five weeks in any 12 months, is 'long-term hire' and is liable to VAT at the standard rate.

## **18. Insurance, damage waivers, maintenance etc.**

The amount that is liable to VAT is the full amount that the hiring or leasing company is entitled to receive under the contract. This includes any amounts paid by the customer in respect of insurance, accidental damage waivers, cleaning, maintenance, etc., all of which are liable to VAT at the same rate as the main contract for hire of the vehicle. (Payments specifically for petrol are always liable at the standard rate.)

However, if the customer enters into an insurance policy with an insurance company or intermediary at the time of hiring, and the exact amount of the insurance payment is collected by the hire/leasing company on behalf of the insurance company or intermediary, then, and only in these circumstances, this amount may be treated as being an exempt payment in respect of insurance.

## 19. Accessories supplied with a hired vehicle

Where vehicle accessories, such as global positioning systems, roof-boxes etc. are supplied with hired or leased vehicles then the rate of VAT that applies to the main contract for hire of the vehicle (the lower rate for short-term, the standard rate for long-term) will apply to any extra charge in respect of the accessory. This is the case even where a separate charge is made for these accessories.

## 20. Recovery of VAT charged on hire / leasing payments

Any traders registered for VAT are entitled to recover any VAT charged to them on the acquisition of 'commercial' vehicles (e.g. vans, trucks, crew-cabs etc.) insofar as these are used for business purposes. This includes the right to recover any VAT charged on the hire, leasing or hire-purchase of vehicles.

VAT-registered traders generally may not recover VAT incurred on the hire, leasing or purchase of vehicles for use in their businesses where these vehicles are classed as Category A for VRT purposes, i.e. non-commercial passenger cars or motorcycles.

However, a trader may be entitled to recover VAT on vehicles for use as stock-in-trade, or in a driving school or car-hire business – see: **Recovery of tax on the purchase of motor** for further details.

## 21. Recovery of VAT & VRT by hire / lease providers

A company that operates a business hiring or leasing out cars or other vehicles is entitled to claim back VAT on any vehicles purchased or hired by it for onward hiring to customers. In other words, vehicles purchased for hiring out are treated in the same way as stock-in-trade. The hire company must charge and account for VAT on any subsequent sale or disposal of vehicles that were used for hiring out.

Vehicle hire companies may also recover a portion of the VRT charged on the registration of certain non-commercial (Category A) cars and motorcycles purchased for onward hiring or leasing. Details of the requirements and procedures for repayments are contained in the [VRT Manual 3 - Repayment schemes and procedures for processing repayment claims](#). Further information and application forms can also be obtained from:

The Central Repayments Office,  
Freepost,  
M: TEK II Building, Armagh Road,  
Monaghan,  
Co. Monaghan.

Phone: Lo-Call 1890-60 60 61, also 047-62100, or by Fax at 047-62199.

## 22. Recovery of tax on the purchase of motor vehicles

### 22.1 Recovery of VAT by motor dealers

Motor dealers who are registered for VAT are entitled to recover any VAT properly incurred and invoiced on the purchase of vehicles for use as stock-in-trade.

In addition, in the case of commercial vehicles (i.e. generally other than VRT Category A vehicles or motor cycles) the dealer is entitled to recover some or all of the VAT included in the invoice if the vehicle is to be used in the course of the dealer's business, even if it is not purchased as stock-in-trade.

The amount of VAT that can be recovered will reflect the extent to which the vehicle is used for the business.

Restrictions on the recovery of VAT for non-commercial vehicles (i.e. generally VRT Category A vehicles and motor-cycles) purchased for use as demonstration models or otherwise self-registered by the dealer are dealt with in Registration of vehicles by dealers/distributors in their own names.

Motor dealers are also entitled to recover some or all of the VAT incurred on expenses such as the repair, maintenance or servicing of vehicles.

### 22.2 Paperwork and Documentation

As with all claims for the recovery of VAT, the issuing and retention of documentation is of great importance. A motor dealer may purchase a vehicle from a number of different sources, and the paperwork requirements and procedures will vary accordingly.

There are relatively few documents involved, the most important being the VAT invoice. A motor dealer who fails to get and retain correct documentation for each purchase will not be entitled to recover VAT on the purchase of the vehicle, although he or she will still be liable to VAT on the subsequent re-sale.

### 22.3 Recovery of VAT & VRT by driving schools

Driving training schools (generally charge the reduced rate of VAT on driving lessons) can recover VAT on all vehicles purchased to be used by them for the purpose of tuition. In addition, driving schools may recover a portion of the VRT charged on the registration of certain non-commercial vehicles (generally Category A cars and motorcycles).

Details of the requirements and procedures for repayments are contained in the [VRT Manual 3 - Repayment schemes and procedures for processing repayment claims](#). Further information and application forms can also be obtained from:

The Central Repayments Office,  
Freepost,  
M: TEK II Building, Armagh Road,  
Monaghan,  
Co. Monaghan.  
Phone: Lo-Call 1890-60 60 61, also 047-38010, or by Fax at 047-82782.

## 22.4 Recovery of VAT by other VAT-registered traders

The general rule for VAT-registered traders is that they are entitled to recover any VAT charged to them on purchases made for business purposes. However, in the case of motor vehicles, there are some limitations to this entitlement.

Any VAT-registered trader is generally entitled to reclaim VAT charged on the purchase of a motor vehicle for use in his or her business if the vehicle comes within the definitions of Category B or Category C vehicles for the purposes of VRT. If such a vehicle is used exclusively for business purposes, a full refund of the VAT is allowed.

The refund should be claimed in the next VAT return following the purchase of the vehicle. If the vehicle is used partly for business and partly for non-business use, then the trader will recover a portion of the VAT incurred to reflect the amount of business use. If the vehicle is purchased from a dealer operating the special scheme set out in Margin Scheme, then the purchaser has no right to recover any VAT charged.

VAT-registered traders are also entitled to recover some or all of the VAT incurred on expenses such as the purchase of diesel (but not petrol), road tolls, and the repair or servicing of vehicles.

Up to the end of 2008, a trader was not able to recover any VAT on non-commercial or Category A vehicles [which includes cars (saloons, estates, hatchbacks, convertibles, coupes, MPVs, Jeeps, etc.) and minibuses with less than 12 permanently fitted passenger seats], even where they were 'company cars' or otherwise used for business purposes. Nor was there any entitlement to reclaim VAT on motorcycles, motor scooters or any similar vehicles.

The only traders entitled to reclaim VAT on the purchase of any of these vehicles were motor dealers who purchased them as stock-in-trade, driving schools that purchased them for teaching purposes, car-hire companies that purchased them for hiring out, and financial services companies selling vehicles by hire-purchase arrangements, or leasing vehicles.

However, this position was changed with effect from 1 January 2009. With effect from that date, any VAT-registered trader other than those mentioned above is entitled to recover some of the VAT charged on the purchase or hire of vehicles coming within VRT Category A, subject to certain conditions, including:

- The vehicle must have been registered on or after 1 January 2009.
- A maximum of 20% of the VAT incurred can be reclaimed. In the case of hire or leasing charges, a maximum of 20% of the VAT on the monthly leasing charges may be reclaimed.
- VAT can only be reclaimed for vehicles that have a level of CO2 emissions of less than 156g/km (i.e. CO2 emission bands A, B and C).
- At least 60% of the vehicle's use must be for business purposes.
- If the business is exempt from VAT (e.g. taxi, limousine and other passenger transport) then no VAT can be reclaimed. Partly exempt businesses can reclaim some, but not all, of the 20%.
- If VAT is reclaimed on a vehicle purchased under this provision, some or all of the VAT must be repaid to Revenue if the vehicle is disposed of (by sale or otherwise) within two years.
- There is no need to charge VAT on the disposal of the vehicle, even though VAT was reclaimed under this provision.
- If the vehicle is sold or traded-in to a motor-dealer, the Margin Scheme for second-hand vehicles will apply.

Full details of how the recovery of this VAT can be achieved, including examples, are available in the guidance on [VAT Deduction on Certain Cars](#).

## 22.5 Recovery of VAT under hire-purchase agreements

A hire-purchase agreement is one whereby a customer hires a vehicle from a provider (usually a bank or finance company) for a specified period of time, with an option to purchase the vehicle after the period of hire. An agreement is drawn up providing for regular repayments of equal amounts. Generally, the actual legal transfer of ownership of the vehicle occurs with the last payment.

For VAT purposes, however, the supply of the vehicle takes place at the time that it is handed over by the supplier to the customer. That is, a customer who is registered for VAT receives a VAT invoice (from the hire-purchase provider) for the value of the vehicle, not including any finance charges that might apply. If the vehicle is a commercial one then the VAT-registered customer is entitled to recover the full amount of the VAT at the time that he or she takes delivery of the vehicle. The actual legal transfer of ownership of the vehicle (at the time of the final payment) is, therefore, ignored for VAT purposes.

If a second-hand vehicle is sold by hire-purchase arrangement, then, subject to the conditions set out, the Margin Scheme may apply. A customer acquiring such a vehicle will not be entitled to recover any VAT charged to him/her. The guidance setting out the new treatment is available on the [Revenue website](#).



## 22.6 Recovery of VAT and/or VRT by purchasers not registered for VAT

A person who is not registered for VAT and who buys a motor vehicle is generally not entitled to recover any VAT charged. However, in certain circumstances VAT may be repaid, as set out below:

### 22.6.1 Repayment of VAT on touring coaches

The transport of passengers is an exempt activity, and a person carrying on this activity cannot register for or reclaim VAT. However, in accordance with regulations set out in Statutory Instrument 98/1996 (VAT Refund Order No. 28) a coach operator can reclaim VAT on the purchase, lease or hire of touring coaches, where the coaches are used

- to carry tourists
- under contracts for group transport, and
- the coaches come within the following specifications:
  - single-deck touring coaches having dimensions as designated by the manufacturer of not less than 2,700 millimetres in height, not less than 8,000 millimetres in length, not less than 775 millimetres in floor height and with an underfloor luggage capacity of not less than 3 cubic metres; or
  - double-deck touring coaches having dimensions as designated by the manufacturer of not more than 4,300 millimetres in height and not less than 10,000 millimetres in length.

Repayment claims should be entered on form VAT 71 - Claim for Refund of Value-Added Tax (VAT) on Certain Touring Coaches under the Value-Added Tax (Refund of Tax) (Touring Coaches) Order 2012 and submitted to the following address:

VAT Unregistered Repayments,  
Revenue Commissioners,  
Sarsfield House,  
Francis Street,  
Limerick.

Claim for Refund of Value-Added Tax (VAT) on Certain Touring Coaches under the Value-Added Tax (Refund of Tax) (Touring Coaches) Order 2012 can be obtained from the [Revenue website](#).

## 22.6.2 Repayment of tax on motor vehicles for use by or for disabled persons

There is provision for the repayment, subject to conditions, of VAT, VRT and fuel excise duty in respect of vehicles used by drivers or for passengers with disabilities. Registration of motor vehicles for the transport of drivers and passengers with disabilities without the payment of Vehicle Registration Tax may be allowed - the appropriate Form (DD1) - Tax Relief in Relation to Vehicles Purchased for Use by People with Disabilities is available from the [Revenue website](#) or can be obtained by contacting the repayments section at:

The Central Repayments Office,  
Freepost,  
M: TEK II Building,  
Armagh Road,  
Monaghan,  
Co. Monaghan.

The form can also be ordered by phone from Lo-Call 1890-60 60 61, also 047-38010, or by Fax at 047-82782. Once relief from VRT is granted, the Central Repayments Office will also arrange for repayment of VAT incurred on the purchase of the vehicle. Excise duty on fuel used in motor vehicles for the transport of drivers and passengers with disabilities can also be reclaimed - the appropriate Form DD3 - Claim for Repayment of Excise Duty on Fuel used in Motor Vehicles for the Transport of Drivers & Passengers with Disabilities is available on the Revenue website or can be obtained by contacting the repayments office at the above numbers.

## 23 Useful Terms and Definitions

### 23.1 Commercial and non-Commercial Vehicles

The term 'commercial vehicle' does not occur in VAT law, and therefore there is no strict definition of the term. Nonetheless, when a trader intends to purchase a vehicle, the questions are often asked "Is it a commercial vehicle?", and "can I get my VAT back on it?" Traders are entitled to recover VAT on a number of different types of vehicles (to the extent that the vehicles are used for business purposes). It is these which are often referred to as 'commercial vehicles', and this term denotes vehicles that are deductible for VAT, i.e., any trader registered for VAT may reclaim the VAT charged to him or her on the purchase or hire of the vehicle.

Whether a trader can reclaim VAT on the purchase of a vehicle depends on four things:

1. Is the trader registered for VAT and generally entitled to claim it back?
2. Is the vehicle to be used for the purposes of a VAT-registered business?
3. Is the vehicle of a category that allows a repayment to be made?
4. Was VAT charged on the sale of the vehicle?

We will assume that the answer to questions (1) and (2) is 'Yes', and deal with questions (3) and (4) below.

## 23.2 Vehicle Categories

VAT legislation does not generally allow a repayment of VAT to any person who purchases (other than as stock-in-trade) any motor vehicle designed or constructed for carrying people by road. Nor is any VAT repayment allowed in respect of sports motor vehicles, estate cars, station wagons, motor cycles, motor scooters, mopeds and auto cycles whether or not they are designed and constructed for carrying people by road. However, repayment may be allowed in respect of vehicles designed and constructed for the carriage of more than 16 persons (inclusive of the driver), invalid carriages and other vehicles of a type designed for use by invalids and infirm persons.

For practical purposes, an attempt has been made to match the VAT legislation to the VRT registration categories. Motor vehicles are divided into a number of different categories for VRT purposes. Vehicles may be liable to different rates of VRT and different registration procedures depending on the category. Vehicles used for commercial purposes will generally come within Categories B and C, and will be liable to VRT at lower rates than Category A vehicles. Further details of the VRT Categories are available on the Revenue website.

Vehicles within VRT Categories B & C, such as vans, lorries, pick-ups and crew-cabs are generally deductible for VAT, and these are often referred to as commercial vehicles for VAT purposes. However, buses or minibuses suitable for carrying between 12 and 16 persons (including the driver) are not generally deductible for VAT, although they come within Category C. (Buses or minibuses are not usually deductible in any case, as they are normally used for the exempt activity of carrying passengers. However, for example, a company that purchased a bus, suitable for carrying more than 16 persons, to transport its own staff between worksites would be entitled to reclaim some or all of the VAT.)

Vehicles that come within VRT Category A [which includes cars (saloons, estates, hatchbacks, convertibles, coupes, MPVs, jeeps, etc.) and minibuses with less than 12 permanently fitted passenger seats] are not generally deductible, and neither are motorcycles, motor scooters or similar vehicles of all kinds.

The only traders entitled to reclaim VAT on these vehicles are those who purchase them as stock-in-trade (see Recovery of VAT by Motor Dealers), for use in a driving school (see Recovery of VAT & VRT by Driving Schools), or for use in a car-hire business (see Hiring and Leasing of Vehicles).

Vehicles that come within VRT Category D, and other vehicles not in Categories A, B, or C may be deductible, depending on whether the purchasers are registered for VAT and the uses to which the vehicles are put.

### **23.3 Purchasing & selling commercial vehicles**

Where a dealer (or other VAT-registered trader) sells a commercial vehicle to a VAT-registered purchaser, the purchaser will normally seek to recover the VAT element of the purchase price. A trader may only reclaim VAT charged to him or her on the purchase of a commercial vehicle if the seller issues a VAT invoice that allows a VAT deduction (a 'normal' VAT invoice).

If a motor dealer sells any vehicle, which would otherwise be deductible, through the 'Margin Scheme' then the dealer must issue an invoice containing an endorsement specifically disallowing any right for the purchaser to deduct VAT.

Where a VAT-registered trader sells a vehicle, by way of trade-in or otherwise, on which VAT has been claimed back, the trader must issue a VAT invoice, and account for VAT on the sale (see Motor vehicles supplied by traders who are not motor dealers).

### **23.4 Importation**

Importing a vehicle means bringing it into the State from any place outside the European Union. VAT is due on imports at the point where they enter the EU, and is normally paid directly to Customs before the goods are released. Imports include vehicles that enter the EU in another country and are trans-shipped from there to Ireland.

### **23.5 Intra-Community Acquisitions**

An intra-Community acquisition is a transaction that results in a person in Ireland being obliged to account for Irish VAT on a vehicle purchased or otherwise acquired from a person in another EU Member State. This happens in the case of:

1. Any 'new means of transport' supplied by any person, including a private individual, in another Member State and dispatched or transported by them, or by the purchaser, into the State. This includes a 'new means of transport' that enters the EU as an import in a Member State other than Ireland, but is transported on to Ireland. A 'new means of transport' is always liable to VAT in the country where it is to be used, regardless of where, by whom and from whom it is purchased.

2. Any other means of transport supplied by a VAT registered person in any other Member State and dispatched or transported by them to a person carrying on business in Ireland, but not including any such vehicle sold under the Special Scheme or Margin Scheme for second-hand goods in that Member State. These are liable to VAT in the country where the supplier is located.

Further information on intra-Community acquisitions is available on the [Revenue website](#).

### 23.6 Intra-Community Supplies

An intra-Community supply is a transaction that allows a VAT-registered trader in Ireland to charge 0% VAT on the supply of a vehicle to another EU Member State. This applies where a vehicle is dispatched or transported to a VAT-registered trader carrying on business in the other Member State, but not including any such vehicle sold under the Margin Scheme for second-hand vehicles. These are liable to VAT in Ireland.

Where a 'new means of transport' is supplied by any person, including a private individual, in Ireland and dispatched or transported by them or by the purchaser to another Member State, then there is a liability to VAT in that Member State as an intra-Community acquisition there. The purchaser will be entitled, on proof that VAT was paid in the other country, to a refund of any Irish VAT paid on the purchase of the vehicle.

Further information on intra-Community Supplies is available on the [Revenue website](#).

### 23.7 Member State

A Member State is a country that is a full member of the European Union (EU), and therefore part of the European VAT system.

### 23.8 Motor Dealer

A motor dealer is a person who has a business in the buying and selling of cars. Motor dealers will generally be registered for VAT (taxable dealer), and may also be authorised to trade in unregistered vehicles (authorised dealer).

- **Taxable Dealer:** A Taxable Dealer is a VAT-registered person whose business is the buying and selling of motor vehicles on his or her own behalf, or on behalf of others. Dealers must register for VAT when their turnover exceeds, or is likely to exceed, €75,000 (increased from €70,000 w.e.f. 01/05/08) in any 12-month period. A person can be a taxable dealer for VAT purposes without being an Authorised Dealer (see next paragraph) for VRT purposes.

- **Authorised Dealer:** An Authorised Dealer is a motor dealer who is granted authorisation to deal or trade in unregistered or foreign-registered vehicles. These dealers are issued with a **TAN (Trader Account Number)** by the local Revenue District. Details of the application process and requirements for the authorisation of motor dealers are available on the Revenue website, which also contains a [Guide to Methods of Payment for VRT Traders](#). Authorisation and possession of a TAN number only affects the way in which the dealer operates VRT, not VAT.

### 23.9 New Means of Transport

The term 'new means of transport' refers to vehicles which are less than a specified age, or have travelled less than a specified distance. It is a concept in European VAT law, and is significant only when calculating VAT liability for vehicles transported into a Member State from another Member State or non-EU country. It is important to note that a vehicle can have been owned by one or more persons, or registered in one or more countries, and still be taxable as a 'new means of transport' if it is moved from one country to another. The following vehicles are 'new means of transport':

- A **motorised land vehicle** with an engine cylinder capacity of 48 cubic centimetres or a power exceeding 7.2 kilowatts which was supplied 6 months or less after the date of first entry into service; or has travelled 6,000 kilometres or less.
- A **vessel** exceeding 7.5 metres in length which was supplied 3 months or less after the date of first entry into service; or has sailed for 100 hours or less.
- An **aircraft** with a take-off weight exceeding 1550 kilogrammes which is intended for the transport of persons or goods and which was supplied 3 months or less after the date of first entry into service; or has flown for 40 hours or less.

In the case of motor vehicles, the 'date of first entry into service' is generally the date on which the vehicle was registered, unless the registration was delayed for any reason.

If a vehicle with any of the specifications set out above is brought into Ireland, then the person bringing it in is liable to pay Irish VAT. This is normally paid at the same time as the vehicle is registered in Ireland.

It is important to note that the operative date of supply, when determining whether a means of transport comes within the time limits, is the date on which it arrives in Ireland. Therefore, if a vehicle is first registered in the EU e.g. UK or NI, and it is acquired within six months of arriving in this State and it is subsequently presented for registration, it is the date of first registration in the EU e.g. UK or NI by which the date is calculated for VAT purposes.

For example:

- Where a vehicle is first registered in the UK or NI on 2nd January and is purchased by a State resident in June and subsequently arrives in the State on 4th July and is presented for registration with 7000km, this is not a new means of transport and therefore VAT is not chargeable.
- Also, the point at which the 6000km is calculated is the date it arrives in this State and not the mileage given on the invoice when the vehicle was purchased in the UK/NI.

### **23.10 New Motor Vehicle**

Unlike the technical term 'new means of transport', there is no definition in VAT law for the standard concept of a new motor vehicle, as distinct from a used or second-hand vehicle. For the purposes of this guide a new motor vehicle should generally be regarded as one which has not been owned by any person other than the manufacturer, distributor(s) and authorised dealer(s).

However, where a dealer has registered a vehicle in his or her own name and subsequently sells that vehicle, it must be treated as a second-hand vehicle and sold through the Margin Scheme even if there have been no other owners.

### **23.11 Private Individual**

For the purposes of this guide, a private individual is a person who is acting in a non-business capacity in relation to the purchase or sale of a vehicle. This includes people who are not in the motor trade or any other trade involving the purchase or sale of vehicles.

It also includes any person who may be in such a trade but who is buying or selling his or her own personal vehicle. For example, a VAT-registered self-employed haulier bringing in a car from the U.K. for his own personal use will be treated as a private individual for that transaction.

### **23.12 Registration for VRT**

Each EU Member State (and every other jurisdiction) maintains a register of motor vehicles. In the context of this guide, registration for VRT means the registering of a vehicle with a [NCTS Centre](#) in the State, including the payment of any VRT. A vehicle is regarded as unregistered in the State even if it has been registered in another jurisdiction.

### **23.13 Second-Hand or Used Motor Vehicle**

As with 'new motor vehicle', there is no definition in VAT law for a second-hand, or used, vehicle. For the purposes of this guidance a second-hand or used vehicle may be regarded as a motor vehicle which has had at least one previous owner, including the current owner, but not including a motor dealer who held the vehicle as stock-in-trade.

However, where a dealer has registered a vehicle in his or her own name and subsequently sells that vehicle, it must be treated as a second-hand vehicle and sold through the Margin scheme, even if there have been no other owners. It is important to note that a vehicle may be used or second-hand and still come within the definition of 'new means of transport' above.

### **23.14 Self-Registered Vehicles**

A self-registered vehicle is one that has been registered for VRT in the name of the dealer or distributor. This happens where a vehicle is used as a demonstration model by a dealer, or where it is otherwise taken out of stock-in-trade. If a vehicle is sold, or provided for the use of a person other than the dealer or distributor, it should not be self-registered, but should be registered in the name of the purchaser or user.

When a vehicle, other than a commercial vehicle, is self-registered, any VAT reclaimed on the purchase of the vehicle must be returned to Revenue. If the vehicle is subsequently sold, it must be sold through the Margin Scheme. The dealer can reclaim an amount of residual VAT equal to the amount of VAT charged on the sale.

### **23.15 Trade-in**

A trade-in is the sale of a vehicle to a dealer to reduce the cost of the purchase of a (usually more expensive) vehicle from the dealer. For VAT purposes, these are treated as two separate transactions – a sale of the trade-in to the dealer, and the subsequent purchase of another vehicle.

### **23.16 Value-Added Tax (VAT)**

Value-Added Tax is chargeable on the supply of goods and services. All traders who exceed the relevant turnover thresholds are required to register for and charge VAT. A liability to VAT also arises in the case of a new means of transport brought into the State, which is payable on registration of the vehicle, along with the VRT.



### **23.17 Vehicle Registration Tax (VRT)**

Vehicle Registration Tax is chargeable on the registration of a motor vehicle in the State. All motor vehicles in the State, other than those brought in temporarily by visitors, must be registered with the Revenue Commissioners before being licensed for road tax purposes.

A more recent version of this manual is available.