



# Benefit in Kind & Company Cars

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## Schedule E

Schedule E is the heading under which employment income is charged (s 112). The PAYE system obliges an employer to deduct tax from employee pay (s 985, 986).

An employee is not entitled to any deductions in computing employment income, unless the expenditure is incurred wholly, necessarily and exclusively in the performance of the duties of the employment (s 114).

A termination payment is subject to tax (s 123), but the first €10,160 plus €765 for each year of service may qualify for exemption (s 201).

## BENEFIT IN KIND (BIK)

An employee is taxed on expense allowances (s 117), benefit in kind (s 118), share options (s 128) and preferential loans (s 122) obtained from the employer. A loan is regarded as preferential if the interest rate is less than **4%** in the case of a mortgage loan, or **13.5%** in the case of any other loan.

BIK treatment does not apply to:

- (a) an annual or monthly bus or train pass (s 118(5A)),
- (b) a bicycle and associated safety equipment (costing up to €1,000) for travel to work,
- (c) a qualifying shopping voucher worth not more than €500 (s 112B),
- (d) shares worth up to €12,700 received through an approved profit sharing scheme (s 510) - is increased to €38,100 for shares held in an employee share ownership trust for a minimum of 10 years.

## COMPANY CARS

The employee is taxed on “notional pay” based on the cash equivalent of the benefit of use of a company car (s 121). This is calculated at 30% of the original market value (OMV) of the car, up to 24,000km. For business mileage that exceeds 24,000km, see rates below:

- (a) For mileage between 24,000km – 32,000km the rate is 24%
- (b) For mileage between 32,000km – 40,000km the rate is 18%
- (c) For mileage between 40,000km – 48,000km the rate is 12%
- (d) For mileage between 48,000km and upwards the rate is 6%

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A new set of rates, due to come into effect by ministerial order, are calculated as a percentage of the car's OMV, inclusive of duty and VAT, depending on your annual business travel and the car's CO<sub>2</sub> emissions category:

- Category A: 0g/km up to and including 120g/km,
- Category B: More than 120g/km up to and including 140g/km,
- Category C: More than 140g/km up to and including 155g/km,
- Category D: More than 155g/km up to and including 170g/km,
- Category E: More than 170g/km up to and including 190g/km,
- Category F: More than 190g/km up to and including 225g/km,
- Category G: More than 225g/km.

Where the annual business travel is:

- (a) 0 to 24,000 km, the BIK is:
  - (i) 40% for category F, G,
  - (ii) 35% for categories D, E, and
  - (iii) 30% for categories A, B, C,
- (b) 24,001 to 32,000 km, the BIK is:
  - (i) 32% for category F, G,
  - (ii) 28% for categories D, E, and
  - (iii) 24% for categories A, B, C,
- (c) 32,001, to 40,000 km, the BIK is:
  - (i) 24% for category F, G,
  - (ii) 21% for categories D, E, and
  - (iii) 18% for categories A, B, C,
- (d) 40,001 to 48,000 km, the BIK is:
  - (i) 16% for category F, G,
  - (ii) 14% for categories D, E, and
  - (iii) 12% for categories A, B, C,
- (e) 48,001 or more km, the BIK is:
  - (i) 8% for category F, G,
  - (ii) 7% for categories D, E, and
  - (iii) 6% for categories A, B, C.

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The BIK figure will be able to be further reduced by the amount required to be made good, and actually made good, directly to the employer in respect of the car's running costs.

## CIVIL SERVICE TRAVEL AND SUBSISTENCE RATES

Compensation paid to an employee for the use of his private car, is not taxed provided it complies with the following civil service travel rates.

Where the annual business travel is:

- (a) Up to 6,437 km, the rate per km is:
  - (i) 39.12c where the engine size is up to 1200cc,
  - (ii) 46.25c where the engine size is 1201 to 1500cc,
  - (iii) 59.07c where the engine size is 1501 to 2000cc,
  - (iv) 70.89c where the engine size is over 2000cc.
- (b) over 6,438 km, the rate per km is:
  - (i) 21.22c where the engine size is up to 1200cc,
  - (ii) 23.62c where the engine size is 1201 to 1500cc,
  - (iii) 28.46c where the engine size is 1501 to 2000cc,
  - (iv) 34.15c where the engine size is over 2000cc.

A lunch or overnight allowance paid to an employee is not taxed provided it complies with the following civil service subsistence rates:

- (a) €14.01 in respect of an absence of 5 to 10 hours,
- (b) €33.61 in respect of an absence of 10 hours or more,
- (c) €125.00 (normal rate) in respect of an overnight stay by any employee €112.50 (reduced rate for extended stays), and €62.50 (detention rate),

As of 1 July 2015 class of allowances for Civil Service subsistence rates has been discontinued, meaning all employees, regardless of grade, are subject to the same rates.