



## Declaration which must be signed

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

Signature

Date

Address

Phone Number

E-Mail

## Claim for Car Expenses & Capital Allowances

### Who can Claim

Any individual who uses his or her private car for business purposes and is not reimbursed by his or her employer can claim car expenses. Expenses must be incurred necessarily in the performance of the duties of the employment. A claim can be made under the following two headings:

1. Wear and Tear (Capital Allowances)
2. Running Expenses

### 1. Wear and Tear

Wear and tear is an annual capital allowance to cover the depreciation in the value of the car. For cars purchased on or after 4 December 2002 the wear and tear is calculated on the actual cost of the vehicle to the individual on a "straight line" basis over 8 years, i.e. 12.5% of the cost of the vehicle is allowed for each of the 8 years. (For cars purchased prior to 4 December 2002 a different calculation method is used – please contact your Revenue office for further information). Only the portion of wear and tear that is applicable to the business use of the car is allowable. The "business" portion is calculated by reference to the business kilometre travel over the total kilometre travel for the period.

The wear and tear allowance will not be fully allowed for tax purposes where a car purchased, costing in excess of a maximum cost limit, is used. In that case the wear and tear allowance must be scaled back by reference to the cost limit figure.

Below are the maximum cost limits in respect of cars.

Date Expenditure Occurred	Cost Limits - New Cars	Cost Limits - Second Hand Cars
1 January 2002 to 31 December 2005	€22,000	€22,000
1 January 2006 to 31 December 2006	€23,000	€23,000
1 January 2007 to Date	€24,000	€24,000

#### Example 1:

A new car cost €26,000 in May 2006. However, only €23,000 of this amount qualifies for wear and tear allowances in accordance with the above table. 2006 travel is 12,000km business and 6,000km private use.

Car purchased May 2006:

Cost €26,000

Limit €23,000

2006 W & T €23,000 X 12.5% = €2,875

Restricted to 2/3 for Business use (2,875 X 2/3) €1,917

#### Cars purchased on or after 1 July 2008

With effect from 1 July 2008, a revised scheme of wear and tear allowance applies. Cars are categorised by reference to CO<sub>2</sub> emissions (with the emission bands being broadly consistent with the new VRT system), as follows:

Vehicle Category	Category A/B/C Vehicles	Category D/E Vehicles	Category F/G Vehicles
CO <sub>2</sub> Emissions	0-155 g/km	156-190 g/km	191 g/km +
Allowable Wear & Tear	Allowed, subject to a limit of €24,000 regardless of the cost of the car	Allowed, subject to a car cost limit of €12,000 or 50% of the cost of the car, if lower.	Cars in Category F/G will not qualify for Wear & Tear Allowances

## Balancing Allowances and Balancing Charges

If you sold, traded-in or scrapped a car during the year, you cannot claim a wear and tear allowance on that car for that year. Where wear and tear has been granted in respect of a car and it is either sold or ceases to be used for the purposes of the employment, e.g. car crashed or stolen or the employment ceases, a balancing allowance or charge may arise.

A balancing charge arises where the total of the wear and tear allowance granted plus the sale (insurance or other compensation) proceeds exceed the cost of the car. A balancing charge is treated as an additional amount of income. A balancing charge will not arise where the sale proceeds of a car are less than €2,000.

A balancing allowance arises where the total of the wear and tear allowance granted plus the sale proceeds are less than the cost of the car. A balancing allowance is treated as an allowance and is granted as a deduction against total income.

If you sell a car, which cost more than the maximum cost limits set out above, you must restrict any sale proceeds proportionately when calculating any balancing allowance or balancing charge.

### Example 2:

Using the same figures from Example 1, in October 2009 the car is sold for €18,000.

The wear and tear computation for years 2006 - 2008 is:

		Restricted to 2/3 for business use
Wear and Tear 2006	€23,000 x 12.5% = €2,875	€1,917
Wear and Tear 2007	€23,000 x 12.5% = €2,875	€1,917
Wear and Tear 2008	€23,000 x 12.5% = €2,875	€1,917

### Calculation of Balancing Allowance or Balancing Charge:

The car is sold in October 2009 for €18,000. As the purchase price of the car was restricted to the cost limit of €23,000, the subsequent sale price must be restricted in the same proportion:

Selling price €18,000                      Restricted to:  $\frac{18,000 \times 23,000}{26,000} = 15,923.07$

Restricted Cost Price                      €23,000.00  
Less restricted Sale Price                      €15,923.07  
Loss                                              € 7,076.93    X 2/3 (business use only) = €4,717

### Balancing Charge arising for 2009

Wear and Tear granted for the 3 years **less** Business use loss  
(€1,917 + €1,917 + €1,917) - 4,717 = **€1,034**

## Running Expenses

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

### 4 - year time limit

A claim for tax relief must be made within **four** years after the end of the tax year to which the claim relates.

### Documentation to be retained

As your claim may be selected for future audit, you are requested to retain all documentation relating to this claim for a period of six years. Receipts should not be submitted with your claim.

### Accessibility

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