

Calculating Company Car Benefit-in-Kind (BIK)

Section 6 of Finance Act 2019 introduced a new method to calculate the cash equivalent of the use of a car. These changes will take effect for the year of assessment 2023 and subsequent years. The cash equivalent of the use of an employer provided car can be determined using the formula:

$$\text{Original market value (OMV)} \times A$$

To calculate A: 1. Determine the applicable vehicle category from Table B based on the amount of CO₂ g/km the vehicle produces 2. Locate your 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 | Upper limit | A | B | C | D | E |
| (1) | (2) | (3) | (4) | (5) | (6) | (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 | 52,000 | 13.5 | 15.75 | 18 | 20.25 | 22.5 |
| 52,001 | -- | 9 | 10.5 | 12 | 13.5 | 15 |

TABLE B

| Vehicle Category | CO ₂ Emissions (CO ₂ g/km) |
|------------------|--|
| (1) | (2) |
| A | 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 |

Note on Electric Vehicles: The actual OMV will be reduced by €35,000 in 2023, €20,000 in 2024 and €10,000 in 2025 – see Revenue's Tax and Duty Manual Part 05-01-01b for more information.