

This leaflet covers reimbursement of Motoring/Bicycle Expenses to employees (including directors).

Revenue's Explanatory Leaflet IT 54 Employees' Subsistence Expenses covers the reimbursement of subsistence expenses to employees and this is available on [www.revenue.ie](http://www.revenue.ie)

Revenue's Statement of Practice SP – IT/2/2007 is a more detailed Revenue publication on the subject of the reimbursement of employees' expenses of travel and subsistence and is available on Revenue's website @ [www.revenue.ie](http://www.revenue.ie) using the links Publications / Statements of Practice.

## Introduction

In practice, two scenarios will generally arise –

- (a) the employer does not reimburse an employee in respect of the cost of the business journey; or
- (b) the employer reimburses an employee in respect of the cost of the business journey.

**As regards (a)**, an employee may claim a tax deduction in respect of travel expenses necessarily incurred in performing the duties of his/her employment by submitting a claim to his/her Revenue office. Claims for these expenses should be made after the 31st of December of the year in which they were incurred. The claim form for car expenses is available on [www.revenue.ie](http://www.revenue.ie) or from our Forms & Leaflets service on LoCall 1890 306 706 (or if calling from outside the Republic of Ireland + 353 1 647 4050)

**As regards (b)**, this leaflet sets out the circumstances under which such reimbursement may be made free of tax.

## Normal place of work

The "normal place of work" is the place where the employee normally performs the duties of his/her employment. In most cases, this should not give rise to difficulty.

The employer's business premises will be regarded as the normal place of work for an employee where:

- ♦ travel is an integral part of the job involving daily appointments with customers; or
- ♦ the duties of the employment are performed at the various premises of the employer's customers but substantive duties are also performed at the employer's business premises.

An employee's home would not be regarded as the normal place of work unless there is an objective requirement that the duties of the office or employment must be performed at home. It is not sufficient for an employee merely to carry out some of the duties at home.

Usually, the employer will provide the facilities necessary for the work to be performed at the business premises. Even where an employee has to do some work at home or to keep some equipment at home, the place where he/she resides is a matter of personal choice and it would not be regarded as a place of work.

## Business Journeys

A business journey is one in which an employee travels from one place of work to another place of work in the performance of the duties of his/her employment but will generally involve a temporary absence from the normal place of work.

Journeys between an employee's home and place of work (and vice versa) are not business journeys and any reimbursement of motoring expenses (including taxi fares) in respect of the cost of such journeys is taxable.

## Travel between Ireland and Overseas

Where an individual employed in the State is obliged to travel to a foreign location to temporarily perform the duties of his/her employment there, both the outward and the return journey home may be regarded as a business journey.

## Business Travel involving travel directly to/from home

Where an employee proceeds on a business journey directly from home to a temporary place of work (rather than commencing that business journey from his/her normal place of work) or returns home directly, the business kilometres should be calculated by reference to the lesser of -

- ♦ the distance between home and the temporary place of work; or
- ♦ the distance between the normal place of work and the temporary place of work.

## Reimbursement of travel expenses

Where employees use their private cars, motorcycles or bicycles for business purposes, and the employees incur the total cost of such usage (e.g. insurance, tax, running costs, etc.), then the reimbursement in respect of the cost of business use can be made free of tax by the employer by reference to either -

- (i) flat-rate kilometric allowances (see A below); or
- (ii) actual costs incurred (see B below).

## (A) Reimbursement by way of Flat-Rate kilometric allowances

Kilometric allowances are calculated using a standard costs system to determine the motoring/bicycle expenses which may

be paid free of tax by employers in respect of travel expenses incurred by employees **on allowable business journeys**. The system applies where the car, motorcycle or bicycle is owned by the employee and all motoring/bicycle expenses are met by the employee.

There are two types of flat-rate allowance schemes which are acceptable for tax purposes. In both cases, a satisfactory recording and internal control system must be operated by the employer - see paragraph headed "Records to be kept - Audit of Records".

### Scheme 1

Where the employee bears the cost of the relevant travelling expenses, this Scheme provides that the reimbursement of such expenses in accordance with the prevailing schedule of Civil Service kilometric rates may be made free of tax.

The schedule of rates based on the current relevant Civil Service kilometric rates are set out hereunder.

### Scheme 2

Where the employee bears the cost of the relevant travelling expenses, this Scheme provides that the reimbursement of such expenses in accordance with the schedule of rates, which do not exceed the prevailing schedule of Civil Service rates, may be made free of tax.

Either reimbursement Scheme may be applied without specific Revenue approval.

## (B) Reimbursement by reference to actual costs incurred

Where motoring/bicycle expenses are reimbursed by employers to employees on the basis of actual costs incurred, then the amount so reimbursed will generally not exceed the amount which would be payable in respect of the allowable business trips under the prevailing schedule of Civil Service rates.

Where an employee's actual motoring/bicycle expenses are reimbursed free of tax by an employer, the question of an income tax claim by the employee in respect of those expenses does not arise.

## Records to be kept - Audit of Records

As regards the reimbursement of expenses based on an acceptable flat rate allowance the employer must retain a record of all of the following:

- ♦ the name and address of the employee
- ♦ the date of the journey
  
- ♦ the reason for the journey
- ♦ the distance (km) involved
- ♦ the starting point, destination and finishing point of the journey; and
- ♦ the basis for the reimbursement of the travel expenses [e.g. temporary absence from an individual's normal place of work].

As regards the reimbursement of actual expenses vouched by receipts, the employer must retain such receipts, together with details of the travel and subsistence.

The period of retention of records is 6 years after the end of the tax year to which the records refer.

If an employer has doubts about the adequacy of records maintained, the local Revenue office can be consulted.

## The Civil Service rates

The Civil Service kilometric rates for cars, motorcycles and bicycles for individuals who are obliged to use their car, motorcycle or bicycle in the performance of their duties of employment are as follows:

### Rates for Motor Cars

Motor cars effective from 5 March 2009			
Official Motor Travel in a calendar year	Engine Capacity		
	Up to 1,200cc	1,201cc to 1,500cc	1,501cc and over
Up to 6,437km	39.12 cent	46.25 cent	59.07 cent
6,438km and over	21.22 cent	23.62 cent	28.46 cent

Motor cars effective from 1 July 2008 to 4 March 2009			
Official Motor Travel in a calendar year	Engine Capacity		
	Up to 1,200cc	1,201cc to 1,500cc	1,501cc and over
Up to 6,437km	52.16 cent	61.67 cent	78.76 cent
6,438km and over	28.29 cent	31.49 cent	37.94 cent

## Rates for Motorcycles

Motorcycles effective from 5 March 2009				
Official Motorcycle Travel in a calendar year	Engine Capacity			
	Up to 150cc	151cc to 250cc	251cc to 600cc	601cc and over
Up to 6,437km	14.48 cent	20.10 cent	23.72 cent	28.59 cent
6,438km and over	9.37 cent	13.31 cent	15.29 cent	17.60 cent

Motorcycles effective from 1 July 2008 to 4 March 2009				
Official Motorcycle Travel in a calendar year	Engine Capacity			
	Up to 150cc	151cc to 250cc	251cc to 600cc	601cc and over
Up to 6,437km	19.30 cent	26.80 cent	31.62 cent	38.12 cent
6,438km and over	12.49 cent	17.75 cent	20.39 cent	23.46 cent

## Rates for Bicycles

Kilometric Rates for Bicycles	
From 1 February 2007	8 cent per kilometre
Prior to 1 February 2007	4 cent per kilometre

(1 mile = 1.609 kilometres)

## Further Information

This leaflet is for general information only. You can get further information by visiting [www.revenue.ie](http://www.revenue.ie) or by phoning (within the Republic of Ireland only) your Regional Revenue LoCall Service whose number is listed below.

**Border Midlands West Region 1890 777 425**

Cavan, Monaghan, Donegal, Mayo, Galway, Leitrim, Louth, Offaly, Sligo Longford, Roscommon, Westmeath

**Dublin Region 1890 333 425**

Dublin (City and County)

**East & South East Region 1890 444 425**

Carlow, Kildare, Kilkenny, Laois, Meath, Tipperary, Waterford, Wexford, Wicklow

**South West Region 1890 222 425**

Clare, Cork, Kerry, Limerick

**Please note that the rates charged for the use of 1890 (LoCall) numbers may vary among different service providers.**

If you are calling from outside the Republic of Ireland, please phone + 353 (1) 647 4444.

This leaflet is intended to describe the subject in general terms. As such, it does not attempt to cover every issue which may arise in relation to the subject. It does not purport to be a legal interpretation of the statutory provisions and consequently, responsibility cannot be accepted for any liability incurred or loss suffered as a result of relying on any matter published herein.

**Revenue Commissioners  
March 2009**

