

BENEFIT IN KIND ON ELECTRIC CARS

0% Benefit in Kind Tax (BIK) on Electric Vehicles can be good for your business and employees!

A number of clients have approached us with enquiries regarding the purchase of electric vehicles. Well, the good news is, its beneficial for you, your employees and the environment.

A benefit in kind is any non-cash benefit of monetary value that an employer provides for their employee.

When it comes to providing a working vehicle to an employee, a conventional company vehicle can attract up to 30% of the full retail price in Employee Gross Taxes, but from 1 January 2018 to 31 December 2018, where an employer provides an employee or director with an electric car or van, no taxable benefit will arise for the employee or director, provided the original market value of the vehicle is less than €50,000. The limit applies before the current €10,000 of grants (€5,000 SEAI grant and €5,000 in VRT rebate) are drawn down.

That means you get taxed less for providing an employee with an electric vehicle from 1st January 2018 (to 2021) and your employee could avoid Benefit in Kind taxation. It was announced in Budget 2019 that this would be extended for another three years which is great news for business owners and employees!

Employers can offer electric vehicles as a benefit to employees without attracting employer PRSI.

Employees will benefit from no net pay deductions when provided with an electric vehicle as a company car provided its market value is less than €50,000.

Effectively, an employee can benefit from free fuel from their employer due to the provision of electricity through company-owned charge points, which does not give rise to a taxable benefit for the employee or director from 1 January 2018.

No BIK will be incurred on employees charging EVs at work – whether company owned or not.

This exemption is limited to cars or vans which derive their motive power solely from electricity (no exemption is available in respect of hybrid cars or vans).

What about charging points for electric vehicles?

The provision of charging points on site by an employer for the electric charging of vehicles will not give rise to a taxable benefit for the employee or director from 1 January 2018.

CONTACT US TODAY

Find out how we can advise you on the most tax efficient ways of providing benefits for your company and your employees.

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