



## Mazars payroll updates

### Benefit in Kind on vehicles

#### Benefit in Kind (BIK): Changes from 2023

**Section 6 of the Finance Act 2019 has introduced a new way to calculate the notional value of the use of a company car. Currently the notional amount is based on the original market value (OMV) and business mileage, however from 2023 it will be based on CO2 emissions also.**

This change will apply to all cars regardless of date of purchase so the cost for the employee and employer could increase if they are in the higher bands of CO2 emission

#### New rates from January 1<sup>st</sup>, 2023

Lower limit	Upper limit	A	B	C	D	E
Kilometres	Kilometres	%	%	%	%	%
....	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

Vehicle category	C02 emissions (C02 g/km)
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

### Car BIK 2022 v 2023 Comparison

1.6L, OMV €40k mileage 25k 150g/km vehicle B and D

2022		2023	
BIK 40K @ 24%	€9,600	BIK 40K @ 33.75%	€13,500
Tax @ 40%	€3,840	Tax @ 40%	€5,400
USC @ 8%	€768	USC @ 8%	€1,080
EE PRSI @ 4%	€384	EE PRSI @ 4%	€540
ER PRSI @ 11.05%	€1060.80	ER PRSI @ 11.05%	€1491.75

In comparison you can see the additional cost for the employee will be €2028 / annum and there will be an additional cost for the employer of €430.95

### Company vans: BIK increase effective from 2023

From 2023 onwards, the amount of BIK on company vans will be increased from a straight 5% to 8% on the original market value.



## Electric vehicles

The 0% rate of BIK introduced in Budget 2018 for electric vehicles provided by an employer to an employee was further extended until 2022. However, under the Finance Act 2021 this is now being phased out over the next four years starting from 2023.

### 2022

Threshold €50,000 = 0% BIK, 30% for balance

OMV = €40,000 – BIK = 0

### 2023

Threshold changes to €35,000 @ 0% BIK, 22.5% for balance

OMV = €40,000

BIK = (€40,000 - €35,000) \* 22.5% = €1,125

Tax at marginal rate of 52% @ €1,125 = €585

### 2024

Threshold changes to €20,000 @ 0% BIK, 22.5% for balance OMV = €40,000

BIK = (€40,000 - €20,000) \* 22.5% = €4,500

Tax at marginal rate of 52% @ €4,500 = €2,340

### 2025

Threshold changes to €10,000 @ 0% BIK, 22.5% for balance

OMV = €50,000

BIK = (€40,000 - €10,000) \* 22.5% = €6,750

Tax at marginal rate of 52% @ €6,750 = €3,510

## Employer tip: Review of company cars

It may be a good idea for employers to do a review of their company vehicles prior to the 2023 changes and inform employees of the additional tax charges which may arise from January 2023 so that they will be aware of this in advance of receiving their payslips.

## Contact

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