

# Tax Deduction for Employee Transportation Costs

Through Legal Notice 67, new Rules were introduced in February 2018 allowing taxpayers to claim a tax deduction of 150% of the costs incurred for the transportation of employees to and from the place of work using vehicles capable of carrying more than 8 persons.

The deduction may be claimed on the lower of €25,000 of the transportation costs or €300 per employee whose transportation costs have been incurred by their employer.

Such tax incentive is currently open for years of assessment 2018 to 2020 i.e. basis years 2017 to 2019.

## **The Salient Conditions**

- Proper records of the employee transportation costs must be maintained by the employer.
- The deduction to be availed of in the income tax return must be in relation to the basis year in which the employee transportation costs were incurred.
- A declaration by a Certified Public Accountant must be submitted along with the income tax return certifying that the said costs have been calculated correctly, as may be required by the Commissioner.
- No other tax deduction can be claimed on the same employee transportation costs deducted in terms of these Rules.

## **KPMG Observations**

In essence, employers incurring transportation costs for less than 84 employees would be eligible to claim a deduction on a maximum cost of €300 per employee, while when the relevant employee number exceeds 83, the claim could be made on a maximum cost of €25,000.

Such new Rules follow the statement made by the Minister of Finance in his 2017 Budget Speech through which he announced the introduction of tax credits for worker transport as a measure aimed at reducing road traffic congestion and contributing towards a cleaner environment.

If you would like to know more about this development and how it might affect your business, or indeed to discuss any other tax matter, please get in touch with your contact at KPMG.

## **Contact Us**



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