

Frequently Asked Questions on the new CO₂ based motor tax system

How is the method of calculating Motor Tax changing?

For all **new** cars registered from **1 July 2008**, motor tax charges will be determined on the basis of the CO₂ emissions level, based on seven CO₂ bands. Charges will range from €100 a year for the greenest cars to €2,000 for cars with the highest emissions rating.

Rates: Motor tax rates will be graduated as one moves up the CO₂ bands, as follows:

Band	CO₂ emissions – grams per km	<i>Annual Motor Tax Rate</i>
Band A	not exceeding 120 grams per kilometre,	€100
Band B	exceeding 120 grams per kilometre but not exceeding 140 grams per kilometre,	€150
Band C	exceeding 140 grams per kilometre but not exceeding 155 grams per kilometre,	€ 290
Band D	exceeding 155 grams per kilometre but not exceeding 170 grams per kilometre	€ 430
Band E	exceeding 170 grams per kilometre but not exceeding 190 grams per kilometre	€ 600
Band F	exceeding 190 grams per kilometre but not exceeding 225 grams per kilometre	€1,000
Band G	exceeding 225 grams per kilometre	€2,000

Which vehicles does the new system apply to?

A new car, which is, registered by the Revenue Commissioners for vehicle registration tax on or after 1 July, 2008 as a category A vehicle i.e. passenger cars.

New cars registered between 1 January 2008 and 30 June 2008 will initially have their motor tax charged on the basis of engine size. If it is beneficial for these cars to switch to the CO₂ based motor tax system, this will happen on the first renewal of motor tax after 1 July 2008. New cars which are registered in the first 6 months of 2008 whose tax would be more under the CO₂ based system will continue to pay motor tax on the basis of engine size.

What is the legal basis for this change?

The Motor Vehicle (Duties and Licences) Act 2008 which was enacted on 26th March 2008.

What about cars registered before January 2008?

Cars registered before 2008, including imports, will continue to be taxed in future years under the existing motor tax system related to engine size. (c.c)

How will the level of CO₂ be known?

Before a new model is put on sale in Europe, it must undergo a series of tests to ensure that it has achieved approved standards regarding safety, environmental impact, etc. This process is called Type Approval and each car achieving the approved standards is issued with a Certificate of Conformity.

Among the details included on the Certificate of Conformity is the level of CO₂ emissions of the car. This is the information that will be used for taxation purposes for both vehicle registration tax (VRT) and motor tax.

This CO₂ rating will be captured initially by the Revenue Commissioners at vehicle registration tax stage and passed on to the national vehicle file for use in connection with the administration of the motor tax system. In the absence of a Certificate of Conformity and the Revenue Commissioners not otherwise being satisfied as to the CO₂ rating of a car by reference to any other supporting documentation, the motorist will be required to pay the highest motor tax rate. The same approach will apply to VRT.

What happens to cars registered between January 2008 and June 2008?

New cars registered between 1 January 2008 and 30 June 2008 will initially have their motor tax charged on the basis of the existing engine size (c.c.) system. However, a low CO₂ emitting new car registered between 1 January 2008 and 30 June 2008 will have its motor tax switched to the lower CO₂ based motor tax rate on first renewal of motor tax post 1 July 2008, (when the new CO₂ based system commences). New cars which are registered in the first 6 months of 2008 whose tax would be more under the new CO₂ based system will continue to pay motor tax on the basis of engine size (c.c.).

What happens to 2008 cars registered abroad and subsequently registered in Ireland on or after 1 July 2008?

Cars registered outside of the State on or after 1 January 2008 and subsequently registered in the State on or after 1 July 2008 will have their motor tax based on the new CO₂ system.

Will there be two separate systems for taxing a car?

Yes. From July 2008 there will be two separate tax systems for cars. Cars under the existing motor tax system will continue to be taxed based on engine size (cc). New cars registered from 1 July 2008 will be taxed based on their CO₂ emissions level. New cars registered in the first six months of 2008 will be switched to the CO₂ system on first renewal of motor tax after July 1st 2008, if the new CO₂ tax rate is lower.

Why introduce a new system?

The clear objective of the new motor tax system is to influence the purchasing decisions of consumers by rewarding the buyers of low-emitting cars. Purchasers of cars with low CO₂ emissions will be rewarded while a premium will be charged on vehicles with high CO₂ emissions.

How will I know if the car I am thinking of buying is a clean car?

The Department of Environment is introducing a labelling system for cars. This label will be similar to the label on white goods e.g. household appliances and will show the level of CO₂ emissions from the car. It will also give information such as the vehicle registration tax rate and the motor tax rate for the car. All garages and motor dealers must display the label for each car offered for sale.

For information regarding changes in Vehicle Registration Tax please contact your local Revenue office or www.revenue.ie