



BIK

2026 UPDATES & EXAMPLES

What Has Changed in BIK For 2026

From the 1 January 2026 new BIK rules are in place and are likely to continue to evolve particularly with the increasing number of electric cars entering the market and the changes that this will bring in terms of requirements for charging points etc.

Key BIK Rules & Updates (2026)

- Company Vehicle Rules: BIK is calculated based on the vehicle's CO2 emissions and business kilometres.
- New Vehicle Category A1: A new, lower BIK rate category for zero-emission vehicles (electric vehicles) is introduced.
- OMV Reductions: A temporary €10,000 reduction in the Original Market Value (OMV) for company cars (categories A-D) and vans is extended to 2026, tapering to €5,000 in 2027 and €2,500 in 2028
- Electric Vehicle Incentive: In addition to the tapered relief, electric vehicles get a specific OMV reduction of €20,000 for the 2026 tax year.
- Vans: The percentage BIK rate for vans remains at 8%.

Some Practical Examples Of Calculations

1. BIK on Company Cars

This will be based on :

- Original Market Value (OMV)
- Annual business kilometres
- CO₂ emissions category
- Whether the employer pays for fuel



Vehicle Category	Co2 Emissions(Co2 g/km)
A1 (new for 2026)	0g/km
A	0g/km up to and including 59g/km
B	More than 59 g/km up to and including 99g/km
C	More than 99 g/km up to and including 139 g/km
D	More than 139 g/km up to and including 179 g/km
E	More than 179 g/km

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Lower Limit	Upper Limit	A1	A	B	C	D	E
Kilometres	Kilometres	%	%	%	%	%	%
-	26,000	15	22.5	26.25	30	33.75	37.5
26,001	39,000	12	18	21	24	27	30
39,001	48,000	9	13.5	15.75	18	20.25	22.5
48,001	-	6	9	10.5	12	13.5	15

Example:

OMV	CO ₂ Category:	Annual Business Mileage	Employer Paying For fuel
€30,000	C(BIK rate- 30%)	20,000km	Yes

Start with the base BIK rate for **Category C**: 30%

Apply mileage reduction:

20,000 km falls into the **15,000–20,000 km** band → no reduction

Calculate cash equivalent:

€30,000 x 30% = €9,000

Annual BIK = €9,000

This €9,000 is treated as taxable income for PAYE, USC, and PRSI.

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1. BIK on Company Vans

Vans are simpler — BIK is a flat 8% of the OMV.



Example:

OMV	BIK flat rate 8% OMV
€25,000	8%

- **Van OMV:** €25,000

Calculation:

$$€25,000 \times 8\% = €2,000$$

Annual BIK = €2,000

If the van is used only for work and private use is “insignificant”, BIK may not apply — but this would need to be a clear distinction in use.

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