



Office of the Comptroller and Auditor General  
Oifig an Ard-Reachtaire Cuntas agus Ciste

## **Press Release — Administration and Collection of Motor Tax**

The Comptroller and Auditor General has prepared a special report on an examination of the administration and collection of motor tax. The examination was carried out in cooperation between the Office of the Comptroller and Auditor General and the Local Government Audit Service.

### **Main findings**

The Department of Housing, Planning, Community and Local Government, the Department of Transport, Tourism and Sport and local authorities all play significant roles in the administration and collection of motor tax.

### **Motor tax receipts**

Just over €1 billion in motor tax was collected in 2015, of which two-thirds was collected through online payments. While the number of taxed vehicles has increased in recent years, revenue has fallen. Significantly lower average tax is paid in respect of newer cars taxed on the basis of engine emissions, compared to older vehicles taxed on the basis of engine size. If other factors remain unchanged, this trend will result in a fall of around one quarter (or €260 million) in the annual tax revenue level by 2024.

### **Collection costs**

The overall cost of administering the motor tax system is not centrally compiled or reported. Data compiled for this examination suggests that the cost of collection and administration of the motor tax system is around €49 million each year. It also indicates that the cost in 2014 of processing a tax payment by a customer in a motor tax office (€10) is around twice that of an online payment (€5).

Almost all renewal transactions can now be conducted online. In 2015, the online facility was used for 67% of transactions and this rate is increasing each year. The growth in online transactions has resulted in a fall in transactions at motor tax offices. Evaluation of the costs of collection and the factors influencing customers is required to inform the future development of motor tax collection, and of other related services currently provided only in motor tax offices.

### **Motor tax controls**

The level of compliance with motor tax regulations is not monitored or reported. Therefore, there is no current estimate of the motor tax evasion rate and the impact of changes to regulations governing off-the-road declarations has not been ascertained. There is also limited validation of the information provided when taxing a vehicle.

Advances in technology may provide opportunities to reduce the cost of administering the motor tax system. However, the UK recorded an increase in evasion — from 0.6% to 1.4% — after the removal of the requirement to display a tax disc.

A desk-based review of motor tax transactions conducted for this examination suggests an increase in the proportion of frequent transfers of ownership of individual vehicles. This may be done to evade motor tax by availing of administrative arrangements whereby motor tax arrears are not pursued when vehicle ownership changes. Periodic monitoring of compliance and motor tax transaction data analysis would inform authorities of emerging trends and support risk-based enforcement measures.

### **Notes for Editors**

The full text of the report is available here ([Full Report](#)).

The Comptroller and Auditor General is an independent constitutional officer with responsibility for the audit of public funds. He reports to Dáil Éireann.

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