

Certain Commercial Vehicles – Capital Allowances and Leasing Expenses

Part 11-00-03

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The restrictions on capital allowances and leasing expenses outlined in Tax and Duty Manual [Part 11-00-01](#) apply only in the case of “a mechanically propelled road vehicle constructed or adapted for the carriage of passengers, other than a vehicle of a type not commonly used as a private vehicle and unsuitable to be so used”. Essentially, only private cars are subject to the restrictions and a commercial vehicle that is constructed or adapted for the carriage of goods or passengers is not subject to the restriction notwithstanding that it may be used for private purposes. However, with certain types of vehicles, for example, 4 x 4 and jeep-type vehicles, it may be difficult to determine whether the vehicle is a commercial vehicle.

The presence or absence of a restriction is determined by reference to the nature of a vehicle not the uses to which it may be put in a particular case. The fact that farmers, or any other group of persons, may be satisfied to use a commercial vehicle for private purposes does not render the vehicle subject to restriction when it is used for commercial purposes. The restriction applies to private vehicles not to vehicles that may be used for private purposes. Accordingly, if a farmer, or other trader, can establish that the vehicle in question is an unmodified commercial model lacking the requirements of a private vehicle, such as accepted standards of comfort and amenity, and the vehicle is used by him or her primarily for the carriage of goods in the course of the trade, it may be accepted that the restriction does not apply notwithstanding that the vehicle may also be used for private purposes.

Revenue Officials should consider whether the vehicle is one that members of the public who have no trading interests would generally purchase for **exclusive** use as a private vehicle. If the vehicle is not one that is in general use as an exclusively private vehicle and it has been purchased specifically for use in a trade, it should not be regarded as being subject to the restrictions notwithstanding that the vehicle also has some private usage.

As outlined in Tax and Duty Manual [Part 11-00-01](#), where a vehicle is used for both business and private purposes, there must be an appropriate apportionment of the allowances and expenses.