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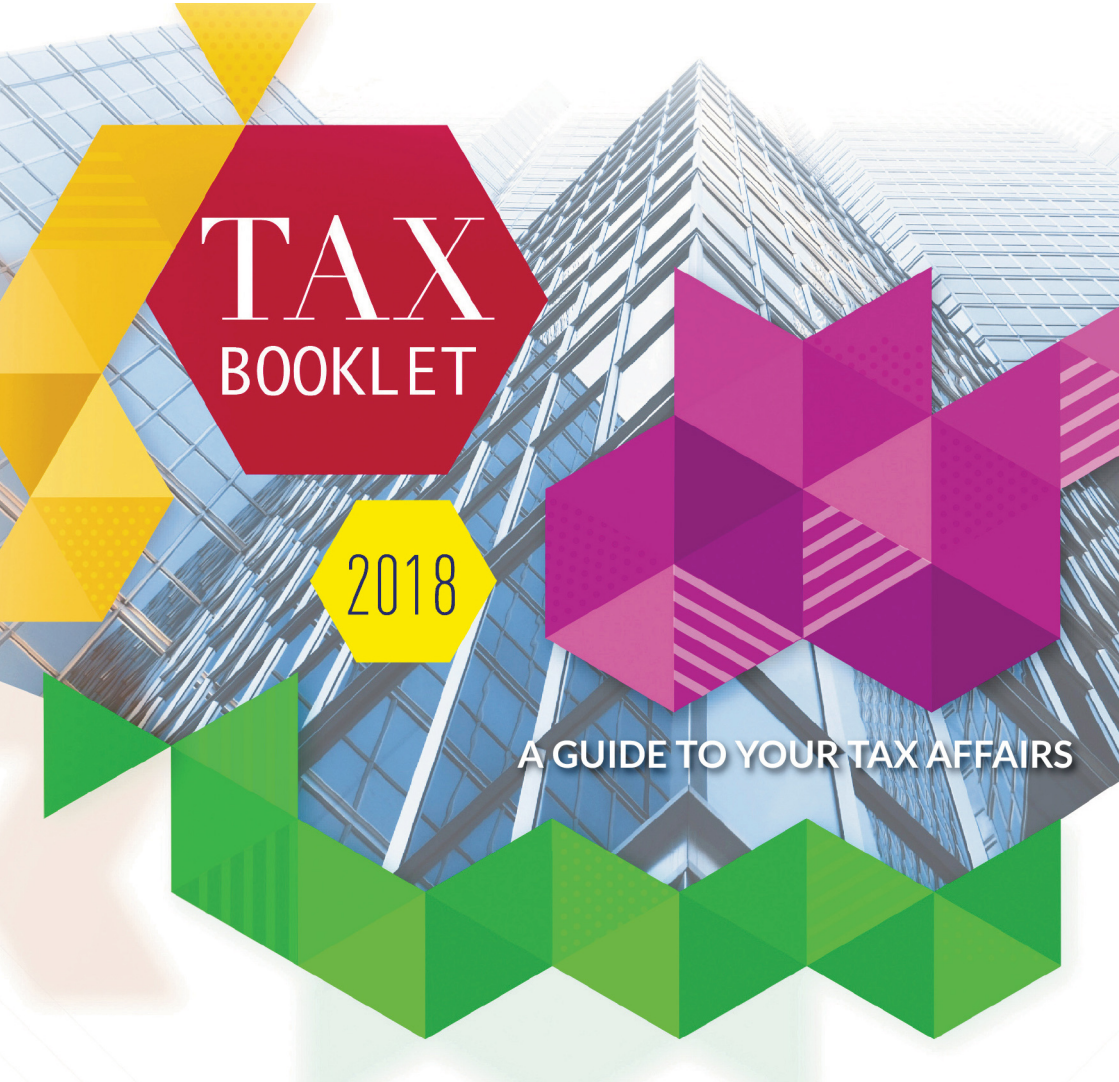

CONTENTS

INCOME TAX RATES 3
Income Exemption Limits 3
Tax Credits at 20% 3
Job Plus Scheme 3
Earned Income Credit 3
Relief for Long Term Unemployed Starting a Business 3
Residence, Ordinary Residence and Domicile 4
Split Year Treatment 4
Cross Border Workers 4
Remittance Basis For non-domiciled individuals 4
Income 4
SARP 4
Foreign Earnings Deduction ("FED") 5
D/E/F 5
Seafarer Allowance 6
Fisher Tax Credit 6
Tax Exemptions 6
Maternity Benefit 6
Child minding relief 6
Mortgage Interest Relief 6
Home Renovation Incentive ("HRI") 7
Home Carer Credit 7
Carer Allowance 7
Covenants 7
Medical Insurance 7
Dental Insurance 7
Medical Expenses 7
Permanent Health Insurance 8
Third Level College Fees 8
Training Course Fees 8
Rent-a-Room Scheme 8
Rent Relief for Private Accommodation 8
High Earner Restriction 8

SELF-ASSESSMENT FOR INDIVIDUALS 10
Self-Assessment - Pay and File 10
Payment and Compliance 10
Penalties 10
Joint Assessment 10
Pay and File Summary 10
Information included in Return 10
Mandatory Reporting 10

INVESTMENT INCOME 11
Interest Relief for Partnerships 11
Rented Residential Property 11
Limited Partnerships 11
Standard Rate DIRT Accounts 11
DIRT Exemptions 11
DIRT Refund for First Time Buyers 11
Help to Buy Scheme 11
Investment Undertakings 12
Reporting of Deposit Interest 12
European Savings Directive 12
Employment and Investment Incentive Scheme 12

RETIREMENTS & PENSIONS 13
Company Pension Schemes (Employees and Directors) 13
Level of Allowable Contributions 13
Self Employed Individuals 13
Employees 13
Entitlements on Retirement 13
Other Options/Restrictions 13
Access to pension fund before retirement 13
Approved Retirement Funds/
Approved Minimum Retirement Funds 14
Standard Fund Threshold ("SFT") 14
Relief on Retirement for Sportspersons 14
PRSA 15
Self-Administered Pension Funds 15
Lump Sum Payments on Redundancy/Retirement 15
Lump-Sum Payment to Employees on Company Restructuring 15
Retraining Exemption 15
Reporting Requirement 15

EMPLOYEE SHARE SCHEMES 16
Share awards 16
Share Options 16
Share Purchase Schemes 16
Profit Sharing Schemes 16
Save As You Earn Scheme (SAYE) 16
Restricted Shares 16
Returns: 16

BENEFIT IN KIND 18
Company Cars 18
Company Vans 18
Preferential Loans 19
Accommodation 19
Travel Passes 19
Professional Subscriptions 19
Other Exemptions 19
Anti-Avoidance 19
Vouchers 19

MOTOR / EXPENSES 20
Expenses Allowance and Motor Mileage for Employees 20
Civil Service Mileage Rates 20
Subsistance Allowances 20
Travel Expenses Non-Executive Directors 20

LOCAL PROPERTY TAX 21
Peoperty Valuation Bands & LPT Ready-Reckoner 21
Exemptions 21
Key Dates 21

CORPORATION TAX 22
Rates 22
Corporate Group Relief 22
Close Companies 22
Corporate donations to Charities and other Approved Bodies 22
R&D Credit 22
Key Employee R&D Credit 23
Other Conditions 23
New Company Start ups 23
Knowledge Development Box ("KDB") 24
Large Companies: 24
Small Companies: 24
New Companies 24

Group Companies....24
Filing....24
Information included in CT1....24
Country by Country Reporting....24
Exemption for Disposal of Shareholdings....24
Payment Dates for Capital Gains Tax....24

TAXATION OF DIVIDENDS....25
Penalties....25
Mandatory Reporting....25
Dividend Withholding Tax (DWT)....25
Encashment Tax....25
Shares in Lieu of Dividends (Scrip dividends)....25
Tax on Dividends Received....25

CAPITAL ALLOWANCES....26
Annual Allowance - Plant and Machinery....26
Energy efficient equipment....26
Intellectual Property Incentives....26
Lessors....26
Motor Vehicles....26
Electric Cars....26
Taxis....26
Sea Fishing Boats....26
Industrial Buildings....26
Time Limits....27
Property Reliefs USC Surcharge....27
Accelerated Capital Allowances Schemes....27
Tax Life of a Building....27
Deemed Balancing Event....27
Property Developers....27
Living City Incentive....27
Dealing in Land....27

CAPITAL GAINS TAX....28
Rates....28
Inflation Relief....28
Retirement Relief....29
Exemptions and Relief....29
Entrepreneur Relief....29
Property Relief....30
Entrepreneur Relief 20%....30
Turf-Cutting Compensation Scheme....30
Payment and Compliance....30
Enhancement expenditure....30
Clearance Certificate....30

CAPITAL ACQUISITIONS TAX....31
Taxable Inheritance....31
Taxable Gift....31
Thresholds for CAT....31
Parent/Child Exemption....31
Rates....31
Dwelling House Exemption....31
Agricultural Relief....32
Business Property Relief....32
Payment and Compliance....32
Interest Payments/Repayments....32
Surcharge for Late Returns....32
Surcharge for Understatement....32
Joint Account Limits....32
Record Retention....32

DISCRETIONARY TRUST TAX / STAMP DUTY....33
Stamp Duty....33
Trade In Scheme....33
Non Residential Property....33
Residential Property....33
Exemptions & Reliefs....33
Anti-Avoidance....33
Other Rates....33

VALUE ADDED TAX....34
Registration....34
Rates....34
Section 56....34
Foreign Visitors....34
Holiday Homes....34
Travel Agents Margin Scheme ("TAMS")....34
Payment and Compliance....34
Penalties....35
Cash Receipts....35
Margin Scheme - Second Hand Motor Vehicles & Agricultural ..35
VAT on Property rules....35
Anti-Avoidance....35
Reverse charge mechanism in the Construction Sector 35
Partial VAT Rebate on certain Company Cars....35

PAY RELATED SOCIAL INSURANCE / UNIVERSAL SOCIAL CHARGE....36
Contributions by Employees / USC Rates for 2016....36
Contributions by Employees / USC Rates for 2017....36
Employer contributions....36
Universal Social Charge ("USC")....36
Exemptions from USC....36
Employees PRSI....37
PRSI....37
Domicile Levy....37

FARMERS TAXATION....38
Leasing of farm land....38
Limits prior to 2015....38
Farm Averaging....38
Transitional terms....38
Capital Acquisitions Tax....38
Capital Gains Tax....39
Capital Gains Tax Relief for Farm Restructuring....39
VAT....39
Carbon Tax....39
Stock Relief....40
Compulsory Disposal of Livestock....40
Milk Quotas....40
Transfers of Land....40
EU Single Farm Payment Entitlement....41

MARITAL BREAKDOWN....41
Legally Enforceable Maintenance Agreements....41
Consequences of Election....41
Social Welfare Benefits may be affected by election.....41
Transfer of Assets - Divorced Persons....41
Transfer of Assets - Separated Spouses....41
Capital Acquisitions Tax....41

CIVIL PARTNERSHIPS....47

GLOSSARY....47

DISCLAIMER....47

INCOME TAX RATES

Bands of taxable income	2018	2017
Single/Widowed (Without dependent Children)	€34,550 @ 20% Balance @ 40%	€33,800 @ 20% Balance @ 40%
Single Parent/Widowed Parent (With dependent children)	€38,550 @ 20% Balance @ 40%	€37,800 @ 20% Balance @ 40%
Married Couple/Civil Partners (one income)	€43,550 @ 20% Balance @ 40%	€42,800 @ 20% Balance @ 40%
Married Couple/Civil Partners* (two incomes)	*€69,100 @ 20% Balance @ 40%	*€67,600 @ 20% Balance @ 40%

*In the case of a married couple with two incomes, the standard rate band is €69,100 (made up of €43,550 plus an amount of €25,550 which may be transferred between spouses; if one spouse earns less than €25,550 there is a loss of some of the benefit of the higher band).

Income Exemption Limits

Aged 65 and over	2018
Single/Widowed	€18,000
Married Couples	€36,000

The relevant exemption limits are increased by €575 for each of the first two dependent children and by €830 for the third and any subsequent dependent children.

Tax Credits @ 20%		2018 €	2017 €
Single		1,650	1,650
Married / Civil Partners (Jointly assessed)		3,300	3,300
Earned income credit		1,150	950
Single person child carer credit (additional)		1,650	1,650
Widowed person in year of bereavement/surviving civil partner		3,300	3,300
Widowed person no children (additional credit but not in the year of bereavement)		540	540
Additional tax Credits in years following bereavement			
Year 1		3,600	3,600
Year 2		3,150	3,150
Year 3		2,700	2,700
Year 4		2,250	2,250
Year 5		1,800	1,800
Home carer's credit	Max	1200	1000
Incapacitated child	Max	3,300	3,300
Dependent relative (where income of dependent relative is less than €14,060 for 2017)	Max	70	70

Tax Credits @ 20%		2018 €	2017 €
Age credit	Single	245	245
	Married	490	490
Blind person	Single	1,650	1,650
	Married one spouse blind	1,650	1,650
	Married both spouses blind	3,300	3,300

*Relief in respect of the cost of maintaining a guide dog (max €825 @ 20% = €165) may be claimed under the heading of Health Expenses.

Job Plus Scheme

Cash payments made to qualifying employers to offset the cost of employing individuals who have been long term unemployed are exempt from income tax or corporation tax. The Department of Social Protection will pay the incentive to the employer monthly in arrears over a two-year period as follows:

€7,500 for each person recruited who has been unemployed for more than 12 but less than 24 months.

€10,000 for each person recruited who has been unemployed for more than 24 months.

Earned Income Credit

The Earned Income Credit of €1,150 is available to individuals earning self-employed, trading or professional income. For company directors, the credit will apply to proprietary directors as their earnings are not taken into account for the purposes of the Employee (PAYE) Tax credit. Where an individual has earned income which qualifies for Employee (PAYE) Tax Credit and Earned Income Tax Credit, the combined value of both tax credits cannot exceed €1,650.

Relief for Long Term Unemployed Starting a Business

Where an individual, who has been unemployed for 15 months and has been in receipt of jobseekers benefit, jobseekers allowance or a one parent family credit, starts a new business, he/she is entitled to claim relief from income tax on the first two years of trading capped at a value of €40,000 per annum. USC and PRSI continue to be payable.

The new business must commence during the period 25 October 2013 to 31 December 2018, but excludes trades previously carried on by other people to which the qualifying person has succeeded, or activities which were previously carried on by other people.

The qualifying period is a period of 24 months from commencement of business.

The relief will be determined by a formula equal to the assessable profits or €40,000 if less. Where two businesses are started the total relief is capped at €40,000.

The relief applies in priority to losses forward or capital allowances. Pay and file obligations will apply to the individual applying for the relief.

Residence, Ordinary Residence and Domicile

An individual is liable to Irish Income Tax ("IT") on his/her worldwide income provided he/she is resident and domiciled for the tax year, subject to any specific relief under the relevant Double Taxation Agreement ("DTA"). To be resident an individual must be present in the State for:

183 days or more in a tax year, or

280 days in the current tax year and the preceding tax year, subject to a minimum of 30 days in each year.

Presence in the State at any time during the day will count towards determining residence for tax purposes.

An individual is "ordinarily tax resident" if he/she is tax resident for three consecutive tax years; where they cease to be resident they remain ordinarily resident for three years after the tax year of departure and can therefore remain taxable in Ireland. An ordinarily tax resident individual is chargeable to Irish IT on worldwide income with the exception of profits of a trade or profession carried on abroad. Foreign investment income exceeding €3,810 in any tax year will be subject to Irish IT.

Domicile can be a difficult concept but broadly means the country that an individual considers as his/her natural home.

An Irish resident or ordinarily resident and domiciled individual will also be liable to Irish Capital Gains Tax ("CGT") on their worldwide gains. This leaves individuals ceasing to be Irish resident exposed to Irish IT on investment income and Irish CGT for three years after the tax year of departure.

Despite the reference to three years in the paragraph above, an anti-avoidance provision imposes CGT on individuals who dispose of shareholdings during a period of "temporary non-residence", described as absences of less than five years.

Split Year Treatment

An individual who arrives in Ireland with the intention of becoming resident in the following tax year is liable to IT on employment income from the date of arrival. Similarly, a resident individual who leaves Ireland other than for a temporary purpose is liable to IT on employment income up to the date of departure only. This "split year treatment" applies to employment income only.

Relief from a liability to Irish IT may also arise under the provisions of a DTA between Ireland and other State(s).

Cross Border Workers

Irish resident individuals employed abroad in a jurisdiction with which Ireland has a DTA can exclude employment income earned abroad from Irish IT and the Universal Social Charge ("USC"). The employment abroad must be for a minimum period of 13 weeks and foreign tax must be paid on that income, and the duties must be performed wholly abroad. The individual must be present in Ireland for a minimum of one day a week during the period of qualifying employment. The relief does not apply to State or Semi-state employments.

An individual will be deemed present in the State if he/she is present at any time during the day.

Remittance Basis for Non-Domiciled Individuals

Individuals domiciled outside Ireland are entitled to a "remittance basis" of assessment in Ireland on investment income and income from employment duties exercised outside Ireland under a foreign contract i.e. they are only subject to Irish IT on income brought into the country.

Where an individual who is entitled to the remittance basis has transferred money to his/her spouse that individual will be taxed on the transfer.

Income:

Fully Taxable:

All Irish source income, including the Irish workdays of a foreign employment and capital gains are taxable in Ireland regardless of whether they are remitted or not.

Not Taxable:

Foreign employment income (non-Irish workdays) and investment income are taxed only where remitted.

Capital:

Irish citizens who are not ordinarily resident but who are resident are taxed on foreign capital gains.

Non-Irish domiciled are taxable on foreign capital gains only to the extent that they are remitted to Ireland. CGT applies to all Irish specified assets regardless of residence, which include all land and buildings in the State as well as certain other assets such as mineral rights.

Special Assignment Relief Program "SARP"

On 1 January 2012, a previous form of SARP was updated and a new form introduced, initially for 2012 to 2014, which has since been extended to 2020. The main conditions to qualify for the new relief are that:

- The employee must be resident in the State (and not resident elsewhere) for 2012-2014 relief claims,
- the individual must have been a full time employee of a company incorporated and resident in a DTA State for six months (2015-2020) versus twelve months (2012-2014) prior to arriving in the State.
- For 2012-2014 duties must be performed in the State for 12 months from date of becoming resident, for 2015-2020 the requirement is to perform duties for twelve months from the date of arrival.

The relief is of value to new workers who come to or return to Ireland, or returning workers who have been outside Ireland for at least five tax years. While a number of conditions apply in order to obtain the relief, it is not limited to either foreign employments or non-Irish domiciles.

Subject to conditions, the relief is available for employees arriving in Ireland and is available for five consecutive tax years.

The relief allows a basic salary and certain cash allowances to be excluded from tax. The relevant amount is valued at 30% of basic salary and allowances between upper (€500,000) and lower (€75,000) thresholds.

Certain key items of compensation are excluded:

- Benefits in kind including company cars and preferential loans
- Termination/ex-gratia payments
- Bonus payments whether contractual or otherwise
- Stock/equity options and
- Other share based remuneration

However, the above emoluments may be included in assessing the relief once the minimum threshold has been established.

The relief is only for IT and does not apply for USC or PRSI.

It is possible for employees and employers to obtain relief through the PAYE system so that the relief can have an immediate impact rather than waiting to the tax year end to make a claim. Employees making a claim however automatically become chargeable persons for the year of claim which means a tax filing requirement. Employers will also have a reporting requirement to Revenue for various details surrounding such employee claims, and for 2015-2020 claims the employer is required to report within 30 days of the individual arriving, in addition to the annual reporting.

Making a claim under the new SARP provisions means that a deduction is not claimable where another relief is claimed by the employee e.g. Split Year Relief, Trans-border Relief, Foreign Earnings Deduction Relief, R&D Incentive and the limited remittance basis that still exists.

Tax Tip

In addition to the exclusion of a relevant amount from tax an employer will also be able to bear the cost of certain items for a relevant employee on a tax free basis, such as:

One return trip for the employee and family to the overseas country they are connected with; plus

Primary and/or post-primary school fees of up to €5,000 per annum per child where the school has been approved by the Minister of Education.

Foreign Earnings Deduction ("FED")

A deduction is available for employees working temporarily overseas in the following countries (known as "relevant states"). From 2012, this means Brazil, Russia, India, China and South Africa. From 2013, included are Algeria, Democratic Republic of Congo, Egypt, Ghana, Kenya, Nigeria, Senegal and Tanzania. From 2015, additions are Japan, Singapore, South Korea, Saudi Arabia, UAE, Qatar, Bahrain, Indonesia, Vietnam, Thailand, Chile, Oman, Kuwait, Mexico and Malaysia. From 2017, Colombia and Pakistan have been added.

The deduction is subject to a maximum claim of €35,000 (i.e. a tax refund of up to €14,000) and applies until 2020.

In order to receive this relief, the employee must spend at least 30 (60 in 2014, 40 in 2015 and 2016) days working in a relevant state in a tax year or in a continuous 12 month period. These "qualifying days" must form part of a period of at least three consecutive days including travelling time spent working in the relevant state (previously four consecutive days excluding travelling time).

The deduction does not apply to employees paid out of the public revenue of the State e.g. civil servants, Gardaí and members of the Defence forces or individuals employed by any board, authority or similar body established by or under statute.

The deduction is calculated based on the amount of time spent working in the relevant state and is calculated according to the following formula:

D/E/F

D is the number of qualifying days in the tax year
E is the net employment income in the tax year (including share awards and share option income but excluding benefits in kind, termination payments and restrictive covenants)
F is the number of days in the tax year that the individual held the office or employment.

An example of how this relief works is as follows.

An individual who is tax resident in Ireland spends 120 qualifying days working in Brazil. The employment income for the year amounts to €100,000. The FED is calculated as follows.

$$€100{,}000 \times \frac{120}{365}$$

Specified amount = €32,877

Total employment earnings	100,000
Less FED	(€32,877)
Taxable Income	67,123

The deduction is claimed at the end of the tax year when making an annual return of income for that year. It will not however be claimable where another relief is claimed by the employee e.g. Split Year Relief, Trans-border Relief, Special Assignment Relief Programme, R&D Incentive and the limited remittance basis that still exists.

Seafarer Allowance

An allowance of €6,350 from employment income is available to seafarers provided they are on an international voyage(s) i.e. a voyage beginning or ending in a port outside the State for at least 161 days in a tax year. This allowance cannot be claimed in conjunction with the split year treatment. The allowance is also available to crews of vessels servicing drilling rigs in Irish waters.

Fisher tax credit

A tax credit of €1,270 is available each year from 2017 to 2021 to any person engaged in fishing on board a fishing vessel as long as they are Irish tax resident and spend at least 80 days at sea actively engaged in sea-fishing. It is not possible to claim this credit and the seafarer allowance to shelter the same income.

Tax Exemptions

The following are exempt from IT provided specific conditions are satisfied:

- Artists resident in a Member State or EEA Jurisdiction (prior to 2015 the relief was restricted to Irish resident artists) who produce original work that has cultural and artistic merit, subject to a €50,000 limit
- Charities - investment and certain trade income
- Awards made by the Hepatitis C Tribunal, income arising on monies received from settlement of a civil action by a totally incapacitated individual, and income arising on monies received by permanently incapacitated individuals for damages following assessment by the Personal Injuries Assessment Board. In addition, the return arising from the investment of these monies is also exempt provided that return exceeds 50% of the individual's total income and gains.
- Income arising from compensation payments made under an employment law enacted in accordance with a decision of one of the relevant bodies listed below or made in accordance with a mediation process:
  - The Rights Commissioner
  - The Director of Equality Investigations
  - The Employment Appeals Tribunal
  - The Labour Court
  - The Circuit Court
  - The Workplace Relations Commission
  - The District Court
- Sports organisations
- Income from woodlands
- Income received by Mná Tí in the Gaeltacht (Sceim na bhFoghlaimeoirí)
- Income received by foster parents from the Health Service Executive or from another body where the payment is in accordance with similar law from another EU Member State (including educational fees, certain medical expenses and other exceptional payments where complex special needs arise). In addition payments for foster children18 or over until the age of 21 or until they complete their full time education who suffer from a disability are also exempted.
- Certain social welfare payments including payments to systematic short term workers i.e. people who do three days on and two days off work, or who work one week on and one week off.
- Lump sum payments to claimants who worked in the Magdalene Laundries
- Annual allowance paid to Reserve Members of An Garda Síochána.

The exemption for IT for the categories of income described below was extended to Capital Gains Tax. However, it is a requirement that the aggregate of the person's income and gains must exceed 50% of their total income and gains in order to be exempted. The relevant categories of income and now gains are as follows:

- Income and gains derived from the investment of certain compensation payments received by permanently incapacitated individuals or a trust established for the benefit of one or more individuals.
- Income and gains derived from the investment of payments made to Hepatitis C and HIV victims
- Income and gains from compensation payments made to thalidomide children and the income derived from the investment of such payments
- Compensation for certain living donors to cover compensation for expenses and loss of income relating to donations.
- The water conservation grant and fuel grants are exempt from IT and USC.

Maternity Benefit

Maternity benefit, adoptive benefit and health and safety benefit payments are treated as taxable income.

Child minding relief

Child minding relief is available where an individual minds up to three children (excluding their own children) in their own home. No tax will be payable on the child minding earnings received, provided the amount is not more than €15,000 per annum. If the child minding income exceeds this, the total amount will be taxable as normal under self-assessment. The annual minimum PRSI contribution for self-employed individuals of €500 per annum is payable.

Mortgage Interest Relief

Mortgage interest relief on loans taken out after 1 January 2013 has been abolished. Mortgage interest relief for loans taken out between 2004 and 2012 was due to expire on 31 December 2017. That date has been extended to 31 December 2020 on a tapered basis, meaning that the relief for 2018, 2019 and 2020 will be 75%, 50% and 25% respectively of the relief available in 2017 for loans taken out between 2004 and 2012.

Home Renovation Incentive ("HRI")

The HRI scheme provides for tax relief for homeowners by way of an income tax credit at 13.5% of qualifying expenditure on repair, renovation or improvements carried out to the homeowner's main home by qualifying contractors. Relief may be claimed on qualifying expenditure over €4,405 before VAT subject to a maximum spend of €30,000.

The lowest claim amount is €595 ((€4,405@13.5%) and the highest is €4,050 (€30,000@13.5%).

The works may be phased, and multiple payments to different contractors are allowed. Qualifying works must be carried out on or after 25 October 2013 and up to 31 December 2018.

The credit is payable over two years following the year in which the work is undertaken. Unused tax credits may be carried forward to the next tax year.

Tax Tip

Where planning permission is granted before 31 December 2018 work carried out before 31 March 2019 will be deemed to have been incurred in 2018 for the purpose of the relief.

Homeowners must be LPT compliant. Claims may be made for costs at the 13.5% rate of tax and it excludes anything subject to VAT at 23%.

Contractors must be registered for VAT and RCT compliant. The HRI scheme has been extended to rental properties in the State where properties are refurbished and let to tenants under leases registered with the Private Rental Tenancies Board (PRTB), and occupied within six months of the works being carried out.

There are special provisions in place that allow for the conversion of one premises to two rental units. The effect of this is to allow the maximum claim of €4,050, to apply to each unit, although the minimum spend of €5,000 equally applies to each unit.

In Finance Act 2016, HRI has been extended to works done by tenants/occupants of properties owned/rented by a housing authority.

Home Carer Credit

A credit of €1,200 is available for married couples jointly assessed, where only one spouse is working and the other cares for children (with an entitlement to social welfare child benefit), individuals over the age of 65, or incapacitated individuals in their home. Where the carer's income exceeds €9,600 in a year, no credit will be available.

Where the carer's income exceeds €7,200, the tax credit is reduced by one half of the amount of the excess over €7,200 (subject to a maximum of €1,000).

The credit is not available to married couples that are taxed as single persons. Neither is the tax credit available to married couples with a combined income of €43,550 and who claimed the increased standard rate tax band for dual income couples.

Carer Allowance

An individual can claim an allowance where he/she has to employ a person to take care of an incapacitated family member. The carer may be employed on an individual basis, or through an employment agency. The maximum allowance is €75,000 per annum for each incapacitated individual. The allowance is available at the marginal rate of tax. The allowance will be granted in the first year that the individual becomes incapacitated.

Covenants

Covenants to permanently incapacitated adults are fully tax deductible. Covenants to a permanently incapacitated minor child are fully tax deductible if paid by a person other than a parent. Covenants to individuals aged 65 or over who are not incapacitated are deductible subject to a 5% limit of the covenanters' total income. If the covenanter is liable to tax at the higher rate he or she will receive tax relief at the difference between the standard rate and higher rate. There is no tax benefit to a covenanter who pays tax at the standard rate. A covenantee whose total income (including the income from the covenant) is less than the exemption limit qualifies for a refund of tax at the standard rate of tax deducted by the covenanter.

Medical Insurance

Tax relief on medical insurance premiums is granted at source and is given as a direct reduction in premiums. Relief is based on a standard rate (20%) deduction, and is granted on a current year basis.

The amount of relief is restricted to €1,000 for an individual and €500 for a child (under 18 or under 23 in full time education). An age related credit that was available up to 1 January 2013 has been replaced with a risk equalisation credit.

Dental Insurance

Tax relief at the standard rate (20%) is available in respect of dental insurance premiums taken out for non-routine dental treatment.

Medical Expenses

Tax relief for un-reimbursed medical expenses incurred on behalf of a taxpayer and his family (including "dependents"), may be claimed against the taxpayer's income tax liability. Medical expenses include:

- Doctor/hospital care and prescription medicines
- Payments to Revenue approved nursing homes for dependants
- Physiotherapy
- Non-routine dental and ophthalmic expenses
- Routine maternity care including caesarean sections
- Qualifying medical expenses incurred on behalf of a dependent relative (which includes any individual over the age of 65 or permanently incapacitated individuals whether they are relatives or not).

Relief is granted by way of a tax credit at the standard rate of tax, except in the case of nursing home expenses which is granted by way of an allowance at the taxpayer's marginal rate of tax. A form MED2 should be completed in respect of non-routine dental expenses (this can be obtained from the dentist).

Certain "non-essential" cosmetic surgery does not qualify for relief. Cosmetic surgery qualifies for relief only where it is provided for a physical deformity arising as a result of a congenital abnormality, a personal injury, or a disfiguring disease.

Relief for hospital stays are restricted to expenses necessarily incurred in connection with the services of a medical practitioner, or to diagnostic procedures carried out on advice of a medical practitioner.

Relief for nursing home fees qualify for relief provided the nursing home concerned provides qualifying nursing care on site on a 24 hour per day basis. Private contributions towards the "Fair Deal" scheme for nursing homes qualify for relief.

Permanent Health Insurance

Premiums paid under approved permanent health insurance (PHI) schemes are tax deductible. The deduction cannot exceed 10% of the individual's total income. Relief is granted as a deduction against total income and is effectively relieved at the marginal rate of tax. Any benefits received are taxable and therefore subject to PAYE.

Third Level College Fees

Tax relief is available at the standard rate for the cost of fees paid for approved courses in approved colleges. In addition to full-time courses it includes fees paid for part-time courses on behalf of students who do not have a third level qualification. The relief also applies to post graduate fees paid for third level education in private and public funded third level colleges in non-EU Member States. Tax relief for undergraduate fees is also allowable for accredited private third level colleges in EU Member States. Tax relief is available for repeat years, for individuals taking more than one course and for individuals already holding a third level qualification. Tax relief is available for tuition fees and student contributions (post 2011), but does not apply to administration fees, exam fees or registration fees. An amount of fees is disregarded for relief as follows:

Year	First Time Courses	Part Time Courses
2017	€3,000	€1,500
2018	€3,000	€1,500

Where families have two or more children in third level education on a full-time basis and where both are liable to the student contribution charge, tax relief at 20% will be available on the aggregate paid above the disregarded amount. The current student contribution charge is €2,000. The maximum relief available is €7,000. Any repayment of fees must be adjusted for.

Training Course Fees

Relief is available for fees between €317 and €1,270 paid in respect of Information Technology and Foreign Language courses, which are approved by FÁS. These courses must be at least two years in duration and must not be a postgraduate course. This relief does not apply to payments made on behalf of dependents.

Rent-a-Room Scheme

Where a room in a person's principal private residence ("PPR") is let as residential accommodation and the gross annual rental income is less than €14,000 per annum, this rental income is exempt from tax. Where it exceeds €14,000 the rent is taxable in full. The income is also disregarded for PRSI and USC purposes.

Qualifying room rentals will not affect entitlements to claim mortgage interest relief. It will also not affect CGT PPR relief on the disposal of the dwelling, and will not lead to a stamp duty clawback. The relief will not apply where the letting is between connected parties and rent relief is being claimed.

The relief will not be available where the person in receipt of the income is an employee of the person making the payment

Tip:

Consider keeping rental income below the €14,000 threshold if seeking to claim this exemption.

Rent Relief for Private Accommodation

Rent paid in a tax year for private residential accommodation will no longer qualify for relief from 1 January 2018.

The relief was being phased out over a seven year period for tenants who, on 7 December 2010, were paying qualifying rent under a qualifying tenancy.

High Earner Restriction

Certain tax breaks available to high income earners are restricted with a tapering restriction applying to individuals with income in excess of €125,000 to ensure a minimum effective IT rate of 30%.

Taxable income is calculated by restricting qualifying deductions to 20% of the taxable amount.

If the individual's income is either less than €125,000 or if the reliefs claimed are less than €80,000, the restriction will not apply.

There is a full restriction on income in excess of €400,000. Where there is a claim for specified reliefs in excess of €80,000, the amount that may be claimed is limited to the greater of €80,000 or 20% of the adjusted income.

A tapering relief applies to income between €125,000 and €400,000.

The following items specifically need to be considered:

- Calculation of double taxation relief is applied before the relief can be claimed.
- Credits for any reliefs or deductions are given before the application of the restriction (but after the carry forward of excess reliefs from prior periods).
- The effect of the restriction is to disapply the age limit for income tax.

There was a temporary removal of the Employment and Investment Incentive scheme ("EII") from the high earners restriction for share subscriptions made between 16 October 2013 and 31 December 2016. This was made permanent from 1 January 2017.

From 1 January 2016 the income tax for profits derived from the management of woodlands in the State is not treated as a specified relief for the purposes of the high earners restriction.

SELF ASSESSMENT FOR INDIVIDUALS

Self-Assessment - Pay and File

On 31 October each year, a self-employed individual/company director, PAYE worker with untaxed non PAYE income will be required to:

1. File his/her Income Tax return for the previous calendar year;
2. Pay the balance of tax for the previous calendar year;
3. Pay preliminary tax payment for the current calendar year; and.
4. Submit a tax computation at the time of filing the return

Payment and Compliance

The self-assessment system applies to individuals with non-PAYE income and to all directors controlling 15% or more of the share capital of a company (even if their entire income is subject to PAYE).

The definition of a "chargeable person" for self-assessment purposes includes PAYE taxpayers with non PAYE income where the non PAYE income is not taken into account under the PAYE system.

The "Pay and File" system places an obligation on the individual to file a return, calculate the tax liability, submit a tax computation and pay the tax due. Returns for income arising in the year ended 31 December 2017 must be filed on or before 31 October 2018 to avoid a surcharge. The surcharge amounts to 5% of the amount of tax payable for the period subject to a maximum surcharge of €12,695 where the return is filed within two months of the deadline. Otherwise if the return is filed more than two months after the deadline, a surcharge of 10% is imposed subject to a maximum of €63,485.

Preliminary tax due for the tax year 2018 must be paid by 31 October 2018 if interest charges of .0219% per day are to be avoided. The tax paid must represent 90% of the individual's actual liability for 2018 or 100% of the final liability for 2017 (excluding EIIS relief).

Alternatively, for the tax year 2018, a taxpayer can elect to make a preliminary tax payment equal to 105% of the ultimate liability for 2016 (the pre-preceding year), provided a liability arose in that year. This option is only available to taxpayers that pay by direct debit in equal monthly instalments. The final instalment is payable in December 2018. Where a taxpayer is paying by direct debit for the first time, payment can be made by way of a minimum of three equal instalments and, during the following year, by way of eight equal instalments.

Where a repayment is made due to a Revenue error in applying the legislation, interest will be repaid from the date the tax was paid to the date of repayment; otherwise no repayment is due. Refunds of overpayments of preliminary tax carry interest of 0.011% per day.

Tip: The 2017 tax return is due to be filed by 31 October 2018; where your total income for 2018 is less than that in 2017, consider basing your preliminary tax payment on your 2018 estimated liability.

Penalties

Penalties will apply to any returns filed late.

Joint Assessment

Revenue may recover tax not paid within 28 days from the spouse who was not assessed. This is limited to the amount of unpaid tax referable to that spouse's income.

Pay and File Summary

The following is a summary of pay and file dates for the year 2018

File tax return for 2017 . . . . . .31 October 2018

Pay balance of tax for 2017 . . . . . .31 October 2018

Online Pay & File date for 2017 Tax Return . . . . . .November 2018 TBC*

Pay preliminary tax for 2018 . . . . . .31 October 2018

Online Pay & File date for 2018 Preliminary Tax . . . . . .November 2018 TBC*

Pay Capital Gains Tax

-1 December to 31 December 2017 . . .31 January 2018

-1 January to 30 November 2018 . . .15 December 2018

* Revenue have not announced the online filing date for 2017 at the date of publication.

Information included in Return

Taxpayers are required to disclose information in relation to any reliefs claimed in their annual tax return; the reliefs to be detailed are highlighted on the return forms. This applies to individuals, both self-employed and employees, and also to companies.

Failure to provide the relevant information may result in a penalty of €950, as well as a surcharge of:

5% of the tax due subject to a maximum of €12,695 where the return in filed within two months of the filing deadline.

10% of the tax due subject to a maximum of €63,458 where the return is filed more than two months after the filing deadline.

Mandatory Reporting

Certain transactions which have the main benefit of obtaining a tax advantage are reportable to Revenue.

INVESTMENT INCOME

Rented Residential Property

Tax relief available for interest paid on borrowings used to purchase or improve rented residential property was restricted to 75% of the amount of interest paid and this applied to both new and existing borrowings. 100% interest relief is available for commercial properties.

Following a change in Finance Act 2016, full deductibility for interest on residential property loans is being phased in over five years – in 2017, 80% is allowable and this increases by 5% per annum (i.e. 85% is allowable in 2018) until full deductibility is available in 2021.

An individual is required to register any properties let with the PRTB in order to qualify for interest relief on rented residential properties.

As a general rule, pre-letting expenses are not allowable. However, in a move to address the shortage of properties in the private rented sector, a deduction will be available from 25 December 2017 for expenses of a revenue nature incurred on a property which has been vacant for a period of twelve months or more. The property must be let for at least four years to avoid a clawback of the relief, which is subject to a cap of €5,000 per property and is available for qualifying expenditure incurred up to the end of 2021.

Limited Partnerships

There are restrictions on non-active partners in respect of the offset of losses, interest and capital allowances against non-partnership income. Relief is available to non-active partners for offset against income of that partnership only and is limited to each partner's capital contribution to the partnership. The restrictions apply to interest paid, capital allowances in respect of expenditure and losses arising in a trade. The restriction is €31,750, which is the maximum that may be offset against other sources of income outside the partnership.

Standard Rate DIRT Accounts

Income tax at 41% was deducted at source by banks, building societies, Post Office Savings Banks, credit unions, the Agricultural Credit Corporation and the Industrial Credit Corporation from interest paid or credited on deposit accounts in the beneficial ownership of individuals resident in the State.

DIRT is also applicable to dividends paid on credit union accounts. For interest received on non-EU bank accounts, the 41% rate also applies.

Following a change in Finance Act 2016, the rate of DIRT is reducing by 2% per annum until the rate is 33%. In 2017, the rate is 39%; in 2018, 37%; in 2019, 35%; in 2020, 33%.

DIRT Exemptions

DIRT will not apply to the following individuals:

- individuals or their spouses aged 65 or over who are not liable to income tax where an appropriate declaration has been made
- incapacitated individuals who are under the exemption limits where an appropriate declaration has been made
- charities
- companies that do not have a corporation tax liability
- Non-resident individuals who complete a declaration of non-residence.

DIRT is a final liability for IT purposes, i.e. the payment of retention tax at the standard rate by individuals liable to income tax at the higher rate is regarded as satisfying the individual's full liability to this tax.

However, in certain circumstances, an individual is also liable to pay PRSI on deposit interest received.

USC does not apply to deposit interest that has been subjected to DIRT.

DIRT Refund for First Time Buyers

Relief from DIRT on interest paid by a first-time buyer on savings, used to purchase a house or an apartment, is allowable from 15 October 2014. The relief due is capped at 20% of the purchase price and ceased on 31 December 2017. Savings held over a four-year period prior to the purchase will qualify for this relief.

Help to Buy scheme

The aim of this scheme is to give an income tax refund to first-time "buyers" who either acquire a newly built residential property or self-build one.

The income tax refund (which can include DIRT) is up to (but not exceeding) €20,000 (i.e. 5% of the purchase/self-build price up to a maximum value of €400,000). Relief is still available for houses with a value of up to €500,000 from 1 January 2017 but no relief is available if the house costs more than that.

The relief applies from 19 July 2016 to 31 December 2019 and a number of conditions apply, including that the mortgage must be a minimum of 70% of the purchase/build cost and that both claimants and contractors are tax compliant.

There is a clawback of the relief if the claimant ceases to occupy the house as their main residence within five years; the clawback is pro-rata to the length of occupation (i.e. full clawback in year one; reducing by 20% per annum until five years have elapsed).

Investment Undertakings

The income from certain life assurance products and collective funds is not taxed as it arises and grows tax free within that fund (often called "gross roll-up").

The disposal of a foreign life policy is subject to tax at 41%. The rate of exit tax applying to "Personal Portfolio Investment Undertakings" is 60%.

Failure to account for the income correctly on an individual's tax filing increases the rate to 80%.

Anti-avoidance measures apply if the policy is not encashed within eight years of its inception. This is to prevent avoidance of tax by continuously rolling over a policy. A repayment of the tax paid will be available if the policy is disposed of and this is to ensure that the total tax paid does not exceed the tax that would have been payable had the deemed disposal rules not applied. An election not to have the excess tax repaid may be made where the investment by Irish investors in the fund is less than 15% of the value of the fund; in effect tax refunds may be claimed from Revenue instead of the fund. Similar provisions apply to foreign policies, though there are relieving provisions where Irish investors account for less than 10% of the fund's overall investment, in which case it is necessary for the fund to calculate the deemed disposal amount.

> Tip: As the income is taxed on exit or after eight years, you have the benefit of reinvesting the gross value of the funds thereby earning income on amounts that would otherwise be subject to tax.

Reporting of Deposit Interest

Powers exist to allow Revenue to make regulations obliging financial institutions (including credit unions) to return details of all interest and other similar payments made to customers. On making appropriate regulations, the financial institution is obliged to get details of the person's tax reference number and provide this, together with their name and address, to Revenue.

European Savings Directive

Deposit takers are required to collate information relating to non-Irish residents who earn deposit interest in Ireland and provide this information annually to the Revenue authorities in these countries.

Employment and Investment Incentive Scheme

The Employment and Investment Incentive Scheme (EIIS) replaces the previous Business Expansion Scheme (BES). It significantly broadens the scope of the scheme as many "qualifying trade" limitations have been removed and thus is available to the majority of SME trading companies, most of which qualify except for:

- Financing activities
- Dealing in or developing land
- Operating or managing nursing homes and hotels
- Extension of a nursing home or residential care units associated with a nursing home owned by a company.
- Professional service companies
- The operation of hotels, guest houses and self-catering accommodation is a "qualifying activity" where the conditions of the Tourist Traffic Act are met.

The lifetime limit that a company can raise is €15m with the annual amount being €5m.

An individual may invest up to €150,000 per annum. The maximum limit applies separately to both spouses, provided that they both have sufficient income in their own right. Where full relief cannot be availed of in a tax year, the excess can be carried forward to subsequent years.

A clawback of relief will arise if shares are disposed of within four years.

Tax relief for subscriptions for eligible shares has been reduced as follows:

Year 1 relief: 30/40 of the amount invested at the marginal rate of income tax

Year 3 relief: 10/40 of the amount invested at the marginal rate of income tax

The company must be unquoted throughout the holding period and either is resident in the State or, if resident in an EEA State other than Ireland, it must carry on business through a branch or an agency in the State and carry on relevant trading activities from a fixed place of business.

Following a change in Finance Act 2017, it is no longer possible for persons with a close connection with a company raising EII finance to also claim EII relief themselves.

The scheme has been extended to 31 December 2020.

RETIREMENTS & PENSIONS

Company Pension Schemes (Employees and Directors)

Annual contributions paid by an employee to a Revenue approved company pension scheme are tax-deductible. The relevant contribution must be made from the employee's total remuneration for the year from the employment. The relief available is calculated based on a cap of €115,000. It should be noted that this cap does not apply to employer contributions to an Occupational Pension Scheme ("OPS").

The relief available is limited to the individual's marginal rate of income tax (max 40%).

Level of Allowable Contributions

Tax relief on pension contributions can be claimed by the self-employed and by members of an OPS. For self-employed individuals, the limit applies to Net Relevant Earnings ("NRE"); for employees/members of an OPS, the limit applies to earnings. In a single tax year, relief can be claimed on the following basis:

Age	Limit	Actual Contribution Limit
Less than 30 years	15%	€**17,250**
Between 30 and 39	20%	€**23,000**
Between 40 and 49	25%	€**28,750**
Between 50 and 54*	30%	€**34,500**
Between 55 and 59	35%	€**40,250**
Over 60	40%	€**46,000**

(*The 30% rate also applies to specific individuals under 50 years old who are involved in occupations with a relatively short life span e.g. professional sportspersons).

Tip: It may be worthwhile for an individual to make an additional voluntary contribution (AVC) if his or her individual contributions through the company are below the allowable limits.

Contributions paid between 1 January 2018 and the tax return filing date may, if an election is made, be treated as paid in 2017.

There is no restriction on employer tax relief so employer contributions should, where feasible, be maximised.

Self Employed Individuals

An individual who has relevant earnings from a trade, profession or non-pensionable office or employment is entitled to a deduction in respect of any premiums paid under a retirement annuity contract ("RAC") and/or to a Personal Retirement Savings Plan ("PRSA").

The tax deductible amount is limited to a percentage of NRE subject to the €115,000 cap referred to above. NRE includes income from trades, professions and non-pensionable employment less certain deductions e.g. qualifying interest on loans. The earnings of husband and wife are treated separately for the purpose of determining NRE and the relief is available for each spouse with non-pensionable earnings.

A self-employed individual may avail of tax relief for the immediately preceding year by making a pension contribution by 31 October following that year.

Employees

Contributions to a Revenue approved OPS may qualify for tax relief subject to the limits referred to above.

Remuneration means salary, bonuses, taxable share incentive plans and benefits in kind. Relief is available at the employee's top tax rate.

Where the limits referred to in the table above have not been exceeded by virtue of regular contributions, an additional Annual Voluntary Contribution ("AVC") may be made. The contribution may be made up to 31 October following the tax year in which the claim is made.

Entitlements on Retirement:

Self Employed:

1. Use the total retirement fund to purchase a retirement annuity
2. Withdraw 25% of the fund as a tax free lump sum and, with the remaining 75%, do one of the following:
   - **a.** Purchase a retirement annuity
   - **b.** Draw down the balance (subject to the individual's marginal rate of tax)
   - **c.** Invest in an Approved Retirement Fund "ARF"), subject to Approved Minimum Retirement Fund ("AMRF") restrictions.

Employees:

1. Use the fund to purchase an annuity; this is subject to a maximum of 2/3rds of the individual's final salary.
2. Take 150% of final salary amount as a tax free lump sum and buy a retirement annuity with the balance of the fund.

Other Options/Restrictions:

Defined Contribution Schemes:

Withdraw 25% of the fund tax free and invest the remaining 75% in an ARF/AMRF.

Maximum Tax Free Lump sum payments:

- €200,000 (reduced by tax free lump sums taken on or after 7 December 2005)
- The next €300,000 taxed at 20%
- Excess over €500,000 taxed at marginal IT rate plus USC.

Approved Retirement Funds/ Approved Minimum Retirement Funds

An ARF basically offers an alternative to buying an annuity on retirement. It can give more flexibility in how pension fund monies are invested, and it can form part of the individual's estate on death. Income and gains can be rolled up within the fund. However each year an ARF is deemed to distribute 6% of the ARF asset values at 31 December. The tax applies to an individual with an aggregate asset value greater than €2m at 30 November in a tax year. Assets held in a PRSA from which retirement benefits have been taken are also subject to the deemed distribution rule.

From January 2012 onwards;

- A 5% deemed distribution applies to a vested PRSA where the value is less than €2m on 30 November in that tax year.
- Where the aggregate value of the fund is greater than €2m on 30 November, the 6% rate applies to the entire fund.

The limit applies cumulatively to all ARFs/vested PRSAs held by an individual.

The imputed distribution is taxed at the individual's marginal tax rate. Actual distributions are deducted from imputed distributions.

Funds invested in an ARF can be withdrawn at any stage and in any amount, either by way of lump sum or regular income. Withdrawals are subject to an individual's top rate of tax.

Where the level of annual guaranteed income at retirement does not equal 1.5 times the maximum annual rate of the State pension (€18,000), an amount must be invested to provide an annuity. The amount invested must equal 10 times the maximum annual rate of the State contributory pension at the time the ARF is being availed of or the remainder of the pension fund after taking the tax free lump sum in an AMRF.

The €18,000 limit and 10 times the State pension limit of €119,800 were being set aside for three years to ensure that people impacted by the higher limits were not negatively disadvantaged. Therefore, the limits are €12,700 and €63,500.

Where on 27 March 2013 the specified income limits were exceeded then any AMRF owned by those individuals immediately became an ARF.

An AMRF locks away the minimum funds required as outlined above. No notional distribution rules apply.

With effect from 1 January 2015, 5% of the capital value of an AMRF may be withdrawn annually prior to the age of 75. Income from an AMRF may be withdrawn subject to IT; the remaining capital may not be withdrawn until 75 years of age.

Funds may be transferred from one insurer to another.

Benefits may be accessed from age 60 but must be accessed before age 75 (it is not necessary to retire to access benefits).

An AMRF can form part of an individual's estate, in which case:

- Payments to a child over the age of 21 at the date of death are charged to IT at 30%. A full distribution is exempt from CAT if taken under a will or intestacy.
- Payments to a child under the age of 21 at the date of death are exempt from IT and CGT, but liable to CAT.
- Transfer to a spouse's AMRF on death is exempt.

Standard Fund Threshold ("SFT")

The maximum allowable pension fund on retirement for tax purposes has been set at €2m (originally €5.418m). An individual may apply for a personal fund threshold where the value of their fund was greater than €2m at 1 January 2014. The relevant maximum will apply to the aggregate value of all pension provisions held by an individual.

Where a fund exceeds the relevant limit, the excess will be liable to a once-off income tax charge of 40% when the individual becomes entitled to drawdown (irrespective of whether or not the fund is drawn down at that point in time); this is referred to as a "benefit crystallisation event". In addition, where an individual with a PRSA decides when taking pension benefits to leave funds in a PRSA rather than opting to transfer them to an ARF, this will also trigger a "benefit crystallisation event".

When the net after-tax excess amount is drawn down from the pension scheme, it is taxed further in the hands of the pension scheme member, which can increase the effective tax rate to 64% of the gross value of the fund i.e., 40% tax on the benefit crystallisation event plus 40% IT on the net distributable to the individual plus 8% USC.

Up to 1 January 2014, the tax operated by applying a factor of 20 times the annual pension entitlement plus the lump sum; a defined contribution scheme could also rely on an actuarial valuation. However, from 1 January 2014 for benefits accruing after this date an age related valuation factor applies from the ages of 50 to 70+ as follows:

Age	Factor	Age	Factor	Age	Factor	Age	Factor
50 *	37	56	33	62	28	68	24
51	36	57	32	63	27	69	23
52	36	58	31	64	27	70+	22
53	35	59	30	65	26		
54	34	60	30	66	25		
55	33	61	29	67	24	* includes up to 50	

As the annual pension amount will also be subject to income tax, a double charge to tax arises.

> Tip: It does not make sense to continue funding a pension where the fund will have an excess that is subject to a 40% tax charge. Where the value of a pension fund is likely to exceed the SFT, consideration ought to be given to alternative investments

Certain reliefs apply to reduce the immediate tax burden arising when an individual retires and their pension fund exceeds the SFT of €2m applies for public sector pensions.

Relief on Retirement for Sportspersons

An additional relief applies for certain sportspersons on retirement. It operates as a deduction of 40% against gross receipts from actual participation in the sport (excluding income from sponsorship and advertising) for any 10 of the 15 tax years of assessment prior to retirement (including the year of retirement).. Relief is by way of repayment only and cannot be used to create or augment a loss. Repayments do

not carry interest. Relief only applies to "sports" earnings and will be clawed back if the sports activity recommences.

From 1 January 2014 the relief is extended to tax compliant individuals resident in the EEA or EFTA. Relief must be claimed within four years of retirement to include the year of retirement and the fourteen years of assessment immediately preceding the retirement year so there is now a degree of flexibility in specifying the optimum ten years of assessment during the sportspersons career.

PRSA

Employers are required to provide employees with access to a PRSA where they do not provide an occupational pension scheme. This involves an employer providing the facility to have pension contributions deducted from an employee's salary and transferred to the PRSA provider. Employees may elect to pay PRSA contributions in lieu of AVCs. The retirement benefits are the same as those for RACs with the same overall contributions applying (these include contributions by the employer where applicable).

Tip: There is no requirement for an employer to contribute to the PRSA; however any contribution will be deductible for IT/CT purposes.

Tip: It is not necessary for an individual to retire in order to access benefits from RACs and PRSAs.

Benefits are generally accessed from age 60 and must be accessed before age 75. Employees with PRSAs may retire as early as 50

Self-Administered Pension Funds

A company may provide for a director's pension via a self-administered pension scheme with the director as trustee of the scheme. The director can influence the investment policy; for example the scheme could make an investment solely in property.

Tip: Self-administered pensions are a means by which a pension investment may be managed personally as opposed to through an insurance company and can offer greater flexibility in the type of asset that are invested in.

Lump Sum Payments on Redundancy/Retirement

Retirement – Termination Lump Sum Payments

Individuals leaving employment may receive tax free payments. There are three methods of calculating the tax-free amounts:

1) €10,160 plus €765 for each complete year of service with the employer.

2) The amount calculated at 1) above may be increased by an additional €10,000, provided no claim for relief for increased exemption has been made in the previous ten years;

Or

3) Average salary for previous three years multiplied by the number of years services and divided by fifteen. This is known as Standard Capital Superannuation Benefit ("SCSB").

The tax-free amounts under (2) and (3) above are reduced by tax-free amounts received/receivable from the employer's pension fund.

The exemption available in respect of termination payments is restricted to a lifetime limit of €200,000. From 1 January 2013 this limit also applies to payments on death and disability. Top slicing relief was also removed from 1 January 2013. Any other payments are taxable in full.

There are other exempt payments which can be made on ceasing employment, including statutory redundancy payments payable in accordance with the Redundancy Payments Acts 1967-2003, injury or disability payments for persons who may have to terminate employment early due to their medical condition, and also lump sums paid under approved pension schemes. Certain lump sum payments paid to employees in respect of pay restructuring schemes are also tax exempt (see below).

The entitlement to an employer rebate of statutory redundancy has been removed with effect from 1 January 2013.

Lump-Sum Payment to Employees on Company Restructuring

An exemption in respect of a lump sum payment not exceeding €7,620 plus €255 for each full year of service applies to employees who undergo a pay restructuring where the emoluments of the employees are reduced by at least 10%. For pay reductions higher than 15%, the maximum amount is increased.

The relief applies where:

- the restructuring scheme is necessary to ensure the current or future viability of the company, and
- at least 50% of the total numbers of employees are involved in the restructuring scheme or more than 75% of a class of employees provided the number of participating employees in that class comprises 25% of the total number of employees in the company.

Retraining Exemption

An exemption is available where retraining (in the form of a course as opposed to cash) is provided to employees as part of a redundancy package. An exemption of up to €5,000 for each eligible employee is available where an employee has more than two years continuous service. The course must be designed to improve skills in obtaining employment or setting up a business, and it must be completed within six months of the employee being made redundant. The exemption does not apply to the spouse or dependents of the employer.

Reporting Requirement

There is a requirement to report to Revenue any payment made on death, or on account of injury or disability.

EMPLOYEE SHARE SCHEMES

Finance Act 2011 fundamentally changed the basis of taxation of all share schemes. Share schemes were brought within the charge to employer PRSI and USC, as well as subjecting the shares to employee PRSI. Share schemes include share awards, unapproved share options, Revenue approved profit sharing schemes, Revenue approved save as you earn schemes and Revenue approved share option plans.

Share Awards

Employers are obliged to operate PAYE, PRSI and USC in respect of share awards received by employees, and to allow the withholding of shares by the employer to fund the income tax and USC charge before transferring the balance of shares to the employee, where this liability has not already been met by the employee.

Share Options

Where an employee is granted share options by reason of an employment, a charge to IT and USC will arise on the actual exercise of the option, irrespective of whether the employee retains or sells the shares. The charge to IT will be the excess of the market value of the share on exercise over the option price and this share option gain will be taxable at the employee's marginal rate of IT.

The IT and USC must be paid by the employee within 30 days of the date of exercise of the option; a Form RTSO1 must be filed at the time the payment is made.

Key Employee Engagement Programme ("KEEP")

Currently, where an employee exercises a share option, a liability to IT, USC and employee PRSI generally arises on the date the option is exercised. Most SME companies are at a disadvantage to listed companies as SMEs cannot offer their employees a market in the shares which would allow the employee to sell shares to fund their tax liability.

The new KEEP scheme introduced in Finance Act 2017 confirms that the tax liability for employees can only arise at the date of the disposal of the relevant shares and will be subject to Capital Gains Tax. This gives rise to a saving of up to 19% based on current rates.

There are many conditions attaching to this scheme which is due to apply to options granted to qualifying employees in the period from 1 January 2018 to 31 December 2023. The provisions were subject to EU State Aid approval before being formally implemented and that approval was received on 19 December 2017. Where reporting requirements for the qualifying company are not met by 31 March of the following tax year, the tax relief will be lost entirely.

Share Purchase Schemes

Revenue Approved Profit Sharing Schemes ("APSS") and Save As You Earn ("SAYE") share options are exempt from IT. However, on appropriation of shares to the APSS or on the exercise of the approved SAYE options, USC (at a rate of up to 8%) applies, as does employee PRSI of 4% and employer PRSI of 10.75% on the market value of the shares on this date.

Profit Sharing Schemes

A full-time employee or director, or a part-time employee, can be given up to €12,700 (€38,100 in the case of an Employee Share Ownership Trust where the shares are held for a period of at least ten years) worth of shares, tax free, each year under a Revenue approved profit sharing scheme (APSS). The scheme must be available to all employees on similar terms. To avoid an Income Tax penalty, the shares must be held in trust for a total of three years. If the shares are sold within three years, Income Tax is charged on 100% of the value of the shares.

A disposal of the shares may give rise to a Capital Gains Tax liability on the difference between the sales proceeds and the market value of the shares on the day that they are awarded. The scheme must have prior approval from Revenue and the cost of administering the scheme is tax deductible for the company.

Revenue will not approve a profit sharing scheme unless satisfied there are no arrangements in place that provide for loans to be made to employees eligible to participate in the scheme. Shares cannot be shares in certain service companies.

> Tip: An employee profit sharing allocation may be a substitute for salary if certain conditions are met.

Save As You Earn Scheme (SAYE)

Companies may set up a Save as You Earn share option scheme (SAYE) which must be Revenue approved. A company may grant options under an SAYE scheme at a discount of up to 25% of the market value of the shares at the beginning of the saving period. Employees must make a commitment to monthly savings of between €12 and €500 from after tax income for a period of three years at the end of which the employee can use the savings to purchase shares. Any interest paid on the savings at maturity will be exempt from DIRT. The cost of setting up the SAYE scheme may be claimed by the company as a deduction against trading profits. No charge to Income Tax arises where the shares are purchased at the discounted price. The shares are liable to Capital Gains Tax when disposed of, the base cost for CGT purposes being the amount the employee paid for the shares.

> Tip: Although there is no obligation on the employee to use their savings to purchase the shares at the end of the designated savings period, an employee with an option to avail of this scheme ought to do so as they cannot suffer from a fall in the value of their shareholding during the life of the scheme.

Restricted Shares

Where shares are restricted, an abatement of IT to reflect the period of the restriction may be available. Conditions include where shares are held in a trust (established in the State or in another EEA State by trustees resident in the State or in an EEA State) for employees, and where there is a genuine commercial restriction on the disposal of the shares, and where there is a valid written contract in place imposing the restriction on the sale.

The abatement amounts that apply to the income chargeable to tax are outlined below by reference to the period of restriction:

Years of Restriction	1	2	3	4	5	5+
Abatement	10%	20%	30%	40%	50%	60%

Where shares are forfeited the employee will be entitled to a rebate of tax paid.

Where the value of the shares is abated, the base cost for CGT is also reduced.

The charge to PRSI and USC is calculated by reference to the abated amount and not the full value of the shares.

Returns:

For share option schemes, a return of information outlining details of beneficiaries must be provided to Revenue by 31 March after the end of the relevant tax year i.e. 31 March 2018 for the 2017 period. Where a company or trustee fails to make the return, relief may be withdrawn. In addition, penalties will apply where an employer fails to make the required returns, or where a negligent or a false return is made.

The following table is a summary of the current tax treatment of share schemes:

Scheme Type	Income Tax @ 40%	USC @ 8%	Employee social security/PRSI (4%)
Share Awards	Yes - PAYE	Yes - PAYE	Yes - PAYE
Share Option gains	Yes; self- assessment (within 30 days of exercise)	Yes; self- assessment (within 30 days of exercise)	Yes; PAYE (if no longer an EE subject to self-assessment)
Approved Profit Sharing Schemes (APSS)	No	Yes - PAYE)	Yes - PAYE
Save As You Earn Schemes	No	Yes; PAYE (if no longer an EE subject to self-assessment)	Yes; PAYE (if no longer an EE subject to self-assessment)

Tax Tip:

No charge to employer PRSI arises on share based remuneration and therefore it is still an attractive incentive for employers to incentivise employees.

BENEFIT IN KIND

All Benefits in Kind ("BIK") are subject to PAYE, PRSI and USC, and taxed as notional pay. They are taxable when the benefit is provided or when the payment is made. Where the benefit provided to the employee does not exceed €500 in value, there is no BIK, the amount is not cumulative over a number of benefits and only one such benefit may be provided annually.

Consequently there is an obligation to report and pay any tax due from the employee.

In certain exceptional circumstances the employer may pay the tax on behalf of the employee, as follows:

1) Where the employee has insufficient income; in such cases the payment on behalf of the employee will be treated as a simultaneous deduction from the employee's IT liability.

2) Employers may make arrangements with Revenue to account directly to Revenue rather than through the normal PAYE system for the tax payable in respect of benefits provided to employees who are minor and irregular. Where the employer so accounts for the tax, the benefits will not form part of the total income of the employees and they will not be entitled to credit for or repayment of the tax accounted for.

Company Cars

Old cars: The assessable annual cash benefit for the use of a company car is calculated at 30% of the original market value ("OMV") of the car. This percentage is reduced for high business mileage as follows:

Business Mileage

Exceeding	Not Exceeding	%
0	24,000 km	30
24,001km	32,000km	24
32,001km	40,000km	18
40001km	48,000km	12
48,001+ km		6

New Cars: For 2009 and subsequent periods, emission allowances will be the basis for assessing BIK on company cars.

Vehicle Emission Category	CO2 Emissions (CO2 g/km)	OMV %
A	0g/km-120g/km	30%
B	>120g/km-140g/km	30%
C	>140g/km-155g/km	30%
D	>155g/km-170g/km	35%
E	>170g/km-190g/km	35%
F	>190g/km-225g/km	40%
G	>225g/km	40%

Tapering relief is available for high levels of business travel

Lower km	Upper km	A,B,C OMV%	D,E OMV%	F,G OMV%
0	24,135	30	35	40
24,136	32,180	24	28	32
32,181	40,225	18	21	24
40,226	48,270	12	14	16
48,271	+	6	7	8

Employee contributions: A reduction is available where an employee makes a general contribution to the running costs of the car; however a deduction is no longer available where an employee meets the specific cost of motor tax, insurance and running costs.

Foreign Travel: Where an employee is required to work abroad, the notional pay is reduced by reference to the number of days spent working abroad. This is conditional on the employee working a minimum of 30 days abroad and the car not being available for use by family members during the period of absence.

Further reduction: A 20% relief from BIK on cars applies to employees who work at least 20 hours per week, and whose annual business mileage exceeds 8,000 km. The employees must spend 70% or more of their time away from their place of work or business, and work a minimum of 20 hours per week on average. Revenue will require each employee to submit a logbook, which must be retained for up to six years.

Tip: It is more beneficial to use tapering relief where business mileage exceeds 32,181 km.

Tip: Structure any employee contributions to maximise a reduction in BIK.

Tip: It will be more beneficial for employees to make a general lump sum contribution to the cost of the car, instead of say meeting the cost of insurance, tax etc. as BIK is reduced € for € on any general contribution made by the employee for the use of the car.

Pool cars do not attract BIK provided the car is available for the use of more than one employee and provided the car is not kept overnight at the employee's home.

Company Vans

There is an exemption from BIK on the provision of a company van where all of the following conditions are satisfied:

- The van is essentially used for the purposes of the employee's work
- The employer requires the van to be brought home
- The employee spends most of his/her working time away from the office

Where any of the above conditions are not met, a BIK charge of **5%** of the original market value applies.

Electric vehicles

Finance Act 2017 introduces a zero percent BIK rate for electric vehicles in 2018 which applies equally to company cars and company vans. The Minister also announced that there will be a detailed review of company car/van BIK rules during 2018, which is likely to lead to a new BIK regime thereafter.

Preferential Loans

- The specified rate for home loans is **4%**
- The specified rate for all other loans is **13.5%**

The preferential sum is calculated by reference to the balance of the loan as reduced by actual repayments as opposed to payments due under a loan agreement.

Accommodation

The BIK is the amount which could reasonably be expected to be obtained on a yearly letting. Where the living accommodation is owned by the employer, the amount referred to is as a rule of thumb calculated as 8% of the current market value of the accommodation.

Travel Passes

The provision by an employer of monthly or annual bus, train, LUAS or ferry passes to directors and employees is exempt from IT. It is also possible to structure the reduction of an employee's salary to cater for the provision of this benefit.

Tip: Tax savings arising from the provision of travel passes may also reduce the cost of providing car parking spaces where employees can be encouraged to use public transport. The employee tax and PRSI saving on a €700 annual pass is c.€300 and employer PRSI saving of c.€75.

The provision of a travel pass is an acceptable form of salary sacrifice.

Professional Subscriptions

Professional subscriptions are subject to BIK. However, where the expense is incurred by the company and where the individual if they had incurred it would have been entitled to a deduction for the expense on the basis that it was incurred wholly, exclusively and necessarily incurred in the course of the individual's employment duties, then no BIK will arise.

Other Exemptions

Where private use is incidental to business use, the following will not be subject to BIK:

- Mobile phones
- Computers and related equipment including high speed internet connections
- Certain costs and expenses in respect of the provision of personal security assets and services to an employee will not be subject to BIK where there is a credible and serious threat to a person's physical security resulting from their employment.
- The provision of a new bicycle and/or related safety equipment up to a maximum of €1,000 where the bicycle is used to travel between home and the normal place of work. The exemption can only be claimed once every five years. If certain conditions are met it is possible to provide the benefit by reducing salary.

Anti-Avoidance

Anti-avoidance measures exist to restrict the exclusion of PAYE on shares given to an employee in an employer company or a company controlled by an employer only. As well as applying to existing employees the measures also apply to previous employees who retain their benefits.

Unapproved salary sacrifice arrangements are subject to tax.

Vouchers

An exemption for vouchers of up to €500 in value given to employees: vouchers may not be exchanged for cash.

MOTOR / TRAVEL EXPENSES

A self-employed person can set off the motor expenses in respect of the use of a private car for business purposes.

Expenses Allowance and Motor Mileage for Employees

Mileage

No tax liability is incurred where there is reimbursement by the employer of vouched expenses incurred for the purposes of the trade.

If a round sum expense allowance is given to an employee, it is regarded as income and taxed accordingly under PAYE. Subsequently, a claim for an IT refund can be made based on allowable business expenditure incurred.

An employee may claim a mileage allowance where they use their own private cars for business purposes and pay all expenses including petrol/diesel, insurance and other overheads. Provided the reimbursement is in accordance with Revenue guidelines at rates not in excess of Civil Service Mileage Rates, no prior Revenue agreement is required.

CIVIL SERVICE MILEAGE RATES from 1 April 2017
(Rate per km)

Band	Distance	Engine Capacity		
		Up to 1200cc	1201cc – 1500cc	1501cc and over
Band 1	0 - 1,500 km	37.95 cent	39.86 cent	44.79 cent
Band 2	1,501 - 5,500 km	70.00 cent	73.21 cent	83.53 cent
Band 3	5,501 - 25,000 km	27.55 cent	29.03 cent	32.21 cent
Band 4	25,001 km and over	21.36 cent	22.23 cent	25.85 cent

Travel between home and work is not regarded as being for business purposes.

SUBSISTENCE ALLOWANCES

Subsistence allowance can be paid to employees who work away from base in carrying out their duties of employment.

CIVIL SERVICE SUBSISTENCE RATES

Domestic Overnight Allowance				Day Allowance	
Class of Allowance	Normal Rate	Reduced	Detention Rate	10 hours or more	5 to 10 Hours
	€	€	€	€	€
	133.73	120.36	66.87	33.61	14.01

Normal rate Up to 14 nights
Reduced rate Next 14 nights
Detention rate Absence over 28 nights.

Special rules apply to absences over 56 nights.

The day and night allowance cannot be paid in respect of the same period

There are detailed rules and conditions governing the payment of subsistence allowances. Advice should be taken before proceeding with any payments.

Travel Expenses Non–Executive Directors

Finance Acts 2015 and 2016 provides for an Income Tax exemption for certain vouched travel and subsistence expenses of non-executive company directors incurred in attending board meetings. Expenses must be incurred solely for the purposes of attendance at meetings in the individual's capacity as a director.

LOCAL PROPERTY TAX

This tax is effective 1 July 2013 and will be calculated by reference to the market value of the residential property at 1 May 2013. The value at 1 May 2013 is valid until 31 December 2019.

The property includes the property plus one acre.

The tax will be calculated at a rate of 0.18% of the market value up to €1m and 0.25% on values above that level. There are a number of bands up to €1m, however the tax is calculated at the midpoint of the band (see table below).

Property Valuation Bands & LPT Ready-Reckoner

Band No.	Band Range	Mid point	2013	2014 -2019
01	0 – 100,000	50,000	45	90
02	100,001 – 150,000	125,000	112	225
03	150,001 – 200,000	175,000	157	315
04	200,001 – 250,000	225,000	202	405
05	250,001 – 300,000	275,000	247	495
06	300,001 – 350,000	325,000	292	585
07	350,001 – 400,000	375,000	337	675
08	400,001 – 450,000	425,000	382	765
09	450,001 – 500,000	475,000	427	855
10	500,001 – 550,000	525,000	472	945
11	550,001 – 600,000	575,000	517	1,035
12	600,001 – 650,000	625,000	562	1,125
13	650,001 – 700,000	675,000	607	1,215
14	700,001 – 750,000	725,000	652	1,305
15	750,001 – 800,000	775,000	697	1,395
16	800,001 – 850,000	825,000	742	1,485
17	850,001 – 900,000	875,000	787	1,575
18	900,001 – 950,000	925,000	832	1,665
19	950,001 – 1,000,000	975,000	877	1,755
20	Value greater than €1m assessed on the actual value			

Exemptions:

- First time purchasers of homes in 2013 to the end of 2016.
- Purchasers of new or previously unoccupied homes - up to end of October 2019
- Houses in unfinished "ghost" estates
- Certain homes vacated for 12 months or more by persons who are elderly.
- Properties owned by charities
- Registered nursing homes
- Motor homes, vehicles or vessels.
- Homes with pyrite damage
- Homes subject to commercial rates
- Diplomatic properties
- Homes adapted for incapacitated individuals where adaptation costs exceed 25% of the market value.

This is a self-assessed tax will apply to all residential properties including rental properties and holiday homes. However, Revenue guidance will be available to assist with this valuation or alternatively, an independent valuation can be used.

The owner of the home is generally liable for the tax.

Payments may be made by way of salary or pension deduction.

There is a deferral scheme for those on low incomes.

Key Dates

1 November 2017: Liability (ownership) date for 2018

25 November 2017: Extended due date for submitting Payment Instruction on-line.

11 January 2018: Extended deadline for payment of the 2018 liability in full, in one single payment or confirming that you will pay in full by Single Debit Authority

1 January 2018 onwards: Phased payments by Deduction at Source and cash payments through a Payment Service Provider to start in January.

15 January 2018: Monthly Direct Debit payments commence and continue on 15th each month thereafter.

21 March 2018: Single Debit Authority payment deducted.

CORPORATION TAX

Companies resident in Ireland are liable to corporation tax ("CT") on profits wherever arising.

Rates:

The standard rates of CT may be summarised as follows:

	Trading Income	Non-Trading Income
2018	12.5%	25%

The 25% rate applies to trading income from dealing in and developing land other than fully developed land.

Trading losses and charges subject to the lower rate of tax may be offset against income taxed at a higher rate on a "value and credit basis"

Corporate Group Relief

Losses may be surrendered within a group or consortium subject to certain restrictions, which apply to losses in general. This applies to both Ireland and EU/EEA resident participants and to non EU residents in certain circumstances. A group may have a non EU/EEA parent if its shares are substantially and regularly traded on a recognised stock exchange.

Close Companies

A surcharge of 20% is payable on the undistributed investment and rental income of a close company. Professional service companies are liable to a surcharge of 15% on 50% of its undistributed trading income and a surcharge of 20% on the undistributed rental and investment income.

There is a *de minimis* threshold of €2,000 below which the surcharge will not apply.

The close company surcharge does not apply in situations where a company is the recipient of a dividend from a foreign subsidiary, and the company would be exempt from CGT on the disposal of the shares in that subsidiary provided it is located in an EU or DTA country.

Where a close company settles money to a trust, it will be treated as a distribution from the close company to the trustee of the trust, and will be subject to tax as a dividend in the hands of the trustee. In addition any sum received out of the settlement by a member of the close company or by their relative is chargeable to IT.

A close company that pays a dividend to another close company may jointly elect for the dividend not to be treated as a distribution. In effect this provides relief where a trading company pays a dividend to an investment/holding company as the income will not be treated as investment income in the holding company, which could eliminate the close company surcharge.

Tip: Care needs to be exercised when making a payment from one investment company to another as this may simply transfer the close company problem from one company to another.

Corporate donations to Charities and other Approved Bodies

Companies may deduct, as a trading expense, donations made to charities and other approved bodies. The minimum amount of donation in any year is €250. The following are some bodies to which payments will qualify for corporation tax relief:

- A body approved for education in the arts;
- A body approved as an eligible charity;
- An institute of higher education, or a body established for the sole purpose of raising funds for such an institution;
- Certain secondary level institutions;
- The Equine Foundation;
- An approved sports body for an approved project;

R&D Credit

Certain R&D expenditure qualifies for a tax credit of 25%; this is in addition to a tax deduction at 12.5%, giving an effective write off for R&D expenditure of 37.5%. Claims must be made within 12 months of the end of the period in which the expenditure is incurred.

A repayment of excess R&D tax credits is available over a three-year period. The repayment is limited to the higher of the total corporation tax payable by the company in the previous ten years or the payroll tax liabilities of the company for the period in which the R&D is incurred.

R&D expenditure may be carried back to the prior period to generate a cash refund where the company had a CT payment in the preceding accounting period.

The credit is available for qualifying R&D expenditure incurred in any EU/EEA country, where the expenditure is not tax deductible in any other EU/EEA country.

With effect from 1 January 2015 the base year has been removed for determining qualifying expenditure. Prior to 2015 the reference year for determining the incremental expenditure for all years was 2003.

Expenditure on R&D carried out by a third level college on behalf of the company or group also qualifies if it does not exceed 5% of the company or group's own R&D spend. Subcontracted costs to an unconnected third party, to a maximum of 15% of total qualifying expenditure, are also eligible for the tax credit. The third party contractor cannot also claim the R&D credit and the company must notify them in writing of this.

Grant aided expenditure on R&D only qualifies for relief on a net of grant basis.

The R&D credit is also available for construction or refurbishment work carried out on a building used for qualifying R&D activities. The credit is equivalent to 25% of the qualifying cost of construction or refurbishment and may be claimed in full in the year in which the expenditure is incurred.

Key Employee R&D Credit

A credit may be awarded to a "key employee" by means of a tax credit.

The key employee must:

- Not be, or have been, a director of the company and must not be connected to a director of the company.
- Not have, or have had a material interest (5%) in the company or be connected to a person who has a material interest in the company.
- Perform 50% of their activities in the conception or creation of new knowledge, products, processes, methods and systems.
- Have 50% of their emoluments qualifying for R&D tax credit.

Other conditions:

- The amount that can be surrendered to the employee is capped at the amount of CT due by the company before taking the R&D tax credit into account, i.e. the company must be paying CT in order to avail of the relief.
- It is up to the company to determine who receives this benefit and the amount of credit awarded.
- The employee must make a claim to Revenue for a tax refund.
- The individual's effective tax rate cannot be reduced below 23% (this includes jointly assessed spouses/civil partners). The credit does not apply to the USC. Unused credits may be carried forward indefinitely or until the employee leaves the company.
- Revenue retains the right to seek a repayment of the credit if the R&D claim is denied on an audit. Revenue will seek to levy the clawback on the company in priority to the employee.
- Where a company has made an incorrect claim for R&D credit and has surrendered it to a key employee, the tax foregone can be recovered from the employer as opposed to the individual.

New Company Start ups

An exemption from CT for the first three years of trading applies to certain new start-up companies. Where a company is incorporated after 14 October 2008 and commences to trade in 2016, 2017 or 2018, it is exempt from CT and CGT on the disposal of assets used for the purposes of the new trade. The exemption is subject to a liability threshold, and no relief will be available where profits exceed €480,000.

Corporation Tax liability for the period	Availability of relief
< €40,000	Full exemption
€40,000 to €60,000	Marginal relief
> €60,000	Fully taxable

The relief is restricted to new trades and does not apply where the trade was previously carried on by another person, or where the trade, or part thereof, was carried on by an associated company.

Any unused relief in the first three years of trading may be carried forward to subsequent periods.

The relief is limited to the amount of employer PRSI that is paid, or the amount that would have been payable if relief under the Employer Job Incentive Scheme did not apply. There is a cap applied to the amount of employer PRSI per person which is €5,000 per person, with an overall limit of €40,000.

The relief does not apply to companies carrying on professional services, nor does it apply to companies which carry on a trade of:

- land dealing,
- petroleum and mineral activities,
- aquaculture or agriculture,
- coal,
- road freight operations,
- export related activities,
- undertakings in difficulty

In addition, in order to comply with EU requirements it should be noted that Revenue may disclose details of relief granted under the scheme.

Knowledge Development Box "KDB"

The new corporation tax relief has been introduced with effect from 1 January 2016.

The KDB provides that profits from patented inventions and copyrighted software (qualifying assets) earned by an Irish company can, to the extent it relates to R&D undertaken by that company, be effectively taxed at a rate of 6.25%.

The relief is available to companies for accounting periods beginning on or after 1 January 2016 and before 31 December 2020.

The amount of the profits arising from the qualifying assets that can avail of the relief will be determined by the proportion that the Irish company's R&D costs (qualifying expenditure) bear to the total R&D costs (overall expenditure) incurred on the qualifying assets. The overall expenditure could also include expenditure on R&D performed by other group companies (related parties) or amounts paid to acquire intellectual property.

The qualifying expenditure includes the cost of R&D that is outsourced to unrelated parties but excludes expenditure on R&D performed by related parties and the cost of acquired intellectual property. To take account of this excluded expenditure, an additional "uplift" provides that qualifying expenditure may be increased by the lower of either 30% of qualifying expenditure, or the aggregate of amounts paid to related parties and to acquire intellectual property.

Large Companies:

A large company is one with a CT liability of €200,000 or more in the preceding year and it must pay its CT liability as follows:

Six months before the end of the accounting period (day 21 of the 6th month)
- 50% of the previous year's final liability, or
- 45% of the current year's final liability

One month before the end of the accounting period (day 21 of the 11th month)
- 90% of the final liability (after taking into account the payment five months earlier)

Filing date (21st day of the 9th month following the accounting period end)
- Balance of any tax due

A company's preliminary tax liability includes the CT, close company surcharge and IT liabilities for the accounting period, as well as tax on chargeable gains, except for those arising from disposals of development land. To ensure interest charges will be avoided, the preliminary tax payment (the aggregate of the first and second instalments) must represent at least 90% of the final tax liability for the accounting period.

Special arrangements exist to take account of chargeable gains arising in the last month of an accounting period and for accounting periods of one month's duration.

Small Companies:

A small company (i.e. where last year's CT liability was less than €200,000), may base its first instalment on 100% of the previous year's liability.

New Companies

Where a company is a new company with a CT liability of less than €200,000, it is not required to pay preliminary tax for the first accounting period. A new company may pay CT for the first year when filing its tax return.

Group Companies

For companies that are large companies and members of the same group, where one company has satisfied its preliminary tax obligations and paid in excess of 90% of the final CT liability, and another company has not paid sufficient preliminary tax, then the excess paid by one company may be transferred to the other company to limit any exposure to interest.

Filing

The corporation tax return (Form CT1) must be filed within eight months and 21 days of the accounting period end, otherwise a surcharge will arise (23rd day where filed online).

Information included in CT1

A company is required to disclose information in relation to certain incentives/reliefs on its Form CT1; the reliefs to be detailed are highlighted on the CT1.

Failure to provide the relevant information may result in a penalty of €950, as well as a surcharge of 5% of the CT due subject to a maximum of €12,695.

Country by Country Reporting

A new law requires an Irish resident parent company of large Multinational (MNE) groups to provide annually, and for each tax jurisdiction in which they do business, a country-by-country report to the Revenue Commissioners.

Exemption for Disposal of Shareholdings

An exemption from CGT may be available for Irish based companies on the disposal of shares in a subsidiary company. To qualify for the exemption, a 5% holding of ordinary shares must be held within a two-year period of disposing of the shares. The shares must be held for a period of at least twelve months and must be held in a company located in an EU or treaty country.

The company being disposed of must be a trading company, or the holding company of a trading group (i.e. the holding company together with all other companies in which it has a 10% interest must consist wholly or mainly of trading activities).

Payment Dates for Capital Gains Tax

Payment of CGT relating to a disposal of development land is treated in the same way as a disposal for an individual.

TAXATION OF DIVIDENDS

For disposals of assets other than development land, the payment and filing dates are as outlined above.

Special rules apply where a gain is made in the last month of the accounting period; this allows top up payments to be made without an exposure to interest.

Penalties

Date of Filing	Surcharge	Restriction
Return filed within two months of expiry of deadline	5% of tax payable maximum €12,695	25% of loss or relief maximum €31,740
Return filed two months or more after expiry of deadline	10% of tax payable maximum €63,485	50% of loss or relief maximum €158,715

Payment and filing deadlines may be extended to the 23rd of the month where the return is filed electronically via ROS.

Mandatory Reporting

Certain transactions which have the main benefit of obtaining a tax advantage are reportable to Revenue.

Dividend Withholding Tax (DWT)

A withholding tax, at the standard rate of IT (currently 20%), applies to dividend payments and other profit distributions, including cash and scrip dividends, made by an Irish resident company.

DWT does not apply where the distribution is made to a 51% Irish tax resident holding company.

Exemption from DWT is available on payments to certain shareholders where declarations are made, including:

- An Irish tax resident company,
- Charities, pension funds, certain retirement funds and certain sporting bodies,
- Companies resident in EU Member States or DTA countries not under the control of Irish residents,
- Listed companies and their 75% subsidiaries,
- Non-resident companies ultimately controlled by residents of EU Member States or DTA countries,
- Certain individuals entitled to receive tax free income,
- Certain employee share ownership trusts,
- Approved Retirement Funds (ARF) and Approved Minimum Retirement Funds (AMRF),
- PRSAs and certain Exempt Unit Trusts,
- Brokers in receipt of dividends for special portfolio investment accounts,
- Collective investment funds.

DWT does not apply to distributions not subject to tax in the recipient's hands (i.e. dividends from patent companies to qualifying shareholders).

Detailed conditions (including the making of appropriate declarations, where necessary) must be met to avail of the above exemptions.

Irish individual shareholders are taxable on the gross dividend at marginal rates, but are entitled to a tax credit for the tax withheld by the company. The tax withheld by the company is payable to Revenue by the 14th day of the month following the month in which a distribution is made.

Withholding tax on intra-EU dividends, royalty payments and interest payments between associated companies is eliminated where a company owns 25% of another company or a third company owns 25% of each company.

Encashment Tax

A foreign dividend cashed by Irish financial institutions is subject to encashment tax @ 20%. This does not apply to non-resident individuals or charities. It also does not apply to cheques cashed in a retail branch of a bank.

Shares in Lieu of Dividends (Scrip dividends)

When a scrip dividend is given to a shareholder, the amount of the dividend to be converted to shares will be reduced by the standard rate of IT (currently 20%) and the company must pay to Revenue an amount equal to the tax withheld. The recipient is assessed for tax on the value received and that withheld (i.e. the gross dividend) and is given a credit for the amount withheld.

Tax on Dividends Received

Dividends received from Irish companies are exempt from CT. Foreign dividends (where >5% shareholding) are subject to tax at 25%.

A 12.5% rate applies where a company receives dividends out of the trading profits of a company which is tax resident in the EU or a DTA country, with a credit for the underlying foreign tax.

With effect from 1 January 2012, this relief is extended to parties to the OECD convention on Mutual Assistance in Tax matters.

CAPITAL ALLOWANCES

Capital allowances are granted for tax purposes in lieu of depreciation.

Annual Allowance - Plant and Machinery

An annual allowance, known as a "wear & tear" allowance, is granted for plant and machinery used in the trade in an accounting period.

The write off period for annual wear and tear allowances is eight years for expenditure incurred after 4 December 2002, i.e. 12.5% per annum on a straight line basis.

Balancing allowances or charges may arise where assets which have qualified for capital allowances are disposed of. Where the proceeds of the sale are greater than the tax written down value, a balancing charge arises; where the proceeds of disposal are less than the tax written down value of the asset then a balancing allowance arises.

Balancing charges do not arise where the proceeds on the disposal of an individual asset are less than €2,000. This does not apply to disposals between connected persons

Energy efficient equipment

Accelerated allowances of 100% in year one are available for the purchase as opposed to lease or hire) by companies only of certain new energy efficient equipment approved by the Minister for Communications, Energy and Natural Resources. This was extended to individuals using the equipment for a trade from 1 January 2017.

The list of approved expenditure has certain classes of minimum spend as follows:

Motors and drivers	€1,000
Lighting	€3,000
Building energy management systems	€5,000
Information and Communication Technology	€1,000
Heating and electricity provision	€1,000
Process and heating, ventilation and air conditioning systems	€1,000
Electric and alternative fuel vehicles	€1,000
Refrigeration and cooling systems*	€1,000
Process and heating, ventilation and air-con systems*	€1,000
Electric and alternative fuel vehicles*	€1,000

This regime is due to end on the 31st December 2017. Following a change in Finance Act 2017, the expiry date has been extended to 31 December 2020.

Intellectual Property Incentives

Tax relief on capital expenditure incurred in the acquisition of intellectual property including goodwill and customer lists (after 1 January 2015) is available in certain circumstances from 23 October 2014. The company claims allowances at either a 7% rate or a rate which effectively matches the amortisation or impairment of the specified intangible asset in the accounts. The relief is limited to the relevant trading income derived from the assets, and will be withdrawn by way of a balancing charge where the assets are disposed of within a five year period of the date of acquisition.

A new acquirer of the asset may claim any unexpired at the time it acquires the asset.

Lessors

Lessors of plant and machinery may also be entitled to the allowance if the burden of wear & tear on the asset is borne by them.

Motor Vehicles

The annual allowance for motor vehicles (other than taxis and short term hire vehicles - see below) is 12.5% on a straight line basis, subject to a maximum qualifying cost of €24,000 for motor vehicles. The availability of capital allowances will depend on the level of C02 emissions of cars. The capital allowance or lease deduction and proportionate balancing allowance or charge depends on the categories of emissions as follows:

CO2 Emission Level	Category/ Classification	Capital Allowance value threshold	Leasing Restriction Limit
Up to 155g/km	A/B/C	€24,000*	€24,000*
156g-190g/km	D/E	Lower of 50% of €24,000 or cost	Lower of 50% of €24,000 or cost
>190g/km	F/G	No allowances	No allowances

The €24,000 limit applies irrespective of cost of the vehicle.

Electric Cars

There is an enhanced scheme of capital allowances for expenditure incurred on a car which is electric or runs on alternative fuels. An accelerated allowance of 100% is given by reference to the lower of the cost of the car and €24,000.

Taxis

A taxi or short-term hire car is given an unrestricted write off of the purchase price at 40% per annum on a reducing balance basis. Existing taxi licence owners may write off the cost of their licence as a capital allowance against trading income. The taxi licence is treated as plant and machinery and the rates set out above apply.

Sea Fishing Boats

A special regime of allowances applies to expenditure on polyvalent and beam trawl fishing boats where the expenditure is certified by BIM. The allowances are available at the rate of 50% in year 1 and 20% of the balance for five years.

If a balancing allowance arises as a result of a compensation for the decommissioning of white fishing vessels, the balancing charge will be spread equally over five years commencing in the year in which the compensation is paid.

Industrial Buildings

The annual allowance for industrial buildings is 4% (available on a straight-line basis) on the net cost of the building. It is available to whoever holds the "relevant interest" in relation to the construction expenditure. Both owner-occupiers and lessors of industrial buildings are entitled to claim this allowance. Accelerated allowances are available in certain circumstances.

For an investor, any capital allowances unused against rental income of passive investors may be offset against non-rental income; this is subject to a maximum of €31,750 per annum.

There are anti-avoidance provisions, which restrict capital allowances available to a subsequent purchaser of an industrial building on the disposal of industrial buildings from a company to an individual. Anti-avoidance provisions also disallow interest relief on money lent to, or invested in, a company to acquire premises from another company where tax relief has not been fully utilised. The provision restricts the interest relief to the individual's return from the company.

Time Limits

There is a two year deadline by which a developer must sell a building which qualifies for capital allowances in order for the purchaser to be entitled to base their capital allowances claim on the purchase price (rather than the developer's original construction cost).

Property Reliefs USC Surcharge

A USC surcharge has been introduced for individuals who have gross income equal to or greater than €100,000. The surcharge is in the form of an additional USC of 5% of the amount of income sheltered by property reliefs in a tax year. Investors who claim accelerated capital allowances and investors in residential property projects are subject to the surcharge. It does not apply to owner occupiers.

Accelerated Capital Allowances Schemes

Investors in accelerated capital allowances schemes will no longer be able to use capital allowances beyond the original tax life of the particular scheme where the tax life ends after 1 January 2015. Therefore the last claim can be made on the later of **either** the end of the tax life of the building **or** 31 December 2014.

Tax Life of a Building

The tax life of a building is normally ten years where accelerated capital allowances are claimed.

The retention period for certain facilities listed below is fifteen years (i.e. tax relief availed of will now be clawed back if a property is disposed of within fifteen years where the property was first used after 1 February 2007). This will also impact on the tax life for a subsequent purchaser who will now be entitled to write the expenditure off over a fifteen-year period. This provision impacts the following properties:

- Qualifying hospitals
- Convalescent homes
- Nursing homes
- Qualifying residential units
- Childcare facilities

Deemed Balancing Event:

Where any of the facilities listed above cease to be used as described and is put to some other use, a balancing event is deemed to have arisen, unless the properties are reinstated to their intended use within a period of six months.

Property Developers

Property developers or persons connected with property developers are excluded from claiming capital allowances where either the property developer or the connected person holds a relevant interest in the property and either party incurred expenditure on the construction of certain properties.

Specific exclusions apply to:

- Qualifying hospitals
- Qualifying mental health facilities
- Certain childcare facilities
- Buildings within a qualifying Mid Shannon area in use as a holiday camp/other tourist facility.

Living City Incentive

An incentive scheme for certain special regeneration areas which focus on the conversion and refurbishment of dilapidated Georgian houses constructed before 1915 in urban areas was introduced in 2013.The initiative was piloted in Waterford and Limerick and has now been extended to Cork, Galway, Kilkenny and Dublin. The relief, originally available for owner occupier and commercial properties, has been extended to landlords in Finance Act 2016. It is due to expire in May 2020. It is subject to local authority certification and reporting requirements to Revenue.

Buildings used for childcare services or fitness centre for employees

Accelerated industrial buildings allowances are available on the construction of buildings used for these purposes, over a seven-year period; the tax life is also seven years. In addition, the full amount of qualifying expenditure on plant and machinery used for these purposes can be claimed in the year in which the plant and machinery is first put into use. These new provisions come into effect when a Ministerial order issues.

Dealing in Land

Debt forgiven after 13 February 2013 for debt incurred on development land will be taxable as income. For losses occurring after 13 February 2013 a loss on the value of property must be realised in order to claim loss relief.

After 13 February 2013, interest must be paid in order to obtain tax relief.

CAPITAL GAINS TAX

Individuals resident or ordinarily resident in Ireland are liable to CGT on disposals.

Individuals resident or ordinarily resident but not domiciled in Ireland are liable to CGT on gains arising on the disposal of assets situated in Ireland and all foreign gains to the extent that those gains are remitted to Ireland.

Individuals neither resident nor ordinarily resident are liable to CGT on gains made on the disposal of certain specified assets:

- Land and buildings in Ireland.
- Minerals in Ireland including related rights, and exploration or exploitation rights in a designated area of the continental shelf.
- Unquoted shares deriving their value, or the greater part of their value, from such assets as mentioned above.
- Assets of a business carried on in Ireland through a branch or agency.

An anti-avoidance provision imposes CGT on individuals who dispose of shareholdings after 4 December 2002 during a period of "temporary non-residence" (an absence of less than five years).

Rates

The standard rate of CGT arising on disposals is 33%

Inflation Relief

In arriving at the chargeable gain on the disposal of an asset held for over twelve months, the allowable cost is to be adjusted for inflation based on the Consumer Price Index (Indexation).

Indexation relief is only available in respect of ownership of assets up to 31 December 2002. Expenditure incurred in 2003 and subsequent years of assessment do not qualify for indexation relief.

Year Expenditure incurred	Factor for disposal for year ended 5 April/31December:										
	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	2001	2002	2003
1974/75	5.656	5.754	5.899	6.017	6.112	6.215	6.313	6.582	6.930	7.180	7.528
1975/76	4.568	4.647	4.764	4.860	4.936	5.020	5.099	5.316	5.597	5.799	6.080
1976/77	3.935	4.003	4.104	4.187	4.253	4.325	4.393	4.580	4.822	4.996	5.238
1977/78	3.373	3.432	3.518	3.589	3.646	3.707	3.766	3.926	4.133	4.283	4.490
1978/79	3.117	3.171	3.250	3.316	3.368	3.425	3.479	3.627	3.819	3.956	4.148
1979/80	2.812	2.861	2.933	2.992	3.039	3.090	3.139	3.272	3.445	3.570	3.742
1980/81	2.434	2.477	2.539	2.590	2.631	2.675	2.718	2.833	2.983	3.091	3.240
1981/82	2.012	2.047	2.099	2.141	2.174	2.211	2.246	2.342	2.465	2.554	2.678
1982/83	1.693	1.722	1.765	1.801	1.829	1.860	1.890	1.970	2.074	2.149	2.253
1983/84	1.505	1.531	1.570	1.601	1.627	1.654	1.680	1.752	1.844	1.911	2.003
1984/85	1.366	1.390	1.425	1.454	1.477	1.502	1.525	1.590	1.674	1.735	1.819
1985/86	1.287	1.309	1.342	1.369	1.390	1.414	1.436	1.497	1.577	1.633	1.713
1986/87	1.230	1.252	1.283	1.309	1.330	1.352	1.373	1.432	1.507	1.562	1.637
1987/88	1.190	1.210	1.241	1.266	1.285	1.307	1.328	1.384	1.457	1.510	1.583
1988/89	1.167	1.187	1.217	1.242	1.261	1.282	1.303	1.358	1.430	1.481	1.553
1989/90	1.130	1.149	1.178	1.202	1.221	1.241	1.261	1.314	1.384	1.434	1.503
1990/91	1.084	1.102	1.130	1.153	1.171	1.191	1.210	1.261	1.328	1.376	1.442
1991/92	1.056	1.075	1.102	1.124	1.142	1.161	1.179	1.229	1.294	1.341	1.406
1992/93	1.019	1.037	1.063	1.084	1.101	1.120	1.138	1.186	1.249	1.294	1.356
1993/94	-	1.018	1.043	1.064	1.081	1.099	1.117	1.164	1.226	1.270	1.331
1994/95	-	-	1.026	1.046	1.063	1.081	1.098	1.144	1.205	1.248	1.309
1995/96	-	-	-	1.021	1.037	1.054	1.071	1.116	1.175	1.218	1.277
1996/97	-	-	-	-	1.016	1.033	1.050	1.094	1.152	1.194	1.251
1997/98	-	-	-	-	-	1.017	1.033	1.077	1.134	1.175	1.232
1998/99	-	-	-	-	-	-	1.016	1.059	1.115	1.156	1.212
1999/00	-	-	-	-	-	-	-	1.043	1.098	1.138	1.193
2000/01	-	-	-	-	-	-	-	-	1.053	1.091	1.144
2001										1.037	1.087
2002											1.049
2003											1.000

Retirement Relief

Retirement relief is available for an individual aged 55 years or more on disposal of business assets owned and used for 10 or more years ending on the disposal date. It also applies to shares in a family trading company which have been held for at least 10 years. Periods of ownership of a deceased spouse may also be included in the calculation. This relief is limited to proceeds of €750,000 where the disposal is not to a child of the individual.

A disposal of a business to a child (including a foster child supported by the donor for five years prior to the child turning eighteen years of age) is not liable to CGT regardless of the consideration provided the child retains the asset for six years. For the purposes of this exemption, a child includes a nephew or niece who has worked in the business substantially on a full time basis for the period of five years ending with the disposal. Also, the definition of child may in certain circumstances include a grandchild.

Assets that are held outside a family company and used by that company also qualify for retirement relief provided that certain conditions are met.

Relief will only apply where the disposal of qualifying assets is for bona fide commercial reasons and not as part of a tax avoidance scheme.

Special relief also applies to compensation payments for the decommissioning of fishing vessels.

Where a disposal is made after 1 January 2014 by an individual who has reached the age of 66, the relief is restricted to €500,000. Also, in the case of the disposal of assets to a child or certain other individuals, the relief for an individual aged 66 or over is restricted to qualifying assets with a market value of up to €3m with no relief for the excess. The €3m cap is an aggregate lifetime limit.

Tips:

An individual is not in fact required to retire in order to avail of this relief.

As a husband and wife each have a €750,000 individual limit, a split of the business on commencement to trade ought to be considered

A company buyback of shares may be used in conjunction with retirement relief to ensure that no tax exposure arises if the amount received for the shares is €750,000 or less. In the case of a buyout of a retiring couple who both qualify for retirement relief, the amount may be increased to €1,500,000 where all conditions have been met.

A company buyback of shares is a useful way of using company funds as opposed to personal funds to buy out a dissenting or retiring shareholder. It also avoids taking new shareholders into the company to fund a buyout. In addition the remaining shareholders maintain the same proportional percentage shares.

Exemptions and Reliefs

The following are a number of exemptions available to individuals:

- Annual gains of up to €1,270 for each individual. For married couples the exemption is €1,270 each, which is non-transferable.
- Sale of tangible moveable property not exceeding €2,540 (e.g. antiques).
- Sale of tangible moveable property, which is a wasting asset and does not qualify for a capital allowances claim.
- Sale of principal private residence (except to the extent some of the sale proceeds reflect development value).
- Sale of dwelling house occupied rent-free by a dependent relative.
- Gains or profits on sales of Government Securities or Savings Certificates.
- Transfer of assets between spouses living together.
- Gains on the sale of Irish Government Securities, where the security has been held for at least two years.
- Disposals of individual works of art which are valued at not less than €31,740 when loaned to an approved gallery or museum for public display for a minimum period of ten years from 2 February 2006 (for loans made prior to 2 February 2006, the loan period is six years).
- Transfer of a site from a parent to a child (including a foster child supported by the donor for five years prior to the child turning eighteen years of age), provided it is for the construction of the child's principal private residence. The maximum market value of the site is €500,000. The relief is limited to one site per child up to one acre (exclusive of the area where the house is to be built). The threshold applies where both parents make a simultaneous disposal of a site to a child.
- Gains arising from personal injury compensation payments to permanently incapacitated individuals where the exempt income and gains are greater than 50% of an individual's total income and gains.
- Disposal of certain shares (see Corporation Tax section).

Property Relief

Currently no CGT will apply to gains on purchases made between 7 December 2011 and 31 December 2014 where the property is held for at least seven years. This includes all EU and EEA located properties. Gains on properties held for longer than seven years will be time apportioned.

Finance Act 2017 reduces the required holding period from seven to four years for disposals made on or after 1 January 2018. The aim is to reduce any impact the required seven-year holding period may have on the supply of development land, with the intention of increasing supply so more houses can be built.

Entrepreneur Relief

CGT relief for individuals who reinvest the proceeds of an asset disposed of on or after 1 January 2010 on which CGT has been paid into a new business is available in certain limited circumstances.

The relief takes the form of a tax credit equal to the lower of the capital gains tax paid or 50% of the CGT due on the disposal of the new business asset.

The reinvestment must take place between 1 January 2014 and 31 December 2018.

Revised Entrepreneur Relief – 10% Rate

A reduced rate of CGT of 10% from 1 January 2017 (20% in 2016) will apply in respect of a chargeable gain on disposals of chargeable business assets made by an individual on or after 1 January 2016 up to a lifetime limit of €1 million. The chargeable business assets must have been owned by that individual for a minimum period of three years prior to the disposal of those assets.

The relief will not apply to disposals of chargeable business assets by companies or to disposals of development land or a business consisting of dealing in or developing land, a business consisting of the letting of land or buildings or holding investments.

Where the business is carried on by a private company, individuals seeking to qualify for the relief must own not less than 5% of the shares in the company or at least 5% of the shares in a holding company which owns 100% of the company. The shareholder must have been a full-time working director of the company for a minimum period of three years prior to the disposal of the chargeable business assets.

Turf-Cutting Compensation Scheme

No chargeable gain will arise on compensation payments, whether in money or money's worth, made under the "Cessation of Turf-Cutting Compensation Scheme".

Payment and Compliance

CGT is a self-assessment tax and the return filing date is the same as for income tax. However, the payment dates differ as there are two payment dates:

Period of Disposal	Date of Payment
1 January - 30 November 2018	15 December 2018
1 December 31 December 2018	31 January 2019

Debt forgiveness rules

From 1 January 2014 any debt write-off will not be allowed as a deduction in computing a chargeable gain if an asset is disposed of. If debt is written off after the asset is disposed of then the amount of debt write off is deemed to be a chargeable gain in the year that the debt is written off.

Clearance Certificate

Where the proceeds of a sale of certain assets such as land and buildings are more than €500,000 (€1 million for residential property), a tax clearance certificate (CG50A) is required. In the absence of this, the purchaser is obliged to deduct tax at 15% of the sale proceeds and pay the tax withheld to Revenue within 30 days of making the deduction. This provision applies irrespective of the method of payment.

A credit will be available for the tax withheld against the purchaser's CGT where the consideration for the disposal is in non-monetary format.

An agent may apply for a CG50A on behalf of a client.

CAPITAL ACQUSITIONS TAX

Capital Acquisitions Tax (CAT) is a tax on gifts and inheritances.

The following is a summary of the method of assessment to CAT:

Taxable Inheritance

A taxable inheritance arises in any of the following situations:

- The disponer is resident or ordinarily resident in Ireland at the date of the disposition
- The successor is Irish resident or ordinarily resident at the date of the inheritance
- The property is located in Ireland at the date of the inheritance

Taxable Gift

A taxable gift arises in any of the following situations:

- The disponer is resident or ordinarily resident in Ireland at the date of the disposition (not applicable to gifts under a discretionary trust)
- Where a gift is taken under a discretionary trust, the disponer is resident or ordinarily resident in Ireland at the date of the disposition or the date of death (if the gift is taken after the death of the disponer)
- The beneficiary is resident or ordinarily resident in Ireland at the date of the gift.
- Provided the settlor or beneficiary is not Irish domiciled, he is not deemed to be resident until after 1 December 2004 and then only if he has been resident in Ireland for five consecutive years of assessment immediately before the year of assessment in which the gift is received and is also resident at the date of the gift.

Gifts/inheritances taken on or after 5 December 1991 are aggregated with later gifts/inheritances in order to arrive at the current tax payable.

Only gifts/inheritances within the same group are aggregated.

Thresholds for CAT

The following maximum tax-free thresholds apply for gifts and inheritances:

Relationship to Donor	Post 12/10/2016	Post 14/10/2015
Group 1	€310,000	€280,000
Group 2	€32,500	€30,150
Group 3	€16,250	€15,075

Group 1 - donee or successor is a child, minor child of a deceased child of the disponer, an adopted child, a foster child of the disponer subject to certain conditions, or a spouse of a deceased child. It also applies to inheritances taken by a parent from a deceased child, subject to certain conditions. Certain inheritances taken by a parent from a child may be totally exempt.

Group 2 - donee or successor is a lineal ancestor, lineal descendant (other than a child or minor child of a deceased child), a brother, sister, or a child of a brother or sister of the disponer.

Group 3 - donee or successor is not related as outlined in either of the previous classes.

Parent/Child Exemption

Benefits passed from a living parent to his or her child for support, maintenance or education is now restricted to the period during which the child is a minor or, where in fulltime education is no older than 25 years of age.

Rates

A rate of 33% applies to all gifts/inheritances. This rate applies to the amount of gift or inheritance in excess of the tax-free threshold.

	Inheritances	Gifts
Threshold amount	0%	0%
Excess over threshold amount	33%	33%

The following exemptions and reliefs apply:

- Inheritances and gifts between husband and wife are exempt.
- Transfers of property via an order under the Family Law Acts 1995 or 1996.
- The first €3,000 of gifts from each disponer taken in a calendar year.
- Gifts or legacies applied for public or charitable purposes.
- Normal and reasonable payments received in the disponer's lifetime by family members for support, maintenance or education or by a dependent relative for support or maintenance.
- Life assurance policies (Section 60 policies) designed for the payment of CAT and used for this purpose within one year of the death of the insured person. Any excess proceeds may be taxable.
- Dwelling houses, which are the only or main residence of the beneficiary (subject to certain conditions).
- Business Property Relief (see below).
- Agricultural relief (see Farmer Taxation)

Dwelling House Exemption

This has been completely changed in Finance Act 2016, so that the circumstances in which a beneficiary of a gift of qualifying property can avail of this relief are very limited.

The inheritance of a dwelling house is exempt from CAT provided:

- The beneficiary has continuously lived in the house as his

only or main residence for three years prior to the date of the inheritance.

- At the date of the inheritance, the beneficiary is not beneficially entitled to any other dwelling house or to any interest in another dwelling house.

- If the beneficiary is under 65, he must either continue to live in the house for six years after the date of the inheritance or, in the event of sale, invest the proceeds of sale in another dwelling which will be his only or main residence, to avoid a clawback.

The relief is very restricted in the case of gifts. Relief will only be available where the beneficiary is a dependant relative of the donor; for these purposes, the beneficiary must be over 65 or incapacitated due to mental/physical infirmity. There is no requirement that the property was the disponer's only or main residence during the three year period prior to the gift but, typically, the beneficiary must live in it for six years to avoid a clawback.

Tip: It is not necessary for individuals to be related in order to avail of this relief.

Agricultural Relief

This is dealt with in the Farmer Taxation section.

Business Property Relief

The value of business assets is reduced for a gift/inheritance of relevant business property by 90%, subject to a number of qualifications. The relevant business property must have been owned by the disponer or his/her spouse for at least five years prior to the transfer in the case of a gift (or two years in the case of an inheritance). The asset must remain in the business for at least six years to avoid a claw-back of the CAT relief.

Business property relief also applies to a gift or inheritance of shares in a holding company that holds shares in one or more companies controlled by the beneficiary and his/her relatives, nominees or trustees.

A clawback of the relief applies where the full proceeds from the disposal or compulsory acquisition are not fully expended within one year in the case of a disposal (or within six years in the case of a compulsory acquisition made after 25 March 2002).

Where there is a disposal of land which qualified for agricultural relief or business property relief in the period commencing six years after the date of the gift or inheritance and ending ten years after that date, there will be a clawback of the relief by reference to the development value of the land at the date of the gift or inheritance.

Tip: Agricultural property may qualify for business property relief where it fails to qualify for agricultural relief.

It is not necessary for the business to be carried out in the State or for the property to be situated in the State for the relief to apply.

Payment and Compliance

The Pay and File system (outlined below) requires returns to be filed via ROS where reliefs and exemptions (other than the small gift exemption) are being claimed by the beneficiary.

Valuation Date	Return Filing and Payment Deadline
1 Jan – 31 Aug	31 October in the same year
1 Sep – 31 Dec	31 October in the following year

Interest Payments/Repayments

Interest on outstanding tax will be computed from 1 October each year.

There is a four-year time limit for claiming repayments of overpaid tax, including the overpayment of probate tax; the four-year period runs from the date of payment of the tax where the tax has been paid on time or from the valuation date where the tax has been paid late.

Surcharge for Late Returns

Filed within two months of due date	5% (maximum €12,695)
Filed after two months of due date	10% (maximum €63,485)

Surcharge for Understatement

A surcharge applies to discourage understatement of asset values in self-assessment returns. The surcharge is:

(a) 10% if the declared market value was between 50% and 66% of the true value,

(b) 20% if the declared market value was between 40% and 49% of the true value,

(c) 30% if the declared market value was less than 39% of the true value.

Joint Account Limits

The amount that can be held in a joint account, which can be released to the survivor of a deceased person without prior Revenue approval, is €50,000

Record Retention

Records must be maintained for a period of six years commencing on the valuation date of the gift or inheritance.

DISCRETIONARY TRUST TAX | STAMP DUTY

A discretionary trust set up on or after 11 April 1994 is subject to a once-off 6% levy based on the value of the assets in the trust on the latest of the following events:

- The date property is placed in settlement,
- The date of death of the settler where the discretionary trust is created under under the disponer's will, or
- The date on which the principal beneficiaries of the trust all reach the age of 21.

The 6% charge is reduced to 3% where the trust is created under a will and where all of the assets of a discretionary trust are appointed within five years of the assets being transferred to the discretionary trust.

Following the trust becoming subject to the 6% levy, a 1% levy is payable on each year (except the year in which the 6% levy is paid) on the market value of the assets in the trust.

The 6% and 1% tax also include entities that are "similar in effect" to trusts (e.g. foundations) which do not require trustees.

STAMP DUTY

Stamp duty ("SD") is a duty levied on documents or instruments, executed in Ireland, relating to conveyances and certain other transactions.

The rate of SD levied depends on the head of charge under which an instrument is classified.

Non Residential Property

For some time now, a rate of 2% applied to all non-residential property; it also applied to goodwill, loans and other property to the extent not already exempt.

However, the rate increased to 6% for instruments executed on or after 11 October 2017, subject to certain transitional provisions. In addition, there is also anti-avoidance legislation providing that stamp duty up to 6% can also apply to transfers of company shares where the shares derive their value from Irish property. As we see below, the rate of duty normally applicable to shares is 1%.

In recognition of current housing supply challenges, there is also a stamp duty refund scheme to be introduced for land purchased for the development of housing which, in certain circumstances, can lead to a refund of two-thirds of the stamp duty paid, thereby essentially ensuring the stamp duty rate remains at 2%. This is stated to be a temporary measure as it ceases for projects commencing after 31 December 2021.

In certain circumstances, a 1% stamp duty rate applies for non-residential property (see Farmer section below).

Residential Property

Residential Property - Rate Structure

The rate of SD that applies to residential property is as follows:

Property Value	Rate
Up to €1,000,000	1%
Over €1,000,000	2%

Exemptions and Reliefs

- Transfers between husbands and wives; and certain transfers on divorce.
- Transfers under wills.
- Transfers of Irish government stocks.
- Transfers between associated companies, subject to certain conditions.
- Covenants to children and charities.
- Transfers on certain takeovers, reconstructions and mergers.
- Transfers of assets from a liquidator to a shareholder on liquidation.
- Transfers of foreign land and shares
- Certain financial services instruments
- Transfers of agricultural land
- The sale or transfer of trademarks and intellectual property.
- The sale or transfer of an EU Single Farm Payment entitlement.

Anti-Avoidance

Where a person makes a gift or a loan to a first time buyer, they may not reside in the property or the property may not be transferred to the donor/person making the loan except where the donor/lender is the parent of the first time buyer. A stamp duty charge arises on a contract or agreement for sale of an estate or interest in land in the State or a license or a long lease where 25% or more of the consideration has been paid under the contract or agreement.

Other Rates

1%	Transfer of stocks/shares (first €1,000 is exempt)
0%-6%	Premiums on leases
1%-12%	Average annual rent (depending on lease term)

VALUE ADDED TAX

Value Added Tax ("VAT") is a tax on consumer expenditure and is charged when a taxable person supplies goods or services in Ireland in the course or furtherance of its taxable business. It is also chargeable on the purchase of specified services from suppliers abroad, on imported goods and on intra-community acquisitions of goods.

Registration

Registration is compulsory if turnover exceeds the following limits.

• Persons supplying services per annum	€37,500
• Persons supplying goods per annum	€75,000
• Intra community acquisitions of goods only & reverse charge VAT in a 12 month period	€41,000

Rates

Certain goods and services are exempt from VAT (e.g. all pre-school education facilities, promotion of and admission to live theatrical performances).

The rates of VAT and the main categories to which they apply are:

Goods and services not subject to one of the other rates i.e. standard rate.	**23%**
Exported goods, fertilisers, books, food including bakery products and oral medicine, herbal teas. Children's clothing and children's footwear. Intermediary services relating to seagoing vessels and aircraft	**0%**
Livestock (rate applies to cattle, sheep, deer and horses for use in foods or agricultural production.)	**4.8%**
Unregistered farmers	**5.4%**
Real property, building services, newspapers, short term car and boat hire, tour guide services and certain agricultural services and sports facilities, insemination services for horses and greyhounds.	**13.5%**
Heating fuel, electricity, restaurant services, cinema and cabaret admission, hot take away foods, waste disposal services, admission to exhibitions, the services of veterinary surgeons, cakes and non-chocolate biscuits.	**13.5%**
Hairdressing and other similar services, repair and maintenance of movable goods, photographic services, laundry and dry cleaning and driving instruction.	**13.5%**
Supply of horses not intended for the preparation of foodstuffs or for use in agri-production, hire of horses, supply of greyhounds, restaurant and catering services, hotel and holiday accommodation and other tourism related services.	**9%**
The supply of most banking services, insurance services, education and training, medical services, fostercare,passenger transport, funeral undertaking, lotteries and services of trade unions. Provision of golfing facilities by non-profit making bodies, and defined contribution pension schemes (from 1 March 2015)	**Exempt**

Section 56

Taxable persons may be authorised to import and make intra-community acquisitions of goods and to purchase goods and services in the State without having to incur the VAT normally chargeable if at least 75% of their annual turnover is comprised of exports and/or zero-rated intra-community supplies.

A penalty of €4,000 applies for every VAT period in which the taxpayer fails to notify Revenue that they no longer satisfy the conditions required for VAT 56 authorisation.

Foreign Visitors

Non-EU visitors who purchase goods in Ireland and export them in their personal baggage can claim a VAT refund when they leave the EU.

Holiday Homes

An individual who elects to become taxable in respect of the letting out of a holiday home will be subject to a partial clawback of the VAT reclaimed on the purchase of the property if he/she cancels the registration within 10 years of the date of election.

Travel Agents Margin Scheme ("TAMS")

TAM applies to tour operators and travel agents. The profit margin realised on the sale of travel packages is subject to VAT at 23%. VAT will also apply to the profits realised on hotel reservation companies.

VAT incurred on conference accommodation in Ireland, when it is supplied under TAMS, is not recoverable.

Payment and Compliance

Taxable persons are obliged to register for VAT and submit bi-monthly returns by the 19th of the month (23rd where filed online via ROS) following the two-month period in respect of supplies and purchases made in the two-month period. Unpaid tax attracts simple interest at .0274% per day.

Certain authorised persons may submit VAT returns on an annual basis rather than on the bi-monthly basis, and pay their VAT liability by direct debit, if permitted.

Certain interest penalties arise where insufficient VAT is remitted on the direct debit system. Where the balance of tax remaining to be paid by the authorised person at the end of the accounting period exceeds 20% of the actual liability for that period, simple interest is chargeable from a date six months prior to the date on which the authorised person is required to furnish the annual return. Where returns and payments are submitted electronically via ROS the due date will be extended to the 23rd of the month.

Where input tax has been reclaimed and the consideration has not been paid for six months the input tax referable to the unpaid invoice must be repaid to Revenue. If the consideration is subsequently paid, an adjustment applies. This amendment has effect in respect of tax deducted in taxable periods commencing on or after 1 January 2014.

Penalties

A fixed penalty of €4,000 applies in respect of:

- Failure to submit a VIES return in respect of services
- Failure to provide specified documentation on a lease surrender or assignment of certain leases created before July 2008.
- Failure to provide documentation in relation to property transfers as part of a business sale.
- Failure to maintain the VAT history of properties held.

Cash Receipts

Some taxable persons may elect to account for their VAT liability on the basis of cash received in a taxable period rather than on the basis of sales. This is generally available where the primary supply of goods and services is to persons who are not registered for VAT or where the taxpayer's turnover is less than €2,000,000. The cash receipts basis is not available where a discount is given to a customer after the supplier issues a VAT invoice where no credit note has been issued in respect of the discount; in effect, this makes the supplier liable to VAT on the discount.

A VAT return may be submitted by another person authorised to do so by the taxable person. Such a return is treated as if the taxable person supplied it for the purposes of the VAT Acts.

Margin Scheme – Second Hand Motor Vehicles and Agricultural Machinery

Dealers in second hand vehicles and agricultural machinery may opt to apply VAT to their profit margin. The dealer is not entitled to claim input VAT on their purchase price and simply accounts for VAT @ 23% on the profit margin.

VAT on Property rules

Commercial property transactions are subject to the following provisions:

- There is no VAT charge on the capitalised value of long leases.
- There is no distinction between short leases and long leases.
- All leases are exempt from VAT but with an "option to tax" so that VAT can be charged on rent if the landlord wishes.
- The supply of new properties within the first five years is always liable to VAT.
- The supply of old properties is exempt from VAT with a joint option to tax.
- A capital goods scheme can apply to properties for up to 20 years to readjust VAT recovery in line with the level of recovery entitlement of the business.

Anti-Avoidance

A site which is transferred as part of the value of a new house or apartment is subject to VAT.

Reverse charge mechanism in the Construction Sector

A reverse charge mechanism applies for VAT on supplies made by a subcontractor to a principal contractor in the construction sector.

This means that instead of the subcontractor charging VAT on his supply to a principal and accounting to Revenue for the VAT, the principal accounts to Revenue for the VAT. Both subcontractor and principal continue to claim input credits.

The reverse charge rules for the construction sector also apply to any person connected to the builder and not just the principal. The definition of connected is wide and includes persons or bodies of persons connected by family or other personal ties, management, ownership, control, common purpose and certain legal ties.

Partial VAT Rebate on certain Company Cars

A business engaged in fully VATable services may claim an input credit of 20% (a reduced amount applying for partially VATable activities) of VAT incurred on the purchase or hire of company cars that are used at least 60% for business purposes. The input credit will only apply to cars within the scope of Bands A, B or C for VRT purposes and which are registered after 1 January 2009. If the car is disposed of or ceases to meet the 60% business test within two years, some or all of the VAT reclaimed can be clawed back by Revenue.

PAY RELATED SOCIAL INSURANCE/UNIVERSAL SOCIAL CHARGE

Pay Related Social Insurance (PRSI) is payable by employers, employees and self-employed persons.

Employers and employees pay PRSI on the employee's salary after deduction of any contributions to an approved pension scheme.

Employer and employee PRSI is charged on all earnings from employments, including BIK.

Contributions by Employees - USC rates for 2017

	USC <70 no medical card	USC > 70	USC <70 with medical card
Up to €12,012	0.5%	0.5%	0.5%
The next €6,760	2.5%	2.5%	2.5%
€18,772 to €70,044	5%	2.5% < €60,000, otherwise 5%	2.5% < €60,000, otherwise 5%
€70,045 – €100,000	8%	8%	8%
Income >€100,000*	11%	11%	11%

* Applies to self-employed only, for income in excess of €100,000 for an employee the 8% rate still applies.

A reduced rate of USC of 2% applies to income over €12,012 to anyone with a medical card or for individuals over 70 years of age where the individual has income of less than €60,000 per annum.

Contributions by Employees - USC rates for 2018

	USC <70 no medical card	USC > 70	USC <70 with medical card
Up to €12,012	0.5%	0.5%	0.5%
Next €7,360	2%	2.5%	2%
€19,076 to €70,045	4.75%	2% if income less than €60,000, if income is >€60,000 4.75%	2% if income less than €60,000, if income is >€60,000 4.75%
The balance	8%	8%	8%
Income >€100,000*	11%	11%	11%

* Applies to self-employed only, if income in excess of €100,000 for an employee the 8% rate applies.

PRSI applies at a rate of 4%. Employees earning €352 or less per week are exempt from PRSI.

PRSI applies to non-employment income of employees.

There is a minimum annual PRSI contribution of €500 for self employed individuals.

Employer Contributions:

PRSI	10.85% ALL income 8.6% if income €376 per week or less

Employee pension contributions do not qualify for PRSI or USC relief.

From 2016 employer contributions to a Personal Retirement Savings Accounts (PRSA) in respect of an employee will no longer attract a USC liability for the employee.

Employee and employer PRSI and USC apply to all share awards.

Universal Social Charge (USC)

Certain limited deductions are allowed against the USC, which include:

- Trade losses and capital allowances
- Business and rental expenses
- Legally enforceable maintenance payments

Exemptions from USC

- Individuals with a total income of less than €13,000
- The tax free element of a termination payment
- Statutory redundancy
- Salary and pension payments made under a PAYE exclusion order to individuals resident in a DTA country.
- Social welfare payments
- Deposit interest already subject to DIRT
- Payments made by a spouse under a legally enforceable maintenance agreement; there is no exemption for any element of the payment relating to children.
- Payments made where an exclusion order is in place.

Employees PRSI

PRSI is charged on all earnings from employment including non-pecuniary income (BIK).

In general, persons between 16 and 66 years, in insurable employment, must pay PRSI.

PRSI

Up to 1 January 2014 there was an exemption from PRSI for employed individuals and pensioners. There is a 4% PRSI charge on investment and rental income for PAYE taxpayers where their non PAYE income exceeds €5,000 and they are aged 65 or younger.

Domicile Levy

A €200,000 domicile levy applies to individuals who are both domiciled in and citizens of Ireland. Their worldwide income must exceed €1m, and their liability to Irish tax must be less than €200,000.

The market value of Irish property owned by the individual on 31 December in the tax year must exceed €5m. Where an individual is married, the levy could apply to both spouses.

Revenue has the power to issue notices requesting returns within 30 days.

FARMERS TAXATION

Leasing of farm land

A lessor of agricultural land, is exempt from income tax in respect of certain leasing income. The limits are:

Limit	Qualifying lease term
€40,000	15 years
€30,000	10 years
€22,500	7 years
€18,000	5-7 years (minimum lease term 5 years).

The lease income of the husband and wife are treated separately for the purpose of the exemption, whether jointly assessed or not.

Prior to 2015, the lessor needed to be over 40 or permanently incapacitated in order to avail of the relief. The lessee may also now be a company provided it is not connected to the lessor or any person connected to the lessor, and the land is used for farming purposes.

Farm Averaging

The period over which farmers are allowed to average income has increased from three to five years from 1 January 2015.

Transitional terms:

Farmers who opt for income averaging in 2014 for the first time will be charged to tax in 2015 on the average profits over four years. The following year profits will be averaged over five years.

If a farmer wants to revert to a normal assessment basis, averaging must have been used for the five immediate preceding years.

If an election is made in 2015 to revert to a normal basis of assessment, income averaging must have been used for the three immediately preceding years.

Following a change in Finance Act 2016, a farmer can elect out of averaging for one year and pay tax on an actual basis. The tax deferred as a result is payable over the next four years. This is a relieving measure where a farmer has a bad year and cannot afford to pay the tax arising under averaging. The election can only be made once every five years.

Capital Acquisitions Tax

Agricultural relief

A gift/inheritance of agricultural property including land, buildings and the new EU Single Farm Payment entitlements, and other agricultural property including agricultural land, pasture and woodlands situated in an EU Member State (i.e. livestock and machinery) may be reduced by 90% of its market value for CAT purposes when received by a "qualifying farmer". Finance Act 2017 has extended the definition of agricultural land to include land on which solar panels are installed. An individual must be Irish domiciled and 80% of the market value of his property after taking the gift/inheritance must consist of agricultural property to be a qualifying farmer.

Borrowing on a principal private residence may be taken into account in the calculation for the 80% test but only where those borrowings were used to purchase, improve or repair that property.

Where there is a disposal of land which qualified for agricultural relief or business property relief in the period commencing six years after the date of the gift or inheritance and ending ten years after that date, there will be a clawback of the relief by reference to the development value of the land at the date of the gift or inheritance. Any interest arising as a result of this claw back is calculated by reference to the date the land is sold (as opposed to the date of valuation date).

Gifts or inheritances of agricultural property may qualify for business property relief (where the relevant criteria are met) in circumstances where it fails to qualify for agricultural relief. This relief also reduces the market value of the gift/inheritance by 90%. It will be clawed back if the assets are disposed of within six years, without being replaced with "other agricultural property" within a period of one or six years in the case of a sale or compulsory acquisition.

An anti-avoidance measure applies for transfers between spouses. It ensures that where the proceeds from the sale or compulsory acquisition are used to acquire agricultural property which has been transferred by the donee or successor to his or her spouse, that property will not qualify as "other agricultural property" for the purpose of the reinvestment provision.

From 1 January 2015 there has been an amendment to the meaning of farmer and agricultural relief is only available for agricultural property gifted or inherited by a person who meets the criteria set out in one of the three tests outlined below. This is in addition to the 80% test, which still applies.

Test 1

- The individual is the holder of any of the qualifications required to be a young trained farmer for Stamp Duty purposes, or achieves such a qualification within a period of four years commencing on the date of the gift or inheritance, and
- for a period of not less than six years commencing on the valuation date of the gift or inheritance, farms agricultural property (including the agricultural property comprised in the gift or inheritance) on a commercial basis and with a view to realisation of profits from that agricultural property,

Test 2:

- The individual, for a period of not less than six years commencing on the valuation date of the gift or inheritance, spends not less than 50 per cent of their normal working time farming agricultural property (including the agricultural property comprised in the gift or inheritance) on a commercial basis and with a view to realisation of profits from that agricultural property, or

Test 3

- The individual leases the whole or substantially the whole of the agricultural property, comprised in the gift or inheritance for a period of not less than six years commencing on the valuation date of the gift or inheritance, to an individual who satisfies the conditions in Test 1 and 2.

Tip: Prior to the receipt of a gift of farm assets ensure that 80% of your personal assets after receipt of the gift are agricultural assets, and that the new definitions of farmer are met!

Capital Gains Tax

Retirement relief

Where a person is over 55 years and has held and used business assets for at least 10 years ending on the disposal date (this can include assets held personally but used in the trade where shares are being disposed of) no CGT arises if the disposal is to a child of the disponer (from 2007 relief is also available for a disposal to a grandchild). The EU single farm payment entitlement also qualifies as an asset for the purposes of retirement relief provided the farmer qualifies for relief on the land being disposed of.

From 2015 retirement relief has been extended to disposals of leased farmland, where the land was used for the purposes of farming for more than 10 years and where the land was leased in the period of 25 years ending with its disposal. Finance Act 2017 extended retirement relief to land on which solar panels are installed.

Where the disposal is to a person other than a child then there is an additional requirement that each lease be for a minimum period of five years and that the disposal was made before 31 December 2016.

Periods of ownership of a deceased spouse may also be included. Child includes a niece/nephew who has worked substantially on a full time basis for five years ending with the disposal. Relief is also available where the disposal is to an unconnected person provided the proceeds do not exceed €750,000. Marginal relief is available if the proceeds exceed this amount; this restricts the relief to one half of the sale proceeds in excess of €750,000.

In addition, land which has been let for up to five years prior to a Compulsory Purchase Order being made will qualify for retirement relief if it was used for farming for ten years prior to letting.

Where a disposal is made after 1 January 2014 by an individual who has reached the age of 66, the relief is restricted to €500,000. In the case of the disposal of assets to a child, the relief for an individual aged 66 or over the relief is restricted to qualifying assets with a market value of up to €3m with no relief for the excess.

From 1 January 2014 the relief has been extended to land that has been leased over the long term i.e. 15 years, with a minimum letting of five years for each letting. Qualifying leased land must also have met the ten-year ownership and use test prior to first letting. The land must be disposed of to a person who is not the child of the vendor.

If a person disposes of land leased in the 15 years ending with the disposal to a child after 1 January 2014, retirement relief will be capped at €750,000 (€500,000 for individuals over 66 years of age). Therefore enhanced retirement relief without a cap will no longer apply to land that is leased in advance of disposal.

Tip: A farmer who participates in the EU "Early Retirement From Farming Scheme" by leasing the land qualifies for the relief. Whilst called retirement relief, an individual does not need to retire in order to qualify for the relief.

Capital Gains Tax Relief for Farm Restructuring

CGT relief will be available where the proceeds from the sale of a farm are reinvested for restructuring purposes. The sale and purchase of the farmland must occur within 24 months of each other, and the sale or purchase transaction must occur within the period 1 January 2013 to 31 December 2019. The relief is confined to agricultural land; it does not apply to land and buildings. It applies to farm land swaps subject to certification by Teagasc.

VAT

A flat rate of 5.4% applies to supplies of agricultural goods or services for unregistered farmers.

Supplies of horses not intended for the preparation of foodstuffs or for use in agricultural production, the hiring of horses and the supply of greyhounds is chargeable at 9%. The reduced rate of 13.5% is chargeable on supplies of insemination services for horses and greyhounds.

If a farmer engages in the supply of any other service and his turnover exceeds €37,500 in a calendar year, all activities including farming become subject to VAT at normal rates.

Tip:

- A flat rate farmer may reclaim VAT on expenditure incurred on the construction or improvement of farm buildings, farm structures, fencing, and drainage and land reclamation.
- A VAT registered farmer can reclaim VAT on farm vehicles such as vans and pick-up trucks but not on passenger vehicles.
- VAT on diesel is reclaimable.

Carbon Tax

The cost of farm diesel will be allowed as a double deduction for income tax/corporation tax purposes.

Stock Relief

An individual is entitled to enhanced stock relief of 100% (this is an enhanced rate from the standard rate of 25%) for a period of four years if he or she achieves a level of academic training and becomes a qualifying farmer.

Stock relief has been extended until 31 December 2018. This includes standard stock relief, stock relief for young trained farmers and stock relief for Registered Farm Partnerships.

There is a specific list of qualifications that entitle an individual to be treated as a "qualifying farmer".

The cash equivalent amount of stock relief that can be received at 100% is limited to €40,000 p.a. and €70,000 in aggregate over the course of the scheme (four years).

For a Registered Farm Partnership, a 50% increase in the value of trading stock will be available as opposed to 25% (this is 100% for Young Trained Farmers). For 2013 onwards beef and sheep farming partnerships qualify for the enhanced relief.

A milk production partnership is one which;

- Operates in accordance with the Partnership Act 1890,
- Is operative for a period of no less than five years,
- Is entered in the register of milk production partnerships, sheep and beef, and
- Consists of at least one producer and one other person.

The tax deduction is capped at €15,000 (previously €7,500) over the three-year qualifying period from 31 December 2012 to 31 December 2018.

A requirement that all participants in the partnership are active farmers has been introduced in 2016. The Minister for Agriculture, Food and the Marine may appoint inspectors to determine if Registered Farm Partnerships are operating as required.

An annual €5,000 tax credit for Succession Farm Partnerships has been introduced. This is a succession planning model encourages older farmers to form partnerships with young trained farmers and to transfer ownership of the farm, within a specified period, to that young trained farmer.

Compulsory Disposal of Livestock

A special relief applies for farmers (both individuals and companies) resident in the State, in respect of profits resulting from the disposal of livestock due to any underlying disease eradication scheme. There are two separate reliefs:

- A farmer may elect not to have the profits taxed in the year in which it arises and have it taxed in equal instalments in each of the four succeeding accounting periods.
- He may further elect, if it suits him, to have the profits treated as arising in equal instalments in the year in which it actually arises and the following three years.
- Where the receipts from the compulsory purchase of livestock are reinvested in livestock, the farmer may elect to claim stock relief at 100%.
- This relief is extended to all animals and poultry.

Milk Quotas

Persons carrying on the trade of farming will be granted capital allowances for expenditure incurred in purchasing a milk quota. The capital allowances can be claimed by a farmer who leases a milk quota from a connected person (e.g. relative) and later purchases that quota. The period of write off is seven years i.e. 15% p.a. in years 1-6 and 10% in year 7. Capital allowances also apply to the Milk Quota Trading System.

Stamp Duty

Leasing of Land

To qualify for relief from stamp duty on the creation of a farmland lease, the following criteria must be satisfied:

The term of the lease must be for a period of not less than six years and not more than 35 years.

The land must be used exclusively for farming on a commercial basis.

The lessee must have an agricultural qualification or farm the land for not less than 50% of his/her normal working time.

Transfers of Land

On a transfer to a related person, Stamp Duty payable was restricted to half of the Stamp Duty otherwise payable. This relief was due to end on 1 January 2015. However it was extended whereby, between 1 January 2016 and 1 January 2018, a conveyance or transfer by a person under 67 years of age could qualify for the relief. Finance Act 2017 has extended the relief to 31 December 2020 and also removed the upper age limit of 67. In addition, the rate of stamp duty is retained at a fixed rate of 1% despite the increase referred to above on transfers of other non-residential property to 6%.

The individual to whom the land is conveyed must either farm the land or lease it for a period not less than six years to an individual who farms the land.

Young Trained Farmers

Stamp Duty on transfers of land before 31 December 2018 to young trained farmers are exempt where the farmer is under 35 years of age and has attained the necessary qualifications.

There will be a clawback of SD relief where, if within five years of claiming a Stamp Duty relief, disposal proceeds of the property are not reinvested within one year in other land. The clawback is equal to the percentage of the proceeds not reinvested.

EU Single Farm Payment Entitlement

There is a Stamp Duty exemption on the sale or transfer of an EU Single Farm Payment Entitlement.

MARITAL BREAKDOWN

Legally Enforceable Maintenance Agreements

Separated spouses are taxed as single persons with maintenance payments made being deductible in the hands of the payer and chargeable in the hands of the recipient. The deduction and charge also apply for USC purposes. Both may elect for joint assessment for IT purposes if the following applies:

- Both parties reside in Ireland in year of assessment
- Neither spouse has remarried, if divorced

Consequences of Election

- Both parties assessed as a married couple
- No deduction for maintenance payments by paying spouse
- Recipient is not taxed
- Recipient does not pay PRSI or USC on maintenance payments

Social Welfare Benefits may be affected by election.

Where payment is made for the benefit of a child for whom the payer was entitled to child allowance, the payment is to be made without deduction of tax and the payment does not reduce the total income of the payer for IT or USC purposes.

Where an individual is making maintenance payments to their separated or divorced spouse and is not jointly assessed with that spouse, those maintenance payments are deductible for the purposes of calculating USC.

Transfer of Assets - Divorced Persons

Disposal of assets under a court order pursuant to a decree of divorce will not give rise to a gain or a loss. The spouse is deemed to take the asset at the same time and at the same cost to the disponer unless the asset is part of trading stock.

Transfer of Assets - Separated Spouses

Disposal of assets pursuant to a grant of judicial separation under the Family Law Act 1995 or to a deed of separation which takes place after 1 August 1996 will not give rise to a gain or a loss. The spouse acquiring the asset is deemed to take the asset at the same time and at the same cost to the disponer.

Capital Acquisitions Tax

A transfer between spouses as part of a separation agreement, court order or divorce settlement is exempt from CAT. This exemption applies to foreign divorces recognised as valid in Ireland. Subsequent to a decree of divorce, ex-spouses have a Group 3 threshold in relation to each other - i.e. the "stranger" threshold applies (refer to the CAT Threshold table)

CIVIL PARTNERSHIPS

Civil partnerships are treated the same as married persons in certain situations, including the following:

- Payments by a child of a civil partner to an individual do not qualify for rent a room scheme.
- One parent family tax credits are available to civil partners after a relationship break up, even though the partners may be residing under the same roof. Child Carer Credit is available to the primary carer of a qualifying child provided the child resides with the claimant for the whole or greater part of the year. Where the primary carer disclaims the relief, the secondary carer may claim the credit.
- PPR relief on the sale of a house occupied by a dependent relative of a civil partner.
- ARF distributions on the death of an individual made to a child of a civil partner of an individual.
- Annuity to a surviving civil partner.
- Maintenance payments to civil partners.

GLOSSARY

The term "Ireland" or "Irish" or "the State" refers, except where otherwise stated, to the Republic of Ireland.

DISCLAIMER

The objective of this booklet is to provide a useful guide to the Irish tax system. It provides a summary of the rules applying in the 2018 tax year, within the main categories of current taxation law. Accordingly, it cannot be regarded as a definitive outline and no liability can be accepted in respect of decisions taken in reliance on the information herein contained.

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