

# Part 11 – Agricultural Relief

## Capital Acquisitions Tax

### 11 Part 11 - Agricultural Relief - Section 89 CATCA 2003

1. **Agricultural Property** – Lands, buildings, crops, trees, underwood, farm machinery, livestock and a payment entitlement.

Section 89 of the Finance (No 2) Act 2008 ensures that agricultural land situated in a Member State of the European Union and comprised in a gift or an inheritance taken on or after 20 November 2008 can qualify as “agricultural property” for Agricultural relief purposes.

Prior to 20 November 2008 only agricultural land situated in the State could qualify as “agricultural property” for Agricultural relief purposes.

2. **Qualification** – 80% of the market value of the assets of the donee/successor must consist of agricultural property after taking the gift or inheritance
3. **Deductions** – For the purposes of the 80% test no deductions are allowed from the market value of property for any debts or encumbrances of the beneficiary except debts or encumbrances in respect of a dwelling-house which is the only or main residence of the beneficiary and which is not agricultural property
4. **The 80% test does not apply to trees and underwood**
5. **Relief-** the market value of agricultural property is reduced by 90% for tax purposes
6. **Relief Withdrawn-** where the agricultural property is disposed of or compulsorily acquired within 6 years of the date of the gift/inheritance and the proceeds are not fully expended in acquiring other agricultural property within a year of the disposal or within 6 years of the compulsory acquisition. **If the gift/inheritance consists of development land and is disposed of in the period commencing 6 years after the date of the gift/inheritance and ending 10 years after the date of the gift/inheritance a partial claw-back of relief occurs under Section 102A CATCA 2003.**

**Section 68 Finance Act 2011 ensures that a clawback of Agricultural Relief applies where a disposal takes place on the date of the gift or inheritance. The Section also ensures that the clawback in section 102A (2) will apply where a disposal of development land is made on**

**the sixth anniversary of acquiring a gift or an inheritance. The section applies to gifts and inheritances taken on or after 21 January 2011.**

**Separately, Section 146 Finance Act 2010 provided that where the proceeds from the sale or compulsory acquisition of property are used to acquire agricultural property which has been transferred by the beneficiary to his or her spouse, that property will not qualify as “other agricultural property” for the purpose of the reinvestment provision in section 89(4).**

- 7. Relief must be claimed on [Form I.T. 38](#) (Appendix A).**