Explanatory Notes on completion of Form CT1 2006

All references to TCA 1997 are to the Taxes Consolidation Act 1997

General Note

The 2006 Corporation Tax return should be used for accounting periods ending in the year 2006 only. If you are filing a return for an accounting period ending in a year other than 2006 you must use a return appropriate to the accounts period year-end.

Personalised returns are bar-coded and have other electronically coded data that is specific to the company. It is important, therefore, that the personalised return is only used for the company named on the return and only for the year stated on the return.

For data capture purposes each entry in the return, with the exception of those on page 1, is allocated its own Line number. For convenience these Explanatory Notes use the Line numbers for cross-reference between the Return Form and the Explanatory Notes.

The following notes will be of assistance when completing the return.

When completed, ensure that the return is ***signed and dated.***

Revenue On-Line Service (ROS)

As an alternative to paper filing you can file your Corporation Tax return/accounts information and pay your liability on-line, using the **Revenue On-Line Service (ROS)**. ROS offers the quickest, easiest and most convenient way for you to meet your tax obligations under Pay and File. It provides an instant, accurate and timely calculation of your tax liability. ROS is available 24 hours a day, 365 days of the year. You can access ROS through Revenue's website **www.revenue.ie**

Supporting Documents / Accounts Menus / Property Incentive Schemes

You should not submit any supporting documentation with the return except where expressly asked to do so. Supporting documentation, including company accounts, must however be retained for six years as these may be requested by Revenue for the purposes of a verification check or an audit. If, however, the company's turnover is in excess of €20 million per annum a copy of the accounts with computations and schedules is required with the return.

In addition, some panels in the return may not have sufficient space, e.g, in panel 27 there may be more than six associated companies. In these circumstances you should attach a statement with the appropriate information, laid out in similar style to the relevant panel(s), and submit it with the return.

Companies must complete the *Extracts From Accounts* pages in the return where they have entries in panel 1 - Trading Results, unless the company's turnover is in excess of €20 million, in which case a copy of the accounts with computations, schedules, etc. is required as above.

If the company is claiming relief under a 'property based incentive scheme', tick the appropriate box indicating that such a relief is being claimed and complete panel 32 of the return.

Incomplete returns will be sent back for proper completion.

Surcharge

Returns should be filed by the 21st day of the ninth month after the company's year-end. This applies to an end date falling after the 21st of the month.

If a company's year-end falls before the 21st of the month then the return should be filed exactly nine months after the year-end, e.g. year-end is 5 April; return should therefore be filed by the following 5 January.

If this return is not submitted to the Collector-General's Division within this time, a surcharge will be payable.

The rates of surcharge are as follows:

- 5% of the amount of the tax subject to a maximum of €12,695 where the return is submitted within two months of the specified date,

  or

- 10% of the amount of the tax subject to a maximum of €63,485 where the return is submitted after two months.

Audit

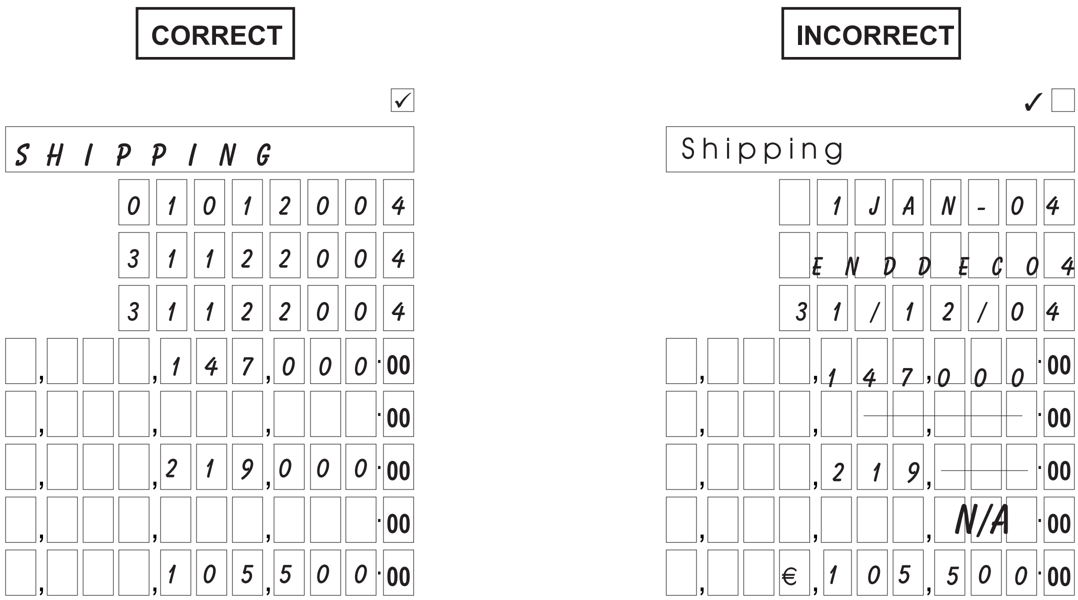
- This return may be subject to audit by an Inspector of Taxes.
- The law provides that an Inspector of Taxes may make enquiries or take such actions as are considered necessary to verify the accuracy of a return.

How to fill in this return

The return is designed to facilitate data capture. Please note the following points before completing the return:

- Use CAPITAL LETTERS. Write clearly and accurately within boxes. Do not join your writing.
- Insert ☑ clearly in any relevant tick box as required.
- Any panel(s) or section(s) that do not require an entry should be left blank.
- In date boxes enter the format of Date / Month / Year, see example of correct and incorrect entries below.
- All monetary entries, including entries in the Foreign Income panels, should be in Euro denomination. Do not enter € symbol.
- Enter figures in whole Euro - ignore cent. Round down income to the nearest Euro, and round up credits, allowances, reliefs, expenses and tax paid to the nearest Euro - it is to the company's benefit.

Example of correct and incorrect entries



NOTES

Page 1

The company accounting period should be entered in the space provided on the cover of the return in all cases.

If the Tax Adviser Identification Number (**TAIN**) at the top of the page (personalised returns only) is correct there is no need to enter it again at the bottom of the page.

Panel 1 Trading Results

1.1 - 1.87 This panel is divided into a number of sections as set out on pages 2 - 5 of the return.

Enter Taxable Profits only. Exempt Profits should be entered at panel 21.

Trade Profit should be apportioned between “Manufacturing” and “Non-Manufacturing” where the company is engaged in both activities and the respective amounts entered in the appropriate section.

1.1 - 1.10 ‘Trade Profits’ chargeable at Standard Rate of 12.5%,

This section should be completed by trading companies that are **not** entitled to Manufacturing Relief (see note to Line 1.11 below).

Enter profit at Line 1.1. If a loss occurs enter 0.00.

1.3 - 1.6 **Capital Allowances**
Where there is a claim for relief under a 'property based incentive scheme' included here further details must be given in panel 32 of the return. See notes for panel 32 on page 9 of these Notes.

1.7 **Trading Losses Forward**
Enter the amount of trading losses incurred in the preceding accounting periods claimed under *Section 396(1) TCA 1997* (restricted to the amount of the related trading income).

1.8 **Losses appropriate to this trade in this accounting period for offset against other relevant trading income in this accounting period**
Enter the amount of relevant losses, i.e. standard rated trade losses, for the entire accounting period.

1.9 **Charges**
Enter the amount of trade charges for the entire accounting period. **Non-trade charges should be entered in panel 9 at Line 9.4.**

1.10 **Group Relief**
Enter the amount of group relief for the entire accounting period. Enter the details of the group relief claimed at Line 26.2.

Losses, Charges and Group Relief on a value basis:
Relief on a value basis is claimed in panel 10 of the return. See separate note for this panel on page 8 herein.

1.11 – 1.20 ‘Trade Profits’ chargeable at ‘Manufacturing Rate of 10%’.

This section should be completed by trading companies that are entitled to Manufacturing Relief.

The companies that qualify for manufacturing relief are:

- Manufacturing companies that commenced trading prior to 23 July 1998,
- Manufacturing companies that entered into a grant agreement with an industrial development agency (as defined) before 31 July 1998 but did not commence trading until after that date *(Section 442 TCA 1997).*

In addition the following companies qualify for manufacturing relief in respect of their profits arising in the period to 31 December 2005. [Where the company's accounting period span this date its assessable profit should be apportioned on a time basis to give an amount that is liable at 10% (due Manufacturing Relief) and an amount liable at the Standard Rate 12.5%.]

- Manufacturing companies that are engaged in deemed manufacturing activities carried on in the Shannon Airport area approved on or before 31 May 1998, *(Section 445 TCA 1997),* and
- Manufacturing companies that are engaged in deemed manufacturing activities carried on in the Custom House Docks Area approved on or before 31 July 1998, *(Section 446 TCA 1997).*

Enter profit at Line 1.11. If a loss occurs enter 0.00.

1.13 - 1.16 **Capital Allowances**
Where there is a claim for relief under a property based incentive scheme details must be given in panel 32 of the return. See notes for panel 32 on page 9 of these Notes.

1.17 **Trading Losses Forward**
Enter the amount of trading losses incurred in the preceding accounting periods claimed under *Section 396(1) TCA 1997* (restricted to the amount of the related trading income).

1.18 **Losses appropriate to this trade in this accounting period for offset against other relevant trading income in this accounting period**
Enter the amount of relevant losses, i.e. standard rated trade losses, for the entire accounting period.

1.19 **Charges**
Enter the amount of trade charges for the entire accounting period. **Non-trade charges should be entered in panel 9 at Line 9.4.**

Panel 1 Trading Results (continued)

1.20 **Group Relief**
Enter the amount of group relief for the entire accounting period. Enter the details of the group relief claimed at Line 26.2.

Losses, Charges and Group Relief on a value basis:
Relief on a value basis is claimed in panel 10 of the return. See separate note for this panel on page 8.

1.21 **Excepted Trade Profits**

This includes income from working minerals and petroleum activities and certain dealings in or developing land, other than construction operations, and dealing in land which has been fully developed *(Section 21A TCA 1997).*

1.22 - 1.30 Qualifying Shipping Activities

Profits from "qualifying shipping activities" are taxed at 12.5%. Related losses, group relief and specified Capital Allowances are *ring-fenced* against profits from this trade.

Enter profit at Line 1.22. If a loss occurs enter 0.00.

1.24 **Specified Capital Allowances**
Specified Capital Allowances are Capital Allowances in respect of expenditure incurred on the provision of a qualifying ship which is in use in a qualifying shipping trade.

1.28 **Trading Losses Forward**
Enter the amount of trading losses incurred in the preceding accounting periods claimed under *Section 396(1) TCA 1997* (restricted to the amount of the related trading income).

1.29 **Charges**
Enter the amount of trade charges for the entire accounting period. These charges can be offset against other relevant trading income, and any unused portion can be offset against non-trading income on a value basis. See note for panel 10 on page 8 herein. **Non-trade charges should be entered in panel 9 at Line 9.4.**

1.30 **Group Relief**
Enter the amount of group relief for the entire accounting period. Enter the details of the group relief claimed at Line 26.2.

1.31 - 1.32 Tonnage Tax

An election under *Section 697D TCA 1997* should be made to Direct Taxes Interpretation and International Division, Stamping Building, Dublin Castle, Dublin 2. Where an election has been made, this should be recorded at Line 1.32.
Note: this entry at Line 1.32 is not itself an election under *Section 697D TCA 1997*.

The amount of the Tonnage Tax Profits should be entered at Line 1.32, and a *Form CT1 Supplement - Tonnage Tax Profits* should accompany the *Form CT1 2006.* The *Form CT1 Supplement* is available on Revenue's website, www.revenue.ie/pdf/ct1supplement.pdf

Elections under Section 80A and Section 284(2)(ab) TCA 1997

1.33 *Section 80A TCA 1997* provides an alternative taxation mechanism for lessors of certain short-term assets in order to address a timing mismatch. The existing tax treatment of finance leases is that gross lease payments are treated as income but the lessor is allowed capital allowances over 8 years on the cost of the asset. In the case of short-term leases where lease payments are received over a short period (say, 3 years) and capital allowances are given over an 8 year period the mismatch is not 'evened out' until the balancing allowance is calculated on the sale of the asset.

This section allows a lessor company to claim to have all income from short-term leased assets from the start of the accounting period and all future such income computed for tax purposes under accounting rules rather than under existing tax rules.

1.34 *Section 284(2)(ab) TCA 1997* provides for an election to have the tax written down value at 31 December 2001 of pre 1 January 2001 expenditure on plant and machinery written off at 20%.

1.35 - 1.36 **Claims under Section 847A and Section 848A TCA 1997**

These sections are to record both the formal claim and the amount of the claim to relief in respect of Donations to Approved Sports Bodies and Donations to Charities and Other Approved Bodies.

Note that the relevant deduction should already have been made in arriving at:

the taxable income figure in panel 1

the management expenses figure claimed in panel 9.

1.37 - 1.87 Extracts From Accounts pages

Companies must complete the *Extracts From Accounts* pages of the return where they have entries in panel 1 - Trading Results – of the return, unless the company's turnover is in excess of €20 million, in which case a copy of the accounts with computations, schedules, etc. is required with the return.

Panel 1 Trading Results (continued)

The details required on pages 4 & 5 of the return are **extracts** from the accounts and are **not** a tax adjustment computation/calculation. When completing these Extracts there may be nothing to enter under some headings, as that section may not apply. Each section that is relevant and for which there is an entry in the accounts must be completed.

1.39 Group companies, where the consolidated turnover of the group is over €20 million, must likewise submit a full set of accounts with their return. If the company is the only member of a group which files its returns in Ireland, then this rule is based on its turnover only.

In addition to these Notes, further information on the completion of these pages in Tax Briefing Issues 53 and 54 may be of assistance, www.revenue.ie/publications/txbrefng/taxbrief.htm.

Income

1.40 **Sales / Receipts / Turnover** – This is gross trading income receivable excluding Government payments below.

1.41 **Receipts from Government Agencies** - GMS, etc. – This includes payments by Government Departments, e.g., GMS payments, Department of Agriculture payments, etc.

1.42 **Other Income** – Include here any other income that is normally included with the accounts. Do not include income which should be taxed under a separate heading, (rent, dividends, interest, for example), and which should be returned in the appropriate panel of the Corporation Tax return.

Trading Account Items

1.43 **Purchases** – This is materials or purchases for resale purchased during the accounting period.

1.44 **Gross Trading Profits** – This is the gross profit of the business after adjusting for opening and closing stocks and input costs.

Expenses and Deductions

1.45 **Salaries / Wages, Staff costs** – This includes all staff remuneration (taxed and untaxed), staff training, redundancy payments, PRSI, pensions, etc. The directors' salaries should not be included but should be entered at 'Directors' remuneration' below.

1.46 **Directors' remuneration including fees bonuses etc.** – The total of all monies paid to the directors during the accounting period.

1.47 **Sub-contractors** – This relates to building, meat-processing and forestry businesses. Sub-contractors are those defined by *Section 531 TCA 1997*.

1.48 **Consultancy, Professional fees** – Including audit and accountancy, legal, architect, auctioneer, surveyor, etc.

1.49 **Motor, Travel and Subsistence** – Including fuel, tax, servicing, repairs, insurance, etc., travel and subsistence reimbursed to staff and directors including motor expenses, country money, etc.

1.50 **Repairs/Renewals** – These are costs incurred in maintenance and upkeep of the business property and the running maintenance and upkeep of the business equipment and machinery. Enhancements or improvements to property are not maintenance and as capital should be added back in the adjusted profit computation.

1.51 **Interest Payable** – This includes loan, overdraft and all other interest payable.

1.52 **Depreciation, Goodwill / Capital write-off** – Depreciation is depreciation of business assets provided for during the accounting period. It should be added back in the adjusted profit computation. Goodwill /Capital write-off relates to any write-off of the value of assets during the accounting period. It should also be added back in the adjusted profit computation.

1.53 **Provisions including Bad Debts** – Not including provision for depreciation.

1.54 **Other Expenses [Total]** – This is the total of all other expenses included in the profit and loss account and not listed above.

Balance Sheet and Capital and Reserve Items

1.55 **Balance of Directors' current and loan accounts** – The balance at the end of the accounting period.

1.56 **Stock, Work in Progress, Finished goods** – This is the stocks as at the end of the accounting period.

Panel 1 Trading Results (continued)

1.57 **Debtors and Prepayments** – This is the figure for closing debtors and prepayments at the end of the accounting period.

1.58 **Cash on hand / Bank - Debit** – Cash on hand or in bank. It should include all deposit accounts, savings accounts, current accounts, Credit Union accounts, Building Society accounts, etc.

1.59 **Bank / Loans / Overdraft - Credit** – Borrowings at the end of the accounting period.

1.60 **Creditors and Accruals** – This is the figure for closing creditors and accruals at the end of the accounting period.

1.61 **Client Account Balances - Debit** – Funds held on behalf of clients.

1.62 **Client Account Balances -Credit** – Amounts due to clients.

1.63 **Tax Creditors** – VAT, PAYE, Income Tax, Corporation Tax, Relevant Contracts Tax and Capital Gains Tax owing.

1.64 **Shareholders' Funds** – This is equal to assets

Extracts from Adjusted Profit Computation

Profit / Loss

1.65 **Profit on ordinary activities before taxation** – Per accounts.

1.66 **Loss on ordinary activities before taxation** – Per accounts.

Adjustments

1.67 **Motor Expenses Restriction** – Private element.

1.68 **Subscriptions and Donations** – Donations and subscriptions, political and charitable, are not allowable and should be added back here.

1.69 **Entertainment Expenses** – Entertainment expenses are not allowable and should be added back here.

1.70 **Disallowable Legal and Professional Fees** – These are non-allowable fees: e.g. company restructuring.

1.71 **Section 130 Loan Interest** – Interest treated as a distribution.

1.72 **Light, Heat and Phone** – Private element.

1.73 **Net gain on sale of fixed / chargeable assets** – profit on the sale of assets included in the Profit & Loss account can be deducted in the adjusted profit computation.

1.74 **Net loss on sale of fixed / chargeable assets** – A loss on the sale of assets included in the Profit & Loss account should be added back in the adjusted profit computation.

Panel 2 Rental Income

2.1 **Where there is a claim for relief under a 'property based incentive scheme' included in Panel 2, further details must be given in panel 32 of the return. See notes for panel 32 on page 9 of these Notes.**

A claim for Relief for Rented Residential Accommodation, commonly known as 'Section 23 relief', is allowed as an expense in the year in which it is first claimed and thereafter any unused portion becomes part of losses carried forward to subsequent years. Therefore, on the Form CT1 in the initial year of claim the amount of rental income net of this relief should be entered at Line 2.3 and in subsequent years the loss forward figure should be entered at Line 2.5. Remember, in the initial year of claim you must also complete panel 32.

2.2 **Compliance with the registration requirements of the Residential Tenancies Act 2004.**

Entitlement to a deduction for interest paid on borrowed money employed in the purchase, improvement, or repair of a rented residential property is now conditional on compliance with the registration requirements of the Residential Tenancies Act 2004. A detailed article on this requirement is contained in Tax Briefing 63 - May 2006.

2.3 Enter the net profit, after expenses. Where a property on which 'Section 23' relief has been claimed in previous accounting periods was sold or ceases to qualify during this accounting period and this is within 10 years from the date of the first letting under a qualifying lease there will be a clawback of the full 'Section 23' relief granted. This amount should be included in the computation of gross rents received for the year.

2.6 **Rental Capital Allowances**
Enter the amount of *ring-fenced* Capital Allowances being claimed for this accounting period. Include any unused Capital Allowances from a prior year for all rental sources. The Capital Allowances that can only be set off against rental income are those for self-catering accommodation in the qualifying resort areas (*Section 355 TCA 1997*), registered holiday cottages wherever situated (*Section 405 TCA 1997*) and fixtures and fittings in furnished rented residential accommodation (*Section 406 TCA 1997*).

2.7 This refers to Capital Allowances other than the *ring-fenced* Capital Allowances referred to at Line 2.6.

2.9 **Offset of Excess Rental Capital Allowances**
If you have an excess of rental Capital Allowances at Line 2.7 above you may wish to offset this excess against the company's other income for this accounting period [*Section 308(4) TCA 1997*]. **It is only the current year Capital Allowances that can be offset in this manner.** Similarly, it is only current year Capital Allowances that can be set back against profits of the previous accounting period. If you wish to have the excess set against profits of the previous accounting period, contact your Revenue office with details of the claim.

Panel 4 Foreign Income (excluding Foreign Life Policies and Offshore Funds)

4.1 Amount shown for foreign income should be in Euro. The amount to be shown in panel 4 is:

(a) before deduction of any Irish tax,

(b) to include foreign tax in the form of either withholding tax or underlying tax ,

(c) after deduction of double taxation relief which cannot be allowed in panel 10.

Information/income from Foreign Life Policies, Offshore Funds and Other Offshore Products is requested separately in panels 5, 6, and 29 respectively.

Panel 5 Foreign Life Policies (Part 26 Chapter 6 TCA 1997)

5.1 - 5.6 Amounts shown for foreign income should be shown in Euro.
Companies resident or ordinarily resident in the State should include details of any Foreign Life Policies issued in the accounting period from any Member State of the EU or EEA, or from a Member State of the OECD with which Ireland has a double taxation agreement.

Panel 6 Offshore Funds (Part 27 Chapter 4 TCA 1997)

6.1 - 6.6 Amounts shown for foreign income should be in Euro.
Companies resident or ordinarily resident in the State should include details of acquisitions of material interests in all offshore funds in the EU or EEA, or in a Member State of the OECD with which Ireland has a double taxation agreement. An interest is a material interest if it is capable of realising an amount equal in value to the proportion of the underlying asset of the offshore fund represented by that interest. An offshore fund can take the form of an investment in:

(a) a company which is resident outside the state, or

(b) a unit trust scheme the trustees of which are not resident in the state, or

(c) any arrangements which do not fall within paragraph (a) or (b), which take effect by virtue of the law of a territory outside the State and which under that law, create rights in the nature of co-ownership.

Panel 8 Capital Gains (other than on Land with Development Value)

Gains accruing on disposals, other than those of development land, are charged to Corporation Tax. These gains include gains accruing to a non-resident company on the disposal of an asset which is situated in the State and was used for the purpose of a trade carried on by it in the State through a branch or agency.

8.1 - 8.19 Details of all disposals should be supplied, including disposals to which *Sections 583-588* inclusive, *Section 600 and Section 733 TCA 1997* apply, and disposals on which no gain arises [*Section 913(5) TCA 1997*].

8.16 This is the amount of the overall total net chargeable gain.

8.18 This is the amount of the net chargeable gain included in Line 8.16 that is taxable at the CGT rate of 20%. Do **not** enter the amount of the tax payable.

8.19 This is the amount of the net chargeable gain included at Line 8.16 that is taxable at the CGT rate of 40% (certain foreign life assurance and foreign investment products). Do **not** enter the amount of the tax payable.

Panel 9 Deductions

9.1 This includes any excess management expenses carried forward from an earlier period.

9.2 This refers to Management Expenses on which Group Relief is claimed.

9.3 This is the aggregate total of entries at Lines 9.1 and 9.2.

9.4 Other deductions **-** Non-trade charges should be entered here.

Panel 10 Reliefs

10.2 **Other Reliefs**
Enter the amount of the relief claimed. Reliefs claimed here would include relief under *Section 713 TCA 1997* (investment income of a Life Assurance company reserved for policy holders), Residential Development Land Relief, etc.

10.3 - 10.8 **Losses, Charges and Group Relief on a value basis:**
If you are claiming relief on a value basis on unused losses, charges or group relief under *Sections 243B, 396B, 420B TCA 1997* enter the gross figure at the appropriate line.

Qualifying Shipping Activity losses and group relief are *ring-fenced* and cannot be offset against other income. However, relief on a value basis is available for Qualifying Shipping Activity charges and these should be included with trading charges at Line 10.4.

Panel 12 Research and Development Tax Credit

12.1 - 12.7 This panel is for claims for relief under *Sections 766* and *766A TCA 1997*. The figures required are the actual credit amounts due to the company. For example, if a company has incurred relevant expenditure of €100,000, and is due a credit of €20,000 (i.e., 20%), the figure that should be entered is €20,000. The figure to be entered at Line 12.7 is the total of the relief due in this accounting period, after any group relief surrendered. The amount of group relief surrendered should be entered in this panel with details of the company to which the relief is surrendered entered in panel 26.

Panel 13 Amounts Payable under Deduction of Income Tax

13.1 Include here all amounts in respect of which a company is obliged to account for Income Tax other than payments made under PAYE or payments to sub-contractors. For example:

(a) yearly interest and patent royalties,

(b) annuities,

(c) payments under a deed of covenant,

(d) certain rents and easements,

(e) any loans or advances to participators, etc. which under *Section 438 TCA 1997* is deemed to be an annual payment.

Panel 14 Amendment to Prior Accounting Period

14.1 - 14.2 This panel caters for the carry back of losses under *Section 396A(3) TCA 1997* and the repayment of directors' loans.

If the return where you are claiming the carry back of trading losses under *Section 396A(3) TCA 1997* is submitted late there is a restriction to the amount of the loss that can be carried back as follows:

- by 25% of the loss required, where the return is submitted within two months of the return filing date, or
- by 50% of the loss required where the return is submitted more than two months late.

Panel 16 Other Credits

16.1 - 16.2 Do not include any credit due for Relevant Contracts Tax (RCT) in this panel. A claim for credit of RCT, together with relevant forms RCTDC, should be made direct to the Revenue office where the company's tax affairs are dealt with.

When claiming credit for Professional Services Withholding Tax (PSWT) enter all tax for which credit is claimed in the accounting period. Relief will be given for the amount claimed, less interim refunds already granted. To obtain the correct relief you must, therefore, include amounts for which an interim refund has either been claimed or granted.

Panel 19 Capital Gains on Land with Development Value

Gains accruing on disposals of development land are charged to Capital Gains Tax.

19.17 This is the amount of the overall total net chargeable gain.

19.19 - 19.22 Enter the amount of the net chargeable gain applicable to each period. Do not enter the amount of tax due.

19.23 Enter the amount of **tax due** on the net chargeable gain included at Line 19.17.

Panel 23 Return of Directors' Emoluments, Benefits, etc.

23.1 - 23.2 Panel 23 is set out on pages 12 and 13 of the return. Care should be taken that entries on each page are aligned correctly. Each row is lettered to assist in matching the information on both pages.

Panel 26 Group Relief

26.1 - 26.2 You are required to enter the details of group relief surrendered or group relief claimed. However, to obtain the relief enter the amount of group relief claimed in the appropriate panel(s) elsewhere in the return.

Panel 29 Other Offshore Products

29.1 - 29.4 Amounts shown for foreign income should be in Euro.
Information on other offshore products (not included in panel 6) should be entered in this panel.

Panel 30 Dividend Withholding Tax

30.1 Dividend Withholding Tax (DWT) is a tax on the shareholder rather than on the company making the distribution.
DWT is not available as a credit against Corporation Tax.

Panel 31 Stapled Stock Arrangements

31.1 - 31.8 A Stapled Stock Arrangement is an arrangement whereby a non-resident company makes a distribution to a person and the person has, under any agreement, arrangement, or understanding, exercised a right to receive distributions from the non-resident company instead of receiving relevant distributions from an Irish resident company.

Panel 32 Details of Property Based Incentive Schemes

32.1 - 32.27 A property based incentive scheme is a scheme where tax relief is given on certain capital investments aimed at encouraging the development or redevelopment of certain designated areas, both urban and rural. It includes the development of specific infrastructures such as park and ride facilities, student accommodation, etc.

The relief is given by way of a Capital Allowance, as a deduction against income from rents, or as a deduction against total income, depending on the type of the investment made.

The specific schemes on which information is required are listed in panel 32 of the return. Where there is a claim for relief in respect of one of these schemes information must be provided as requested in this part of the return. Failure to fully and correctly complete panel 32 may result in a liability to penalties under *Section 1052 TCA 1997* and/or a surcharge under *Section 1084 TCA 1997.*

The amount of the relief is calculated and claimed on the return where appropriate; this page in the return is for statistical purposes only; its purpose is to identify the specific relief claimed and to provide a breakdown of the amount claimed under each scheme.

The information to be provided refers to Capital Allowances and reliefs under two main headings, **Residential Property** and **Industrial Building Allowance** as appropriate. Under Residential Property information is sought on Investor-Lessor. Under Industrial Building Allowance information is sought on both Owner Occupier and Investor-Lessor separately.

The figure to be entered is the amount claimed in a particular accounting period. It should not include amounts carried forward into the accounting period either as losses or Capital Allowances from prior accounting periods, see examples below.

Residential Property

Investor-Lessor - this relief, commonly known as 'Section 23' relief, is granted in full in the accounting period in which the property is first let under a qualifying lease, information on this relief is only required in that accounting period. Unused relief is carried forward as a rental loss and is not required in this panel of the return (see note for panel 2 herein).

Example:
In the accounting period (a/p) ended 31 October 2006 a company purchased a property in a town renewal scheme with qualifying expenditure amounting to €140,000. The company has net rental income in this a/p of €46,000 (before any allowance for Rented Residential Relief or for losses forward) and losses carried forward from the previous accounting period of €86,000

Rental income	€ 46,000
'Section 23' relief (as above)	€ 140,000
Rental Loss	€ 94,000
Rental Loss forward from 31/10/2005	€ 86,000
Total rental loss forward to a/p ended 31/10/2007	€ 180,000

The amount to be entered in panel 32, Line 32.2 is €140,000

Panel 32 Details of Property Based Incentive Schemes (continued)

Industrial Building Allowance

An **Owner Occupier** is a person who owns the property that is in use for the purpose of a trade carried on by that person.

An **Investor-Lessor** is an individual who lets a building to a lessee.

The amount to be entered for both Owner Occupier and Investor-Lessor is the amount of the Capital Allowance claimed for a/p's ending in 2006, ignoring amounts carried in from earlier a/p's.

Example:
An investor has incurred allowable expenditure in a qualifying hotel of €750,000, which qualifies for an annual Writing-Down Allowance of 4% (€30,000).

Writing-Down Allowance claimed for a/p ended 31/10/2006	€ 30,000
Unused Capital Allowances forward from previous a/p(s) (say)	€ 18,000
Total allowances available for a/p ended 31/10/2006	€ 48,000
Amount used in a/p ended 31/10/2006 (say)	€ 17,000
Balance for carry forward to a/p ending in 2007	€ 31,000

The amount to be entered in panel 32, Line 32.16 is €30,000 (Writing-Down Allowance claimed for the a/p whether fully utilised or not).

Schemes not listed in panel 32

The majority of property based incentive schemes on which relief can be claimed are listed at Lines 32.1 - 32.7 and 32.9 - 32.26 inclusive. However, there are certain older schemes where a company may still be claiming relief. Where a company is claiming relief in respect of an investment in a scheme not listed in this panel the name of the relevant scheme and the amount of the relief claimed should be entered in Lines 32.8 and 32.27 respectively. If there were investments in more than one of these unlisted schemes write in the names of the schemes and enter a single total figure.