

# Capital Allowances for certain sports injuries clinics



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March 2003

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## **Capital Allowances for certain sports injuries clinics**

### **1. Introduction:**

Section 34 Finance Act 2002 amended Section 268 TCA 1997 to introduce a scheme of capital allowances in respect of expenditure incurred on the construction or refurbishment of qualifying sports injuries clinic

### **2. Capital Allowances Available:**

The allowances to be granted in respect of capital expenditure on the construction/refurbishment of a qualifying sports injuries clinic are at a rate of 15% for the first 6 years with the balance of 10% being written off in year 7.

### **3. Qualifying Sports Injuries Clinic**

A qualifying sports injuries clinic is defined as a medical clinic:

- (a) Which does not, other than in accordance with paragraph(e), provide health care services to public patients ,
- (b) In which the sole or main business is the provision, by or under the control of medical or surgical specialists, of health care consisting of the diagnosis, alleviation and treatment of sports related injuries
- (c) Which has the capacity to provide day-patient, in –patient and out-patient medical and surgical services and not less than 20 in –patient beds,
- (d) Which contains at least one operating theatre and related on-site diagnostic and therapeutic facilities,
- (e) Which undertakes to the health board in whose functional area it is situated to make available annually, for public patients, not less than 20% of its capacity and provide a discount of at least 10% to the State in respect of the fees charged in respect of the treatment of public patients.

**Note:** There is no requirement that the Health Board actually take up all the capacity made available to it. It is a matter for the Health board to decide whether it wishes to do so.

- (f) Which receives an annual certificate in writing from the relevant health board, stating that the hospital complies with the conditions mentioned in paragraphs (a) to (e). The certificate must be given during the 7 year writing down period for the capital allowances.

Any part of the clinic which consists of rooms used exclusively for the assessment or treatment of patients will be treated as part of a qualifying sports clinic. However any part of the clinic which consists of consultants rooms or offices will not be so treated.

#### **1. Exclusions:**

A clinic will not qualify for the allowances where the relevant interest in the capital expenditure incurred on its construction or refurbishment is held by-

- A company,
- The trustees of a trust,
- An individual involved in the operation or management of the clinic as an employee or director or in any other capacity, or
- A property developer in the case where the property developer or a connected person incurred the capital expenditure on the construction or refurbishment of the clinic.
- The exclusion applies whether the relevant interest in that expenditure is held by any such person in a sole capacity or jointly or in partnership with another person or persons.
- A property developer, for this purpose, means a person carrying on a trade which consists wholly or mainly of the construction or refurbishment of buildings with a view to their sale. (Section 372A TCA 1997)

#### **1. Balancing Charge/Balancing allowance:**

A balancing charge or balancing allowance will be made if a qualifying sports injuries clinic is sold or ceases altogether to be used within 10 years of first being used or, in the case of capital expenditure on the refurbishment of a qualifying sports injury clinic, within 10 years after the capital expenditure on refurbishment was incurred. (*see Section 276(2) TCA 1997*) No balancing allowances or balancing charges will be made after the 10 years.

## **2. Limit on offset of allowances for passive investors:**

There is a restriction on the amount of capital allowances a passive investor may set against non- rental income. The amount of the capital allowances for the year of assessment, which may be set off against an individuals income, other than rental income chargeable under Case V Schedule D, is restricted to €1,750. (Section 409A Taxes Consolidation Act, 1997)

A passive investor is an investor who lets the property to an operator or is an individual who is not an active partner in a partnership trade of operating or managing a qualifying sports injuries clinic. An active partner is a partner who works for the greater part of his/her time on the day to day management or conduct of the partnership trade.

## **3. Effective Date:**

Capital allowances will be available in respect of capital expenditure incurred on or after 15 May 2002.