

NOTES Property Based Tax Reliefs

Certain property-based tax incentives - uptake and estimated potential cost to the Exchequer in terms of income tax and corporation tax forgone based on tax returns.

Provisions were included in the Finance Acts of 2003 and 2004 to enable new statistical data on the uptake of tax relief for certain property-based tax incentives exempt from tax to be obtained from tax returns. This information, derived from changes introduced by the Revenue Commissioners to income tax returns and corporation tax returns for the years 2011 – 2017 is set out in the following table.

The figures shown include the amounts claimed in the year but exclude amounts carried forward into the year either as losses or capital allowances, and include any amounts of unused losses and/or capital allowances which will be carried forward to subsequent years.

These figures do not take account of the application of the restriction of reliefs originally provided for in section 17 of Finance Act 2006 and which took effect from 1 January 2007. The restriction was extended by Section 23 Finance Act 2010.

Notes:

The figures shown relate to the various reliefs/incentives and exemptions as specified in the form 11 and CT1.

There were concerns that in some instances the new, separately categorised data on property incentives may not have been correctly entered on the Tax returns. Revenue drew the attention of the relevant tax practitioner bodies to these deficiencies to rectify them in future returns and also increased awareness among its own staff involved in processing tax returns of the need to ensure, through closer examination of the returns, that they are correctly completed.

The estimated costs have assumed tax foregone at the 40% rate in the case of income tax and 12.5% in the case of corporation tax. This means the figures shown correspond to the maximum Exchequer cost in terms of income tax and corporation tax. However, the actual Exchequer cost could be lower, particularly in relation to the exempt income items, as the income could be subject to deductions for allowable expenses and other costs thereby reducing the level of income that would be actually subject to tax.

Some of the costs shown above are included in the costs shown for capital allowances and section 23 relief in Cost of Tax Expenditures table. However, exempt income included is not part of capital allowances.