NOTES FOR GUIDANCE

CAPITAL ACQUISITIONS TAX CONSOLIDATION ACT 2003

(as amended by subsequent Acts up to and including the Finance Act 2025)

Introduction

Revenue Cáin agus Custaim na hÉireann Irish Tax and Customs	**These notes are for guidance only and do not purport to be a definitive legal interpretation of the provisions of the Capital Acquisitions Tax Consolidation Act 2003 (No. 1 of 2003) as amended by subsequent Acts up to and including the Finance Act 2025.**

INTRODUCTION

The object of these notes is to provide a comprehensive section-by-section commentary on all provisions of the Capital Acquisitions Tax Consolidation Act 2003 (as amended by subsequent Acts up to and including the Finance Act 2025).

These notes contain:

- an overview of the Capital Acquisitions Tax Consolidation Act 2003 (as amended by subsequent Acts up to and including the Finance Act 2025);

- a brief overview of the provisions of each Part of the Act;

- a commentary on every section in each Part of the Act. The commentary is in 2 parts – a brief summary of the section is given first (but this is dispensed with where a section is short or straightforward). This is followed by a more detailed description of the provisions and effects of the section. References in the right hand margin of each page are references to the subsection (and the paragraph and subparagraph, etc.) of the section being read. References within the commentary to other sections etc. are, unless otherwise stated, references to other sections etc. of the Act. Examples are included to illustrate how particular provisions work.

In addition to the various provisions contained in the Capital Acquisitions Tax Consolidation Act 2003 (as amended by subsequent Acts up to and including the Finance Act 2025 other legislation also impacts on capital acquisitions tax. Readers should be aware, in particular, of the provisions contained in sections 7, 8, 739G, 747E, 654A, 811, 811A, 811C, 811D, 858, 865B,859, 872(1), 874A, 851A, 887, 905, 910, 912, 912A, 1002, 1003, 1003A, 1006, 1077E, 1077F, 1078, 1079, 1080A, 1086, 1086A, and 1093, Chapters 3, 3A and 4 of Part 33, Part 34, Chapter 6 of Part 38, Part 40A, Chapters 1A, 1B, 1C and 1D of Part 42, Chapter 3A of Part 47, of the Taxes Consolidation Act 1997.

OVERVIEW OF CAPITAL ACQUISITIONS TAX CONSOLIDATION ACT 2003

Capital Acquisitions Tax was introduced in the Capital Acquisitions Tax Act 1976. Capital acquisitions tax, which consists of a tax on gifts and inheritances, replaced the system of death duties which had been in existence for over a century. Capital Acquisitions Tax applies to gifts taken on or after 28 February 1974 and to inheritances taken on or after 1 April 1975. The tax became a self-assessment tax in 1989.

The Finance Act 1984 introduced a once-off inheritance tax charge on certain property subject to a discretionary trust on 25 January 1984 or becoming subject to a discretionary trust on or after that date. The Finance Act 1986 introduced an annual inheritance tax charge on certain property subject to a discretionary trust commencing with the year 1986.

A probate tax was imposed on estates of deceased persons in the Finance Act 1993, but that tax was abolished in the Finance Act 2001.

The Capital Acquisitions Tax Consolidation Act 2003 is divided into 12 Parts as follows:

Part 1 consists of definitions and rules of construction. It also contains the short title of the Act.

Part 2 contains the charging section for gifts and other provisions relating to gifts.

Part 3 contains the charging section for inheritances and other general provisions relating to inheritances. It also contains provisions dealing with the initial 6% charge imposed on certain discretionary trusts and the subsequent annual 1% charge imposed on such trusts.

Part 4 sets out how property is to be valued for Capital Acquisitions Tax purposes.

Part 5 contains general provisions relating to gifts and inheritances.

Part 6 contains provisions dealing with returns and assessments.

Part 7 contains provisions dealing with payment of tax, interest and penalties.

Part 8 contains provisions dealing with appeals.

Part 9 contains the exemptions from gift and inheritance tax.

Part 10 contains the various reliefs, i.e. agricultural relief, business relief and other miscellaneous reliefs.

Part 11 contains miscellaneous provisions relating to capital acquisitions tax.

Part 12 contains provisions relating to repeals, the commencement of the Act and transitional provisions.