

TAX BRIEFING

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Office of the Chief Inspector of Taxes

INTRODUCTION

The Revenue Commissioners' policy of easing the compliance burden for taxpayers by streamlining procedures is evident in a number of the articles in this edition of *Tax Briefing*.

The first item dealing with the easing of the **VAT procedures for lessors/lessees involved in long term letting of immovable property** as carried overleaf is just one example of this policy. Other notable examples occur in features under the heading **Collector-General, Capital Taxes** and **Capital Acquisitions Tax**.

With a certain emphasis on **culture** we:

provide guidelines on Section 2 Finance Act 1969 which deals with **artists exemption** and publish a list of those bodies/institutions which have been approved under Section 32 Finance Act 1984 for the purposes of **relief for gifts for education in the arts**.

Regrettably, incorrectly completed returns of income continue to cause problems for the processing districts. **A checklist of the main causes of difficulty is provided in the paragraph on Self Assessment.** We would appreciate if this checklist is drawn to the attention of staff responsible for preparation and submission of returns.

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Value Added Tax

VAT on Immovable Property

Implementation of Section 4A VAT Act 1972

A Ministerial Order was made on 7 July 1995 giving effect to Section 4A of the VAT Act, 1972 (inserted by Section 93 of the Finance Act, 1994) relating to the long term letting of immovable property.

Where VAT is chargeable on the long-term lease of the property, it is calculated on the capitalised value of the lease. Prior to 7 July 1995, a lessor was obliged to charge the VAT due on the supply of a lease to the lessee. The lessee, if entitled to, would then deduct the VAT charged to him in his VAT return.

Section 4A allows the lessor to supply the lease without charging VAT on condition that the lessee is registered for VAT, is entitled to full deductibility and agrees to account for the VAT on his VAT return. The lessee, in turn, will be allowed to take a simultaneous credit for VAT due on the supply in his VAT return. The Section 4A procedure is optional. It requires the agreement of both the lessor and lessee and the prior approval of the local Tax District.

This new procedure will ease the VAT compliance burden for traders affected and will result in improved cash flow for lessees.

Application forms for Section 4A treatment are available from all local Tax Districts. The completed applications forms, VAT 4A, should be returned to the lessor's Tax District. Subject to approval, a notification form, VAT 4B, will be issued to the lessor and a copy of the notification will be issued at the same time to the lessee.

This content is more than 5 years old.
Where still relevant it has been incorporated
into a Tax and Duty Manual
or other website text.

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1. SELF ASSESSMENT

1.1 1994/95 Return of Income - Form

Introduction

As the 1993/94 return season comes to an end, attention will be turning to the 1994/95 return. Early completion of this return will assist practitioners in determining preliminary tax due for 1995/96.

Practitioners should ensure that any client whose income consists of PAYE income and Interest subject to DIRT only, is identified to the tax office. It is likely that such clients can be dealt with under the PAYE system and full self assessment procedures need not apply.

Early notification will avoid the issue of a Preliminary Tax notice.

When completing the 1994/95 return form, the following should be borne in mind:

Home Loan Interest

Where the lender is a Building Society or Local Authority the Loan Account number should be entered in the space provided.

Loss Relief under Section 307

If loss relief is being claimed under the above section the Inspector should be advised by entering “YES” in the box provided.

If a claim is not being made, an entry of “NO” should be made.

In either event, the box should not be ignored.

Health Expenses Relief

Forms Med 1 and Med 2(Dental) should, where relevant, be submitted with the return.

Increased Exemption/Dependent Children

The Income Tax exemption levels are increased by £450 for the first two dependent children and by £650 for each subsequent dependent child.

Where income levels are low, the relevant section of the return should be completed to ensure that the correct exemption level is granted.

VSA

Correct use of the VSA facility on the Form 11 ensures the issue of a short Notice of Assessment, showing the practitioner's own tax calculation.

Signature of the Return

This point has been covered in some detail at paragraph 3.2 in Issue 17 of *Tax Briefing*.

Please remember that the return form must be signed by the taxpayer or other authorised person and, that it is not sufficient for the forms to be rubber stamped with the name of the firm.

1.2 1995/96 Surcharge for late submission of returns.

Section 30, Finance Act 1995, amended the provisions of Section 48, Finance Act 1986. Under the revised provisions where a taxpayer fails to make a tax return by the return filing date liability to tax is increased by **the lower of:**

5% of the tax of £10,000 if the return is made within two months of the filing date,

and

10% of the tax or £50,000 if the return is made more than two months after the return filing date.

Where a business is set up and commenced during the year of assessment 1995/96, the surcharge will not be imposed if the return for that year is made by the return filing date for the following tax year.

This will apply only to those cases who were not involved in a business in a previous tax year.

2. INCOME TAX

2.1 Guidelines - Section 2 Finance Act 1969 - Section 14 Finance Act 1994

Introduction

Section 14, Finance Act, 1994 provides that An Comhairle Ealaíon and the Minister for Arts, Culture and the Gaeltacht shall, with the consent of the Minister for Finance, draw up guidelines for determining, for the purpose of section 2, Finance Act, 1969, whether works falling to be considered under Section 2 are original and creative works and whether they have, or are generally recognised as having, cultural or artistic merit.

General

Section 2, Finance Act, 1969 provides that a work for the purposes of the Section is an original and creative work in one of the following categories:

- (a) a book or other writing,
- (b) a play,
- (c) a musical composition,
- (d) a painting or like picture,
- (e) a sculpture.

The Revenue Commissioners may determine such a work to have, or to be generally recognised as having, cultural or artistic merit.

In broad terms therefore, in order to secure exemption under Section 2, a work has to be both **original** and **creative** and to have either **cultural merit** or **artistic merit**.

To be granted a determination under Section 2, it is not necessary for a work to have both cultural *and* artistic merit - the presence of either quality is sufficient.

In applying these guidelines, the Revenue Commissioners may, as provided for in Section 2, consult with such person or body of persons as may, in their opinion, provide authoritative assistance to them in establishing whether a work is a qualifying work for the purposes of Section 2.

DEFINITIONS provided by An Comhairle Ealaíon & the Minister for Arts, Culture and the Gaeltacht.

These definitions have been provided since the enactment of the Finance Act 1994:

Cultural or artistic merit

A work has cultural merit if its contemplation enhances the quality of individual or social life by virtue of that work's intellectual, spiritual or aesthetic form and content.

A work has artistic merit when its combined form and content enhances or intensify the aesthetic apprehension of those who experience or contemplate it.

Original and creative

For the purposes of a determination under section 2 of the Finance Act, 1969, the term "original and creative" encompasses any unique work which is brought into existence for the first time as an independent entity by the exercise of its creator's imagination.

A non-fiction work in category (a), a book or other writing, will be considered **original and creative** only if

- (i) it comes within one of the categories cited in Appendix A, **and**
- (ii) the essence of the work is the presentation of the author's own ideas or insights in relation to the subject matter, and the ideas or insights are of such significance that the work would be regarded as a pioneering work casting new light on its subject matter or changing the generally accepted understanding of the subject matter.

EXCLUSIONS from the ambit of "original and creative"

The following types of work in the categories set out in Section 2 of the 1969 Act will not be regarded as coming within the ambit of **"original and creative"**:

(a) A book or other writing, (excluding those at (i) & (ii) above).

A book or other writing published primarily for, or which is or will be used primarily by, students pursuing a course of study or persons engaged in any trade, profession, vocation or branch of learning as an aid to professional or other practice in connection with the trade, profession, vocation or branch of learning.

An article or series of articles published in a newspaper, magazine, book or elsewhere - except a book consisting of a series of articles by the same author connected by a common theme and therefore capable of existing independently in its own right.

(b) A Play.

Types or kinds of plays written for advertising purposes which do not exist independently in their own right by reason of quality or duration.

(c) A Musical Composition.

Types or kinds of musical compositions written for advertising purposes which do not exist independently in their own right by reason of quality or duration.

Arrangements, adaptations and versions of musical compositions by a person other than a bona fide composer who is also actively engaged in musical composition.

(d) A Painting or like picture.

Types or kinds of photographs or drawings (other than a set or sets of photographs or drawings that are collectively created for an artistic purpose) which are mainly of record, or which serve a utilitarian function, or which would not exist independently in their own right by reason of quality or by reference to their potentiality for inclusion as part of an art exhibition.

(e) A Sculpture.

Types or kinds of objects which are primarily functional in nature, objects produced by processes other than by hand, objects produced by hand by persons other than those actively engaged as bona fide artists in the field of the visual arts.

Appendix A

Non-fiction categories which fall to be considered as eligible for a determination under Section 2.

- The following categories of literature (and any combination thereof) coming fully within the terms of reference of the Arts Council encompassing the subjects of fiction writing, drama, music, film, dance, mime or visual arts, and related commentaries by bona fide artists:

Arts criticism;
Arts history;
Arts subject works;
Arts diaries;
Autobiography;
Belles-lettres essays;
Biography;
Cultural dictionaries;
Literary translation;
Literary criticism;
Literary history;
Literary diaries;

- The following categories of works coming fully within the terms of reference of the Heritage Council including works which, in their entirety, comprise one or more of these categories:

archaeology;
publications associated with items or areas of significant heritage value;
significant heritage value.

- The following category of works coming fully within the terms of reference of the National Archives Advisory Council:

Publications which relate to archives which are more than 30 years old concerning Ireland, and are based largely on research from such archives.

- Categories of works which in their entirety comprise one or more of the categories cited in paragraphs A to C above.

2.2 Marginal Relief

(i) Deposit Interest 1994/95

Introduction

In issue 15 of *Tax Briefing* (July 1994) we featured an item entitled “**Deposit Interest**”, in which we outlined changes in the tax treatment of relevant interest as contained in Section 15 Finance Act 1993. That section applied to relevant interest which had suffered D.I.R.T. at the standard rate.

In the case of an individual, its effect was to treat DIRT as the final tax liability. Except for repayment purposes, the exemption limits were extended by the amount of the deposit interest from which D.I.R.T. had been deducted at the standard rate.

The Section applied for the year of assessment 1993/94.

Section 12 Finance Act 1994

Section 12, Finance Act, 1994, amended the tax treatment of relevant interest in cases where marginal relief applies for the years 1994/95 et seq.

Section 12(1)(a)(i) provides that where the exemption limit is increased by the amount of the deposit interest from which D.I.R.T. has been deducted at the standard rate, marginal relief will cause the tax, **after credit for such D.I.R.T.**, to be restricted to 40% of the difference between the individuals total income and the extended exemption limit.

Example 1 illustrates the tax treatment which applied for 1993/94.

Example 2 shows how the amendment introduced by Section 12 Finance Act 1994 altered the position for 1994/95 et seq.

In the examples Couple A and Couple B are under 65 years of age.

Example 1 1993/94

	Couple A	Couple B
Deposit Interest	100	0
Other Income	<u>7,300</u>	<u>7,300</u>
Total Income	7,400	7,300
Personal Allowance	<u>4,350</u>	<u>4,350</u>
Taxable	3,050	2,950
Tax @ 27%	823.50	796.50
Marginal Relief (Note)	<u>775.50</u>	<u>748.50</u>
	48.00	48.00
Credit D.I.R.T.	<u>27.00</u>	<u>0</u>
Net Tax Payable	21.00	48.00

In the case of Couple A, tax is not to exceed

$(7,400 - 7,300) \times 48\% = £48$.

Marginal Relief: £823.50 - £48.00 = £775.50

In the case of Couple B, tax is not to exceed

$(7,300 - 7,200) \times 48\% = £48$.

Marginal Relief: £796.50 - £48.00 = £748.50

(2.2(i)contd.)

In each case the tax payable before credit is given for D.I.R.T. is £48. Although **Couple A** have income of £100 greater than **Couple B**, the net tax payable by **Couple A** is reduced to £21 because of the credit for D.I.R.T. of £27.

Example 2 1994/95

	Couple A	Couple B
Deposit Interest	100	0
Other Income	<u>7,300</u>	<u>7,300</u>
Total Income	7,400	7,300
Personal Allowance	<u>4,700</u>	<u>4,700</u>
Taxable	2,700	2,600
Tax @ 27%	729	702
Credit D.I.R.T.	<u>27</u>	<u>0</u>
	702	48.00
Marginal Relief (Note)	<u>662</u>	<u>662</u>
Net Tax Payable	40	40

In the case of Couple A, tax is not to exceed

$(7,400 - 7,300) \times 48\% = £40$.

Marginal Relief: £702.00 - £40.00 = £662.00

In the case of Couple B, tax is not to exceed

$(7,300 - 7,200) \times 40\% = £40$.

Marginal Relief: £702.00 - £40.00 = £662.00

The effect of the change in the treatment of D.I.R.T. credits in Marginal Relief cases is that whereas D.I.R.T. continues to be a final tax liability, it is not available as a credit against tax liability on other income.

Repayments of DIRT to individuals

This paragraph should be read in conjunction with the Article under the same heading in Issue 15 of *Tax Briefing*. The conditions relating to repayments, as outlined therein, are unchanged.

Section 12, Finance Act 1994, does not increase the exemption limits by the amount of deposit interest for repayment purposes. To illustrate the effect of the Section detailed examples to update the examples given in Issue 15 of *Tax Briefing* are now provided.

The examples show revised 1994/95 Personal Allowances and rate of Marginal Relief.

In the examples, the claimant is married and over 75.

Computation 1

Deposit Interest (D.I.R.T. @ 27%)		1,000
PAYE Income		<u>10,000</u>
Total Income		11,000
Personal Allowance	4,700	
PAYE Allowance	800	
Age Allowance	<u>400</u>	<u>5,900</u>
Taxable		5,100
Tax @ 27%		1,377
Credit D.I.R.T.		<u>270</u>
		1,107
Marginal Relief		<u>867</u>
Tax payable		240
Credit tax paid PAYE		<u>1,000</u>
Repayment		£ 760

Marginal Relief

Total Income	11,000	
Exemption Limit	<u>10,400</u>	
Tax not to Exceed	600 x 40%	240

Computation 2

Tax @ 27% (per computation 1)		1,377
Marginal Relief		<u>737</u>
Tax payable		640
Credit D.I.R.T. (27%)	270	
P.A.Y.E.	<u>1,000</u>	<u>1,270</u>
Repayment		£630

Marginal Relief

Total Income	11,000	
Exemption Limit	<u>9,400</u>	
Tax not to exceed	1,600 x 40%	640

In calculating marginal relief, the exemption is not increased by the amount of the relevant interest hence, the figure taken is the tax liability **before** credit is given for D.I.R.T. viz. £1,377.

Computation 3

Income as above		11,000
SSA Deposit Interest (10%)		<u>1,000</u>
Total Income		12,000
Personal Allowances		<u>5,900</u>
Tax @ 27%		<u>6,100</u>
Marginal Relief		1,040
Tax Payable		
Credit D.I.R.T. (27%)	270	
D.I.R.T. (10%)	100	
P.A.Y.E.	<u>1,000</u>	<u>1,370</u>
Repayment		<u>£330</u>

Again the figure which is taken is the tax liability before credit is given for D.I.R.T. viz. £1,647.

The repayment which is the most beneficial of computations 1, 2 and 3 to the claimant, viz: £760, is made.

(ii) Maximum Limits

In response to enquiries we provide **Tables** overleaf to indicate the maximum levels at which marginal relief is

(a) beneficial - see *Table 1*

(b) available - see *Table 2*

for the year 1995/96.

It is stressed that while marginal relief may be available it may not be beneficial in certain cases. Careful comparison of the figures in the Tables is recommended before a claim for marginal relief is made. For example, marginal relief available to a couple with one child is £15,700 (Table 2), however, the relief ceases to be beneficial at £13,769 (Table 1) for that couple if they are entitled to married allowance only and at figures below that if they are entitled to further allowances.

Equally, it is important to remember that marginal relief is not available where certain income levels are exceeded.

For instance, a married couple under 65 with 5 children can claim marginal relief up to a total income level of £20,500. If that couples income exceeds £20,500 marginal relief does not arise on any of the income. Similarly, a married couple with six children can claim marginal relief on an income level up to £21,800. Here again, marginal relief will not arise if their income is greater than £21,800.

(iii) Effect of Deposit Interest subject to D.I.R.T.

on

Quantum of Marginal Relief

The absolute cut-off point for marginal relief is twice the appropriate exemption limit. Following the enactment of Section 15 Finance Act 1993, in cases where deposit interest subjected to D.I.R.T. at the standard rate was included in total income, the cut-off point was twice the standard exemption limit for the case plus twice the interest.

Section 12(1)(a)(ii) Finance Act 1994 changed the cut-off point in such cases for 1994/95 et seq.

It provides that in cases where the exemption limit is increased by the amount of relevant interest, the cut-off point for marginal relief is twice the appropriate exemption limit plus the amount of the interest.

References in the tables to:

	£
AM	
Married Allowance	5,000
1 PAYE	
PAYE Allowance	800
2 PAYE	
PAYE Allowance X 2	1,600
1 PRSI	
PRSI Allowance X 2	140
2 PRSI	
PRSI Allowance X 2	280
Single P.A.	
Single Allowance	2,500
Widowed P.A.	
Widowed Allowance	3,000
A.A. Single/Widowed	
Age Allowance	200
A.A. Married	
Age Allowance	400

Table 1
Maximum levels at which relief is beneficial

A. Married Under 65

Allowances Due	No. of Children						
	0	1	2	3	4	5	6
AM only	12,38	13,76	15,15	17,15	19,15	20,50	21,80
	4	9	3	3	3	0	0
AM + 1 PAYE + 1 PRSI	10,43	11,81	13,20	15,20	17,20	19,20	21,20
	2	6	1	1	1	1	1
AM + 2 PAYE + 1 PRSI	8,770	10,15	11,53	13,53	15,53	17,53	19,53
		5	9	9	9	9	9
AM + 2 PAYE + 2 PRSI	8,479	9,864	11,24	13,24	15,24	17,24	19,24
			9	9	9	9	9

B. Single/Widowed Under 65

Allowances Due	
Single PA	6,192
Single PA + PAYE + PRSI	4,239
Widowed PA	5,153
Widowed PA + PAYE + PRSI	No Relief

Note
Single and Widowed taxpayers with dependent children are normally entitled to the one-parent family allowance. Widowed taxpayers with dependent children may also be entitled to the widowed parent allowance. Because of this the exemption will not benefit them unless they have very large families.

C. Single/Widowed/Married aged 65 and over

Allowances Due	Aged 65 - 74	Aged 75 and over	The cut-off point for taxpayers liable at the standard rate and having basic allowances not covered in the above tables can be calculated using the following formula: $\frac{A \times 40\% - B \times 27\%}{13\%}$ where: <i>A</i> = Exemption due <i>B</i> = Allowances displaced by exemption
Single PA/AA	7,623	9,469	
Single PA/AA/PAYE	5,961	7,807	
Widowed PA/AA	6,584	8,430	
Widowed PA/AA/PAYE	4,923	6,769	
Married PA/AA	15,246	18,938	
Married PA/AA/1 PAYE	13,584	17,276	

Table 2
Maximum total income levels at which marginal relief is available (but not necessarily beneficial)

A.

B.

	No. of Dependent Children							
	0	1	2	3	4	5	6	
Married Under 65	14,800	15,700	16,600	17,900	19,200	20,500	21,800	Single/Widowed Under 65 7,400

C.

Aged 65 or over	Aged 65 - 74	Aged 75 and over
Single/Widowed	8,600	9,800
Married	17,200	9,600

2.3 Covenant Relief

Introduction

The changes to covenant relief as introduced by the Budget 1995 have already featured in Issue 17 of Tax Briefing. In addition to these changes the Finance Act 1995 introduced a hardship clause to defer the effect of the changes to Section 439 Income Tax Act 1967 in certain circumstances.

In this article we consider:

- (i) the hardship clause so introduced
- (ii) the term “permanently incapacitated” in the context of the revised legislation
- (iii) the impact on tax relief for 1994/95 where covenant payments due before 6 April 1995 were made after that date.

(i) Hardship Clause

Where the Revenue Commissioners are satisfied that the changes made to Section 439 Income Tax Act 1967 would cause hardship such as impaired ability to meet previously entered financial commitments, their effects can be deferred until 6 April 1998. For deferral to take place certain conditions must be satisfied; these are

- the covenant must have been in place before 6 April 1993 or made thereafter in the same terms and conditions in immediate replacement thereof,
- the original covenant must have been notified to the tax office before 8 February 1995,
- the covenantor and the covenantee (not a child of the covenantor) must live together and share normal household expenses,
- a dependant child of theirs or of either one of them must live with them for the greater part of the tax year.

A child absent from home to attend a university, college, school or other educational establishment may be treated as living in his/her family home for this purpose.

Amount of Relief

The amount of the relief will be the quantum considered to be ‘just’ by the Revenue Commissioners. It will vary with the varying financial losses caused by the changes to Section 439 Income Tax Act 1967.

In practice, the relief will apply, to co-habiting couples. At the relevant dates (mentioned in the conditions above) these couples will have used the covenant mechanism to avail of single allowances and rate bands. They will probably have relied on those increased allowances in making financial commitments such as mortgage payments. It will be accepted that hardship occurs where such couples show that their ability to meet their financial commitments has been seriously impaired by the changes to the relief.

The relief granted under the hardship clause will not result in a co-habiting couple paying less tax than a married couple on aggregation.

(ii) Permanently Incapacitated

The 1995 Finance Act provisions relating to covenants, contain special treatment for covenants to individuals who are permanently incapacitated by reason of physical or mental infirmity. For example, the restriction to 5% of the covenantor’s total income and the abolition of covenant relief generally with effect from 1996/97 do not apply to covenants in favour of these who are permanently incapacitated. These provisions will be administered as follows:

The meaning generally applied for tax purposes to the word “incapacitated” is incapable of doing or unable to do something. The test is therefore a functional one. Normally an incapacity is regarded as being permanent if it is lasting or of indefinite duration.

It is expected that the permanence or otherwise of the incapacity will be self evident in most cases. Where a claim to incapacity is not immediately apparent, medical evidence in support of a claim will be required.

Claims of permanent incapacity can be categorised into two main groups i.e.

- (a) those relating to elderly individuals, and
- (b) those relating to other individuals.

- (a) An individual is not necessarily permanently incapacitated by reason of the fact that he/she is elderly but, of course elderly individuals can be permanently incapacitated. In determining the question of permanent incapacitation Revenue will apply the functional test.
- In practice, an elderly individual who is incapable of looking after himself/herself and who for that reason requires to be maintained long-term in residential care (as that approved for the purposes of Section 12 Finance Act 1967) will be regarded as permanently incapacitated.
- By contrast, an individual who chooses to be in residential care on the basis that he/she does not wish to reside alone or prefers the lifestyle offered in such care will not be treated as permanently incapacitated. Should such an individual subsequently become permanently incapacitated, the covenant would become tax effective from the date of such incapacity.
- (b) In considering the question of permanent incapacity for individuals other than elderly the functional test will also apply. Although an individual may suffer from physical or mental infirmity he/she will not be regarded as permanently incapacitated by the infirmity, if he/she is otherwise capable of functioning normally. However, an individual whose incapacity prevents him/her, or in the case of a child, is likely to prevent him/her from aspiring to a normal range of employments will be treated as permanently incapacitated for the purposes of the section.

(iii) Tax Relief 1994/95, Covenant payments due before 6 April 1995, but made after that date.

Some covenantors appear to have been unaware that tax relief on covenants was not affected in 1994/95 by the Budget changes for covenants in existence or made before 8 February 1995. In such cases, covenantors did not make a covenant payment or made a restricted payment for 1994/95, in the mistaken belief that covenant relief for payments made after budget date had been abolished or restricted.

This has given rise to a question as to whether relief is available in respect of payments due in 1994/95 but made after the end of that tax year. In replying to this question a distinction is made between payments to which Section 433 ITA 1967 applies and those to which Section 434 ITA 1967 applies.

The reality is that where the covenant payment is one to which Section 433 Income Tax Act 1967 applies, the payment is allowable in computing the total income of the covenantor for the tax year in which the payment becomes due (Section 433 Income Tax Act 1967 and Section 5 Finance Act 1974 refer). Accordingly, even though the payment may be made in 1995/96, it is allowable in computing the total income of the covenantor for 1994/95. Similarly, the payment is included in the total income of the covenantee for 1994/95. In such cases, covenant relief will apply for 1994/95.

Where however the covenant payment is a one to which Section 434 Income Tax Act 1967 applies, the payment to the covenantee is treated as the income of the year in which the payment is made (Section 434 Income Tax Act 1967 and Section 5 Finance Act 1974 refer). In these cases, covenant relief will not arise for 1994/95.

2.4. Professional Services Withholding Tax (PSWT) - Revised documentation.

Introduction

With effect from 6 April 1995 new procedures have been in operation concerning the administration of Professional Services Withholding Tax (PSWT).

The purpose of the revised procedures is to reduce and simplify the administrative burden for accountable persons (the public body making the payment), for specified persons (the recipients of payments to which PSWT applies) and for Revenue.

The principal features of the administrative changes is so far as they affect specified persons are as follows:

Forms F45

A more secure form F45 has been introduced. Two versions of the form are available; a manual version, and, for accountable persons who wish to use computerized forms, a continuous stationery version. Accountable persons may opt for either version. Those who wish to use their own continuous stationery rather than that provided by Revenue, require prior approval from Revenue to do so.

Form F46

The form F46, which was issued where the specified person had not provided a tax reference number to the accountable person, is no longer being used. Instead where PSWT is deducted, a form F45 is now given to the specified person whether or not a tax reference number has been provided. Specified persons nevertheless continue to have an obligation to supply their tax reference number to the accountable person. Accountable persons have been advised that every effort should be made to obtain the relevant tax reference number prior to the making of payments. Where specified persons consistently submit forms F45 without a tax reference numbers, Revenue may refuse to process claims if the fault lies with the specified person.

Form F43

A new form F43 has been provided for issue by accountable persons where the form F45 issued to a specified person is lost or destroyed or where the form F45 issued needs to be corrected. The form F43 will replace the special letters which were issued heretofore where the original form F45 was lost, destroyed or erroneous.

2.5 Section 244 Income Tax Act 1967 - Allowances for Scientific Research

Introduction

In response to requests from practitioners, we advance the following observations on aspects of Section 244, Income Tax Act 1967 - Allowance for Scientific Research.

Section 244(3)

The reference to “capital expenditure on scientific research” in subsection (3) of Section 244 does not exclude expenditure on plant and equipment. Equally it does not exclude expenditure on buildings such as laboratories provided expenditure thereon meets the requirements of the legislation. For instance, it is a condition of the legislation that capital expenditure be incurred on scientific research for the purposes of a trade carried on by the claimant or for the purposes of a subsequent trade which is related to the earlier trade of scientific research.

Capital Expenditure

The term “**Capital Expenditure**” is not defined in the Taxes Act. The ordinary rules of commercial accounting as modified by tax law will where appropriate determine whether an item of expenditure is capital or relevant in nature.

Pre-trading Expenditure

It cannot be assumed as a general principle that all pre-trading expenditure on scientific research is capital in nature. Nevertheless, it would seem that in general pre-trading expenditure on scientific research will be capital in nature it will not qualify for relief under subsection (3) of Section 244 Income Tax Act 1967.

2.6 Capital Allowances for Multi-storey Car Parks

Introduction

Section 35, Finance Act 1995, inserts a new section 41B into Chapter IV, Part I, Finance Act 1994, the 1994 Urban Renewal Reliefs. The new section 41B grants capital allowances on expenditure incurred on the construction or refurbishment of certain “qualifying multi-storey car parks.” A number of enquiries have been received from practitioners on whether it is necessary that the car park be located in a designated area or street to qualify for relief under the section.

Revenue approach.

Although the section is included with the legislation governing the 1994 Urban Renewal Relief, it does not require that the multi-storey car park be situated in a designated area or street. To be a qualifying multi-storey car park for the purposes of the section, the local authority in whose functional area the car park is situated must have certified in writing to the person providing it that it:

“has been developed in accordance with criteria laid down by the Minister for the Environment following consultation with the Minister for Finance”.

Any queries regarding these criteria should be addressed to the **Department of the Environment,**

Urban & Rural Development Section,

Custom House,

Dublin 1.

Telephone: (01) 6793377

Fax: (01) 8748312

3.1 U.K. Finance Act 1994 Foreign Income Dividends - FIDs

U.K. Legislation

Where a company has suffered foreign tax on foreign income which it is entitled to credit against the mainstream U.K. Corporation Tax on such income, the mainstream CT payable on that income may not be sufficient to absorb the ACT payable when the foreign income is distributed. This can lead to a build up of surplus ACT which the company is unable to absorb against its mainstream CT liability.

Under Section 138 and Schedule 16 of the UK Finance Act 1994, a company may, with effect from 1 July 1994, elect to have dividends paid out of such income treated as Foreign Income Dividends (F.I.D's). If such dividends can be matched with distributable foreign profits which have suffered tax in the country of origin, the company is entitled to repayment or set-off of the surplus ACT attributable to the foreign profits.

Tax Credit

F.I.D's do not carry a tax credit. Companies paying F.I.D's issue a special dividend voucher. The voucher does not include any figure for tax credit and carries a statement drawing attention to that fact.

U.K. Income Tax treatment of F.I.D's

Recipients of F.I.D's are treated as having received income which has suffered tax at the lower rate. The tax is not available for repayment or to cover the tax on charges. The amount which is included as income of the recipient is the amount of the dividend received, grossed up at the lower rate of tax for the year of assessment in which the dividend is paid.

Irish Income Tax treatment of F.I.D's

As stated at paragraph 2., F.I.D's do not carry any tax credit. The 15% tax, normally withheld by the U.K. from repayments of tax credits attaching to U.K. dividends paid to Irish resident individuals, is withheld in respect of F.I.D's paid to such individuals. We have been advised by the UK Inland Revenue that the tax which a recipient of such dividends is treated as having paid is not available for repayment under the provisions of the UK/Ireland Convention.

FID amounts received should be included in Panel 16 of the Form 11 1994/95 in the case of an Individual and in Panel 7 of the Form CT1 in the case of a Company.

Recipients of F.I.D's who are chargeable to income tax in Ireland, are taxable on the amount of the F.I.D received i.e. the amount stated on the dividend voucher. Since F.I.D's are not taxed in the U.K. in accordance with Article 11 of the UK/Ireland Double Taxation Agreement, no double taxation relief is available in computing the liability to Irish Tax on such dividends.

4. Collector General

4.1 Direct Debit

Payment of tax by direct debit provides a very cost effective payment option for taxpayers. In regard to VAT and PAYE/PRSI, the option of payment by direct debit has, in the past, been offered to selected cases by the Collector-General's Office. A more widespread promotion of direct debit will be undertaken by the Collector-General's Office shortly. In essence, practically all VAT and/or PAYE/PRSI registered taxpayers who are not currently participants in the annual remitter or existing direct debit schemes will be invited to participate in the direct debit scheme. This initiative is a reflection of our ongoing policy of reducing compliance costs. The advantages for a taxpayer in entering a direct debit arrangement are,

- ◇ Form filling in respect of VAT and PAYE/PRSI is limited to an annual activity
- ◇ Payments are never overdue during the year
- ◇ Cashflow can be better managed during the year
- ◇ The time used in preparing returns and sending them in on time is saved
- ◇ There will be automatic refund of any overpayment which arises during the year

The taxpayer retains control at all times - the amount debited each month is the amount the taxpayer has agreed to pay.

We aim to make the switch to direct debit as easy as possible. There is just one form to complete in respect of each tax. Concerns or queries on the switch to direct debit or requests for the direct debit mandate can be directed to:

Central Services Area
Office of the Collector-General
6th Floor
Sarsfield House
Francis Street
Limerick
Tel: (061) 310310 Extn. 5990
Fax (061) 401009

The Finance Act 1995 provides for the payment of Preliminary Tax by direct debit. Arrangements in this regard are being developed by Revenue at present with a view to the operation of this facility with effect from 1 January 1996.

5. CAPITAL TAXES - Stamp Duty.

5.1 Particulars Delivered - New Regulations Effective 1 September, 1995

New regulations (S.I. No. 144 of 1995) governing the Particulars Delivered requirement for stamp duty will come into effect for instruments executed on or after 1 September, 1995. (Instruments executed prior to that date will continue to be governed by the existing regulations.) The most significant changes are as follows:

- the Particulars Delivered requirement will be extended to lifetime voluntary dispositions (gifts) of land or an interest in land.
- the new "PD" form requires the tax reference number for each of the parties to the instrument.
- the new form also requires a description of the property (to be given under specified headings).

All solicitors on the Capital Taxes mailing list have received an information leaflet on the new PD requirements, together with a supply of the new forms. Further information is available from:

Brendan Costigan or Donal Savage in the **Dublin Stamp Duty Office**

Telephone (01) 6792777, Ext. 4574/4567; or

Fax No. (01) 6790636

Luke Byrne or Bobby Lee in the **Cork Stamp Duty Office**

Telephone (021) 968783, Ext. 3103/3105

Fax No. (021) 318088

5.2 Lost Stamped Deed - Requirements for Stamping a Substitute Deed.

The previous practice of stamping a substitute deed and then seeking a refund of the duty stamped on the original deed is no longer necessary. Provided there is sufficient evidence of the stamping of an the original deed, the Stamp Duty Office will stamp the substitute deed without the requirement that duty be paid a second time. The requirements are as follows:

- (a) A Statutory Declaration by a person or persons fully cognisant of the facts (i.e. those engaged in the actual sending, delivery etc. of the missing deed) covering the following points:
- ☐ date of stamping of the original deed
 - ☐ evidence of stamping of the original deed
 - ☐ evidence of the loss of the original deed
- (b) Original or copy correspondence (if any) with the Stamp Duty Office on the stamping of the original deed.
- (c) Original or copy correspondence (if any) with An Post regarding the loss of the original deed.
- (d) A copy of the missing, and preferably stamped, deed.
- (e) A copy (front and back) of the cashed cheque, bank draft or payable order relating to the payment of the stamp duty on the missing stamped deed.
- (f) A substitute deed (unstamped).
- (g) An undertaking that the missing deed, if found, will be surrendered to the Revenue Commissioners.

Requests to have a substitute deed stamped where the stamped original deed has been lost should be made to:

Stamp Duty Unit,
Customer Services Branch,
Capital Taxes Division.,
Stamping Building,
Dublin Castle,
Dublin 2.

Telephone (01) 6792777 Exts: 4667 and 4309
Fax No. 6790636

Or to

The Stamp Duty Office,
Government Buildings,
Sullivan's Quay,
Cork.

Telephone (021) 968783
Fax No. (021) 318088

6. CAPITAL ACQUISITIONS TAX.

6.1 Inland Revenue Affidavit (CA24)

A revised and updated Inland Revenue Affidavit came into operation on 1 June, 1995. The format of the Affidavit has been changed considerably: it is much shorter than the previous version and should be easier to complete.

One significant change is the emphasis on RSI (Revenue/Social Insurance) numbers. Since 1 June, the RSI number of the deceased and any taxable beneficiaries is being used for all new cases instead of the old-style CAT file numbers. This is in line with moves throughout Revenue towards a single taxpayer reference number for all tax returns. The practicalities of this change (including instructions on how to deal with situations where there is no available RSI number) are dealt with in guidance notes accompanying the Affidavit.

It would be appreciated if stocks of the old Affidavit could be discarded.

6.2 New Short-Form Gift/Inheritance Tax Return (IT38 S)

A new two-page Gift/Inheritance Tax Return is now available for the more straightforward cases where there are no complexities such as aggregation, limited interests, reliefs/exemptions etc. Full details of the pre-conditions for using this form (in substitution for the standard IT38) are set out in the form itself.

A copy of this new form, together with a letter which issued directly to practitioners on the Capital Taxes mailing list, is inserted with this edition of *Tax Briefing*.

Supplies of these forms can be requested from:

Capital Taxes Advisory Service

Telephone: (01) 679 2777 Extns. 4591, 4593, 4597.

Fax No. (01) 679 0049

7. INTERNATIONAL SECTION

7.1 Treaty with United Kingdom

The Protocol amending the 1976 treaty with the United Kingdom was signed in November, 1994. It will come into effect, when the formal ratification procedures have been completed, in respect of income tax for any year of assessment on 6 April, 1994 and in respect of corporation tax for any financial year beginning on or after 1 April, 1994. It is expected that the ratification procedures will be completed shortly. This Protocol provides for the insertion in the existing treaty of a new Article 17A dealing with contributions to occupational pension schemes.

7.2 Treaty with Russia

The treaty with Russia has been ratified by the Parliaments of both countries and, upon the exchange of the instruments of ratification, will come into effect for income tax on 6 April, 1996, and for corporation tax on 1 January, 1996.

7.3 Treaty with Hungary

A new treaty with Hungary was signed in April of this year. Details of the ratification procedure and the effective date of the treaty will be advised in a future edition of *Tax Briefing*.

APPENDIX I

Statement of Practice

Title	Date	No.	Source
1988			
Incentive to bring tax affairs up to date	Sept. '88	(SPA)	Legs. & States.
Documents to be enclosed with Returns of Income	Sept. '88	(SPA)	Legs. & States.
Self Assessment Tax Commencements and Cessation's	Sept. '88	(SPA)	Legs. & States.
Income Tax Self Assessment Tax Credits	Oct. '88	SPA	" "
Self Assessment - Due date for making 1988/89 tax returns	19/12/88	SPA	" "
1989			
Income Tax Self Assessment Reviews	May '89	SPA	" "
Income Tax Self Assessment Tax Credits	May '89	SP7	" "
1990			
Capital Acquisitions Tax	May '90	SP-CAT/1/90	Capital Taxes (CAT Section)
Postponement of tax and registration of charge			
Capital Acquisitions Tax computation of tax-aggregation and indexation	Oct. '90	SP-CAT/2/90	Capital Taxes (CAT Section)
Capital Acquisitions Tax Section 60 Policies	Oct. '90	SP-CAT/3/90	Capital Taxes (CAT Section)
Taxation of farmers and landowners		SP-IT/1/90	Secretary Taxes
New Forest Premium Scheme			
Calculation of limits for retirement annuity relief and annual payments to "descendants"		SP-IT/2/90	Secretary Taxes
Withholding Tax - Interim Refunds	Dec. '90	SP-IT/3/90	Secretary Taxes
4th Schedule and other services received from abroad	Mar. '90	VAT/1/90	VAT Branch
Deductible tax (input credit)	Aug. '90	VAT/2/90	VAT Branch
Live Horses	Dec. '90	VAT/3/90	VAT Branch
Transition from Export Sales Relief or Shannon exemption to manufacturing relief		SP-CT/1/90	Secretary Taxes
Company's Self Assessment Return of Directors' details		SP-CT/2/90	Secretary Taxes
Manufacturing Relief Section 41, Finance Act, 1980		SP-CT/3/90	Secretary Taxes
Levy on investments in collective investment undertakings	July '90	SP-SD/1/90	Capital Taxes (Stamp Duty Section)
Stamp duty on purchases of new residential properties	Aug. '90	SP-SD/2/90	Capital Taxes (Stamp Duty Section)
Agreements as to payments of stamp duty on instruments (composition agreements)	Sept. '90	SP-SD/3/90	Capital Taxes (Stamp Duty Section)
Stamp Duty - Revised stamping procedures	Nov. '90	SP-SD/4/90	Capital Taxes (Stamp Duty Section)
1991			
Value-Added Tax	Feb. '91	VAT/1/91	VAT Branch
Rates of VAT on services from 1 March, 1991			
Value-Added Tax Automated Entry Processing for Imports/Exports	May '91	VAT/2/91	VAT Branch
Value-Added Tax	Dec. '91	VAT/3/1991	VAT Branch
Veterinary Services			
Removal/Relocation Expenses	June '91	IT/1/91	Secretary Taxes
Self-Assessment - Income Tax			

Title	Date	No.	Source
1991 Contd.			
Payment of Preliminary Tax and filing of returns for commencing sources under current year basis of assessment	Sept. '91	IT/2/91	Secretary Taxes
Capital Acquisitions Tax Indexation	Feb. '91	CAT/1/91	Capital Taxes Branch
Capital Acquisitions Tax	June '91	CAT/2/91	Capital Taxes Branch
Section 60 Policies/Section 119 Policies Finance Act, 1991	Aug. '91	SP-SD/1/91	Capital Taxes Branch
Collection and Enforcement of Stamp Duty			(Stamp Duty Section)
Tax Treatment of Payments under Swap Agreements	Sept. '91	SP-CT/1/91	Secretary Taxes
1992			
Amnesty for Stamp Duties	Jan. '92	SP-SD/1/92	Capital Taxes (Stamp Duty Section)
Use of Registered Post in Stamp Duty	Mar. '92	SD/2/92	Capital Taxes (Stamp Duty Section)
Stamp Duty on Mortgages and Further Advances	June '92	SD/3/92	Capital Taxes (Stamp Duty Section)
Value-Added Tax	Feb. '92	VAT/1/92	VAT Branch
Rates of VAT on services from 1 March, 1992			
Changes relating to the moneys received basis of accounting	April '92	VAT/2/92	VAT Branch
Value-Added Tax	June '92	VAT/3/92	VAT Branch
Advertising Services			
Value-Added Tax	July '92	VAT/4/92	VAT Branch
Sports Facilities			
Value-Added Tax	July '92	VAT/5/92	VAT Branch
Agricultural Services			
Value-Added Tax	July '92	VAT/6/92	VAT Branch
VAT on Dances			
Value-Added Tax	Oct. '92	VAT/7/92	VAT Branch
Monthly Control Statement			
Value-Added Tax	Oct. '92	VAT/8/92	VAT Branch
Application of zero rate to sales & deliveries of goods to other EC states after 1/1/93			
Value-Added Tax	Oct. '92	VAT/9/92	VAT Branch
Electronic Invoicing (E.D.I.)			
Value-Added Tax	Oct. '92	VAT/10/92	VAT Branch
Rates of VAT on food and drink from 1/11/92			
Value-Added Tax	Oct. '92	VAT/11/921	VAT Branch
Non Taxable Entities acquiring goods from other EC member states			
Value-Added Tax	Oct. '92	VAT/12/92	VAT Branch
VAT Treatment of goods between EC countries after 01/01/93			
Addendum to SOP (SP-VAT/12/92)	April '93	VAT/12/92	VAT Branch
Intra-Community Goods			
Transport and Ancillary Services			
Recent Developments			
Value-Added Tax, Exempt Persons Acquiring Goods from other EC member states	Nov. '92	VAT/13/92	VAT Branch
Value-Added Tax	Nov. '92	VAT/14/92	VAT Branch
Distance Sales in Single Market			
Value-Added Tax	Nov. '92	VAT/15/92	VAT Branch
Postponed Accounting & Intra-Community Acquisitions			

Title	Date	No.	Source
1992 Contd.			
Value-Added Tax	Nov. '92	VAT/16/92	VAT Branch
Money Received basis of Accounting			
Third Party Returns	Oct. '92	SP-IT/1/92	Income Tax
Return of certain information			
Preparation of Accounts for Revenue Purposes	Oct. '92	SP-IT/2/92	Income Tax
Value-Added Tax	July '92	VAT/4/92	VAT Branch
Sports Facilities			

1993

Surcharge and other Penalties or Restrictions for Late Submission of Tax Returns	Jan. '93	SP-GEN/1/93	Income Tax
Finance Act, 1992 and Directors	Jan. '93	SP-IT/1/93	Income Tax
Capital Acquisitions Tax	Jan. '93	SP-CAT/1/93	Capital Taxes
Zero-rating of goods and services in accordance with Section 13A of the VAT Act	Jan. '93	VAT/1/93	VAT Branch
Addendum to SOP (SP-VAT/12/92)	April '93	VAT/12/92	VAT Branch
Intra-Community Goods			
Transport and Ancillary Services			
Recent Developments	July '93	VAT/10/93	VAT Branch
Payment of VAT on alcohol products at time of payment of excise duty	July '93	VAT/3/93	VAT Branch
Guidelines for Practitioners on making Enquiries to Revenue Offices, Income Tax, Corporation Tax, Capital Gains Tax and VAT (issued in <i>Tax Briefing</i> - Issue 12, October 1993)	Oct. '93		C.I.'s

1994

Capital Acquisitions Tax	Jan. '93	CAT/1/94	Capital Taxes
Revenue Powers	May '94	GEN/1/94	Direct Taxes

This content is more than 5 years old.
Where still relevant it has been incorporated
into a Tax and Duty Manual
or other website text.

APPENDIX II

Section 32, Finance Act 1984 - Gifts for Education in the Arts

(Position as at 30 April 1995)

Name of Approved Body	Approval Effective from
ABBEY CENTRE OF BALLYSHANNON	13/10/92
ABBEY THEATRE (NATIONAL THEATRE)	30/08/85
ACTORS' CENTRE COMPANY LTD (CENTRE FOR THE PERFORMING ARTS)	15/05/87
ALCHEMISTER LIMITED	08/02/93
ALTERNATIVE ENTERTAINMENTS COMMUNITY ARTS GROUP	31/01/89
ARCHBISHOP MARCH'S LIBRARY	06/03/91
ARCHITECTURAL ASSOCIATION OF IRELAND	07/07/86
ASSOCIATION OF ARTISTS IN IRELAND	07/07/86
ASSOCIATION OF FRIENDS OF THE HUNT MUSEUM	11/07/94
ASSOCIATION OF IRISH CHOIRS	30/08/85
ASSOCIATION OF IRISH COMPOSERS	30/08/85
ASSOCIATION OF IRISH MUSICAL SOCIETIES LTD	21/09/21
BALLINGLEN ARTS FOUNDATION	19/05/94
BANTRY 1796 FRENCH ARMADA TRUST	20/11/91
BALLTABLE ARTS CENTRE COMPANY LTD	30/12/81
BLACK CHURCH PRINT STUDIO LIMITED	15/08/89
CASTLETOWN FOUNDATION	30/08/85
CENTRE FOR THE PERFORMING ARTS (ACTORS; CENTRE COMPANY LTD.)	15/05/87
CEOL SCOIL CHIARRAI TEORANTA	18/11/94
CHESTER BEATTY LIBRARY AND GALLERY OF ORIENTAL ART	25/10/85
CHRIST CHURCH CATHEDRAL CHOIR 500 FOUNDATION	10/11/94
COLLEGE OF DANCE	24/06/92
COMHALTAS CEOLTOIRI EIREANN	25/10/85
CONTEMPORARY IRISH ART SOCIETY	07/07/86
CONTEMPORARY MUSIC CENTRE	19/02/92
CORK THEATRE COMPANY LIMITED	25/10/85
CRAWFORD MUNICIPAL ART GALLERY	25/10/85
DESIGNYARD LIMITED	02/09/94
DOUGLAS HYDE GALLERY	30/08/85
DOWN TO EARTH THEATRE COMPANY	20/10/92
DROICHEAD ARTS CENTRE	93/06/93 X
DRUID PERFORMING ARTS LIMITED	07/07/86
DUBLIN CITY BALLET	30/08/85
DUBLIN FILM FESTIVAL LIMITED	10/2/93
DUBLIN GRAND OPERA SOCIETY	13/12/85
DUBLIN INTERNATIONAL ORGAN AND CHORAL FESTIVAL	28/04/94
DUBLIN INTERNATIONAL PIANO COMPETITION CO. LTD	15/07/87
DUBLIN THEATRE FESTIVAL	10/11/88
EVERYMAN PALACE LIMITED	10/11/88
FEIS CEOIL ASSOCIATION	30/08/85
FILM BASE (CENTRE FOR FILM AND VIDEO) LTD	15/04/88
FIRE STATION ARTISTS' STUDIO	26/06/91
FOLK MUSIC SOCIETY OF IRELAND	15/04/88
FRIENDS OF THE CHORAL ARTS	06/03/91
FRIENDS OF THE NATIONAL COLLECTIONS OF IRELAND	28/11/91
FRIENDS OF THE NATIONAL COLLEGE OF ART AND DESIGN	31/05/93
FRIENDS OF THE NATIONAL GALLERY OF IRELAND	28/09/92
FRIENDS OF THE VOCAL ARTS IN IRELAND	15/04/88
GALWAY ARTS FESTIVAL LTD	23/05/88
GALWAY MUNICIPAL TRUST	26/07/94
GARAGE THEATRE	14/09/94
GARTER LANE ARTS CENTRE (BAKER ARTS CENTRE LTD.)	30/12/87
GATE THEATRE	22/11/89
GLASNEVIN MUSICAL SOCIETY	15/08/89
GRAFFITI THEATRE COMPANY LTD	23/06/88
	25/10/85
GRAFITTI (THE THEATRE-IN-EDUCATION GROUP WITHIN THE CORK THEATRE COMPANY)	
GRAPEVINE ARTS CENTRE (DUBLIN)	30/08/85

HAWK'S WELL THEATRE (SLIGO)	30/08/85
HUGH LANE GALLERY	30/08/85
HUNT MUSEUM	11/07/94
IOMHA ILDANCH THEATRE COMPANY	29/07/92
IRISH FILM CENTRE	06/03/91
IRISH FILM INSTITUTE	02/09/86
IRISH GEORGIAN FOUNDATION	02/09/86
IRISH INTERNATIONAL FOLK COMPANY LTD	20/07/84
IRISH NATIONAL BALLET TRUST FUND	20/09/89
IRISH TRADITIONAL MUSIC ARCHIVE	20/09/89
IRISH VISUAL ARTS FOUNDATION LIMITED	31/01/89
IRISH WRITERS' CENTRE	22/11/91
IRISH YOUTH ORCHESTRA	30/08/95
KILKENNY ARTS WEEK	11/12/86
KILKENNY SCHOOL OF MUSIC TRUST	30/08/85
LIMERICK COLLEGE OF ART, COMMERCE AND TECHNOLOGY	07/07/86
LIMERICK EXHIBITION OF VISUAL ART	23/05/94
MOVING THEATRE	10/02/87
MUSIC ASSOCIATION OF IRELAND	30/08/85
MUSIC FESTIVAL IN GREAT HOUSES	30/08/85
MUSIC FOR GALWAY	27/05/88
NA PIOBAIRI UILLEANN	30/08/85
NATIONAL COLLEGE OF ART AND DESIGN	20/07/84
NATIONAL CONCERT HALL	09/02/87
NATIONAL CONCERT HALL ORGAN TRUST FUND	15/08/89
NATIONAL GALLERY OF IRELAND	01/11/89
NATIONAL SCULPTURE FACTORY LTD	31/05/93
NATIONAL THEATRE (ABBAY THEATRE)	30/08/85
NEW IRISH CHAMBER ORCHESTRA	30/08/85
OPERA THEATRE COMPANY LIMITED	27/01/93
PASSION MACHINE LIMITED	19/09/88
PATRONS OF LIMERICK UNIVERSITY CONCERT HALL	20.08.93
PROJECT ARTS CENTRE	30/08/85
RATHMINES & RATHGAR MUSICAL SOCIETY	16/04/87
RED KETTLE THEATRE COMPANY LIMITED	27/02/89
ROSC	30/08/85
ROUGH MAGIC LIMITED	19/08/88
ROYAL ACADEMY OF MUSIC	21/02/85
ROYAL HIBERNIAN ACADEMY GALLERY TRUST	20/02/87
ROYAL HIBERNIAN ACADEMY OF ARTS	07/07/86
SCHOOL OF ARCHITECTURE, UCD	31/01/89
SCHOOL FOART AND DESIGN (WITHIN THE COLLEGE OF MARKETING AND DESIGN)	19/08/88
SCULPTORS SOCIETY OF IRELAND LIMITED	08/11/89
SIAMSA TIRE TEO	30/08/85
SLIGO ART GALLERY	26/06/91
SOCIETY OF IRISH PLAYWRIGHTS	30/08/85
TEAM THEATRE CO	30/08/85
TEMPLE BAR GALLERY AND STUDIOS LTD	23/06/88
THEATRE UNLIMITED (STUDIO THEATRE LIMITED)	18/08/87
TRINITY COLLEGE DUBLIN	30/08/85
TRISKEL ARTS CENTRE, TOBINS ST., CORK	09/12/85
TYRONE GUTHRIE CENTRE	06/08/86
UNIVERSITY COLLEGE DUBLIN	20/10/92
WATERFORD FESTIVAL OF LIGHT OPERA LTD	21/09/90
WEST CORK ARTS CENTRE LTD	31/05/93
WET PAINT THEATRE	02/09/86
WEXFORD FESTIVAL TRUST	30/08/85
WRITER'S WEEK (LISTOWEL)	30/08/85
YOUNG IRISH FILM MAKERS	23/08/93

APPENDIX III

Capital Gains Tax - Indexation Chart

Year Expenditure Incurred ▼	Multiplier for Disposal in year ended 5 April									
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
1974/75	4.598	4.756	4.848	5.009	5.221	5.355	5.552	5.656	5.754	5.899
1975/76	3.714	3.842	3.916	4.046	4.217	4.326	4.484	4.568	4.647	4.764
1976/77	3.200	3.309	3.373	3.485	3.633	3.726	3.863	3.935	4.003	4.104
1977/78	2.743	2.837	2.892	2.988	3.114	3.194	3.312	3.373	3.432	3.518
1978/79	2.534	2.621	2.672	2.760	2.877	2.951	3.059	3.117	3.171	3.250
1979/80	2.286	2.365	2.410	2.490	2.596	2.663	2.760	2.812	2.861	2.933
1980/81	1.979	2.047	2.087	2.156	2.247	2.305	2.390	2.434	2.477	2.539
1981/82	1.636	1.692	1.725	1.782	1.857	1.905	1.975	2.012	2.047	2.099
1982/83	1.376	1.424	1.451	1.499	1.563	1.603	1.662	1.693	1.722	1.765
1983/84	1.224	1.266	1.290	1.333	1.390	1.425	1.478	1.505	1.531	1.570
1984/85	1.111	1.149	1.717	1.210	1.261	1.294	1.341	1.366	1.390	1.425
1985/86	1.046	1.082	1.103	1.140	1.188	1.218	1.263	1.287	1.309	1.342
1986/87	-	1.035	1.055	1.090	1.136	1.165	1.208	1.230	1.252	1.283
1987/88	-	-	1.020	1.054	1.098	1.126	1.168	1.190	1.210	1.241
1988/89	-	-	-	1.034	1.077	1.105	1.146	1.167	1.187	1.217
1989/90	-	-	-	-	1.043	1.070	1.109	1.130	1.149	1.178
1990/91	-	-	-	-	-	1.026	1.064	1.084	1.102	1.130
1991/92	-	-	-	-	-	-	1.037	1.056	1.075	1.102
1992/93	-	-	-	-	-	-	-	1.019	1.037	1.063
1993/94	-	-	-	-	-	-	-	-	1.018	1.043
1994/95	-	-	-	-	-	-	-	-	-	1.026

NOTE : The year 1974/75 means the year commencing on 6 April 1974 and ending on 5 April 1975.

Other years are described similarly.

No indexation is available for expenditure made within 12 months prior to the date of disposal.

APPENDIX IV

STERLING CONVERSION RATES 1994/95 (PUNT EQUIVALENT OF STERLING POUND)

	APR 6-MAY 5	MAY 6-JUN 5	JUNE 6-JUL 5	JUL 6-AUG 5	AUG 6-SEP 5	SEP 6-OCT 5	OCT 6-NOV 5	NOV 6-DEC 5	DEC 6-JAN 5	JAN 6-FEB 5	FEB 6-MAR 5	MAR 6-APR 5	YEARLY AVERAGE
DATE													
6	1.0270	1.0166	NONE	1.0005	NONE	0.9985	0.9990	NONE	1.0045	0.9995	0.9975	0.9960	
7	1.0282	NONE	1.0106	0.9985	NONE	1.0010	0.9990	1.0005	1.0080	NONE	0.9867	0.9896	
8	1.0261	NONE	1.0111	0.9999	1.0008	1.0005	NONE	1.0025	1.0080	NONE	0.9965	0.9935	
9	NONE	1.0134	1.0136	NONE	0.9995	1.0005	NONE	1.0040	1.0050	1.0186	0.9940	0.9930	
10	NONE	1.0124	1.0111	NONE	0.9985	NONE	1.0000	1.0050	NONE	0.9980	0.9901	0.9930	
11	1.0235	1.0138	NONE	0.9995	1.0010	NONE	1.0000	1.0065	NONE	0.9975	NONE	NONE	
12	1.0228	1.0113	NONE	0.9985	1.0035	1.0000	0.9990	NONE	1.0055	0.9877	NONE	NONE	
13	1.0204	1.0134	1.0111	0.9985	NONE	1.0035	0.9990	NONE	1.0025	0.9995	0.9940	0.9886	
14	1.0188	NONE	1.0136	0.9985	NONE	1.0025	0.9985	1.0085	1.0025	NONE	0.9906	0.9911	
15	1.0170	NONE	1.0106	0.9990	1.0020	1.0025	NONE	1.0065	1.0045	NONE	0.9930	0.9935	
16	NONE	1.0133	1.0070	NONE	1.0025	1.0015	NONE	1.0006	1.0030	0.9980	0.9930	0.9916	
17	NONE	1.0125	1.0090	NONE	0.9995	NONE	0.9995	1.0060	NONE	0.9990	0.9930	NONE	
18	1.0170	1.0090	NONE	1.0000	1.0010	NONE	0.9990	1.0055	NONE	0.9980	NONE	NONE	
19	1.0159	1.0065	NONE	1.0035	1.0020	1.0000	1.0000	NONE	1.0030	0.9987	NONE	NONE	
20	1.0162	1.0070	1.0065	1.0035	NONE	0.9995	1.0010	NONE	1.0025	0.9975	0.9930	0.9867	
21	1.0201	NONE	1.0055	1.0010	NONE	0.9995	1.0000	1.0010	1.0010	NONE	0.9906	0.9862	
22	1.0170	NONE	1.0070	1.0010	1.0010	0.9970	NONE	1.0020	1.0111	NONE	0.9906	0.9862	
23	NONE	1.0010	1.0050	NONE	0.9990	0.9975	NONE	1.0015	1.0010	0.9980	0.9911	0.9877	
24	NONE	1.0050	1.0040	NONE	1.0005	NONE	1.0010	0.9995	NONE	0.9985	0.9935	0.9872	
25	1.0168	1.0085	NONE	1.0010	1.0005	NONE	1.0020	1.0005	NONE	0.9990	NONE	NONE	
26	1.1065	1.0055	NONE	1.0015	1.0010	0.9990	1.0005	NONE	NONE	0.9990	NONE	NONE	
27	1.0191	1.0060	1.0035	0.9985	NONE	0.9985	1.0001	NONE	NONE	0.9990	0.9872	0.9872	
28	1.0196	NONE	1.0020	0.9975	NONE	0.9975	1.0025	1.0015	NONE	NONE	0.9901	0.9862	
29	1.0163	NONE	1.0000	1.0005	1.0010	0.9985	NONE	1.0000	1.0000	NONE	NONE	0.9872	
30	NONE	1.0070	1.0010	NONE	0.9995	0.9985	NONE	1.0040	0.9995	0.9995	NONE	0.9847	
31	NONE	1.0060	NONE	NONE	1.0005	NONE	NONE	NONE	NONE	1.0000	NONE	0.9847	
1	NONE	1.0101	1.0010	NONE	0.9990	NONE	1.0000	1.0060	NONE	1.0000	0.9901	NONE	
2	NONE	1.0131	NONE	1.0015	0.9985	NONE	0.9995	1.0050	NONE	0.9995	0.9921	NONE	
3	1.0146	1.0121	NONE	1.0025	NONE	0.9990	0.9995	NONE	0.9995	0.9987	0.9970	0.9877	
4	1.0111	NONE	1.0000	1.0000	NONE	0.9995	1.0000	NONE	0.9990	NONE	NONE	0.9877	
5	1.0157	NONE	1.0020	1.0020	0.9980	0.9990	NONE	1.0045	0.9990	NONE	NONE	0.9872	
MONTHLY AVERAGE	1.0190	1.0097	1.0064	1.0003	1.0004	0.9997	1.0000	1.0034	1.0031	0.9992	0.9922	0.9889	1.0019