

TAX BRIEFING

Office of the Chief Inspector of Taxes

Issue 23 - September 1996

Revenue launches 1995 Annual Report

The Seventy-Third Annual Report of the Revenue Commissioners for the year ended 31 December 1995 was published on Thursday 12 September 1996.

Record net receipts of tax revenue amounted to £10,887 million or some £712 million higher than the corresponding amount collected in 1994.

Receipts exceeded expectations across most individual taxes. Major contributory factors included the strong performance of the economy and the continuing success of Revenue's voluntary compliance campaigns across all taxes.

As a follow-on from our Customer Service Satisfaction Survey of the general public conducted in 1994,

the Revenue Commissioners commissioned Irish Marketing Surveys to undertake a survey of a second major category of Revenue customer - the business community - during 1995.

The results show that there is a ... "generally positive disposition of Irish business people in respect of their interaction with Revenue". Almost half of the survey sample confirmed that their dealings with Revenue over the past twelve months were conducted without any problem whatsoever, while a further 49% confirmed that any problems which arose were of an essentially minor character.

The report examines the main customer service developments undertaken by the Revenue Commissioners during 1995. These are producing evidence of a steady improvement in compliance rates. In an increasingly competitive world, Revenue are playing their part in easing the compliance costs to businesses.

There was a significant re-organisation of Revenue's staffing profile in 1995 with the integration of General Service and Departmental Customs and Excise staff into a single structure which now covers over sixty percent of staff.

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Other initiatives within the overall Strategic Planning approach were taken to underpin Revenue efficiency and effectiveness.

Revenue continues to cooperate with the Government's initiative for tackling the major social problem of the supply of illegal drugs and associated crime.

As in previous years, a detailed statistical report will be published later in the year.

Copies of the report are available from the
Government Publications Sales Office,
Sun Alliance House,
Molesworth Street,
Dublin 2.

Cost £3.00 (Postage £1.20)

Revenue use new technology on Phoenix Companies

The Phoenix Syndrome

For a number of years this has been identified as a major avenue of tax evasion.

Our systems now record in greater detail, linkages between companies, between participators/directors of companies and generally enable us to detect trends at an early stage.

Non-payment of taxes gives the Phoenix Company an unfair competitive advantage to the detriment of complying businesses.

This has facilitated the adoption of a co-ordinated Revenue-wide action programme to tackle the **Phoenix Syndrome**.

With increased availability of new technology, it is now possible for Revenue to link the various pools of information held about companies and to use these in conjunction with new registration and tracking procedures.

Full details of the various steps being taken will be included in a later edition of *Tax Briefing*.

TAX BRIEFING

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Reliefs for Renewal and Improvement of Residential Accommodation on Certain Islands (Islands Relief)

Introduction

The Finance Act 1996 (Sections 65 to 70) introduced reliefs for the construction, refurbishment or conversion of residential accommodation to encourage people to live on designated islands off the south, west and north-west coasts of Ireland.

There are 23 designated islands and these are listed on page 4.

The reliefs will operate for the three year period from 1 August 1996 to 31 July 1999.

The main features of the relief are set out hereunder.

Rented Residential Accommodation

This is similar to the relief commonly known as "Section 23 relief". A lessor can set off against rental income the costs (excluding site costs and all State or Local Authority etc. grants or payments) of any or all of the following;

- ❖ the construction of a new house, flat or maisonette
- ❖ the conversion of existing buildings into rented residential accommodation
- ❖ the refurbishment of existing buildings which contain one or more residential units.

However, the relief, unlike the ordinary Section 23 relief, does not apply to short-term lettings.

The costs can be set off against all rental income of the lessor, including income from other lettings.

Conditions

The following conditions

- ❖ Each house, flat or maisonette must be let under a qualifying lease i.e. a lease for a minimum period of 12 months
- ❖ The house, flat or maisonette must be used as the sole or main residence of the lessee throughout the period of the lease.
- ❖ The total floor area of the unit must be greater than:

30 square metres in the case of a flat or maisonette in a building or two or more storeys, **or**

must not exceed 125 square metres

- ❖ The premises must, without having been used, be first let under a qualifying lease after the construction, conversion or refurbishment expenditure has been incurred
- ❖ The unit must comply with any conditions laid down by the Minister for the Environment in relation to standards of construction or improvement of houses.

Any queries on these conditions should be addressed to:

**Housing Grants Section,
Department of the Environment,
Government Buildings,
Ballina,**

Co. Mayo.

Telephone: (096) 70677

Example

The following example shows how the relief operates:

Cost of Construction (including site cost)	40,000
Deduct Site Cost	<u>5,000</u>
<i>Allowable Construction Expenditure</i>	<i>35,000</i>
Net Rent p.a.	3,000

Year 1

Rent	3,000
Relief	<u>35,000</u>
Deficiency c/f	32,000

Year 2

Rent	3,000
Relief	<u>32,000</u>
Deficiency c/f	29,000

Relief continues to be granted in this manner until the qualifying costs have been fully absorbed by rental income, or until the premises is sold, ceases to be let or otherwise ceases to be a qualifying premises - see next paragraph.

Clawback of Relief

The letting must continue for at least ten years, except for normal periods of disuse between tenancies. There is provision for a clawback of the relief if the premises is sold by the landlord or passes by way of gift,

premises during the period of ten years e.g. by being extended beyond the space limitations provides.

Owner - Occupier Relief

Relief is available to owner-occupiers of newly constructed or refurbished residential units on the designated islands. The relief consists of a deduction from total income of 5% per annum of the qualifying expenditure for the first 10 years. The following conditions apply:

- ❖ Qualifying expenditure for this purpose is construction expenditure (exclusive of site costs) or refurbishment expenditure.
- ❖ The floor area of the unit must be within the limits mentioned above for Rented Residential Accommodation. The unit must also conform to any conditions laid down by the Minister for the Environment.
- ❖ The dwelling must be the sole or main residence of the individual for each year that relief is claimed
- ❖ The individual who incurs the expenditure must be the first owner and the first occupier of the dwelling after the expenditure has been incurred. The entitlement to the relief may not be passed on to the next owner of the property but there is no clawback of the relief when the property is sold.

Example

Cost of Construction (including site cost)	30,000
Deduct: Site Cost	<u>5,000</u>
Qualifying Expenditure	25,000
Annual Owner-Occupier Relief:	
25,000 x 5% = 1,250 for 10 years.	

Designated Islands

The relief is confined to islands accessible by air and sea only, which have been lived on for at least one generation by their current populations. The designated islands are listed at the top of the following page.

Designated Islands***Cork***

Bere	Oileán Cléire
Dursey	Hare
Long	Sherkin
Whiddy	

Donegal

Árainn Mhór	Inis Bó Finne
Inis Fraoighn	Toraigh

Galway

<i>Inis Bó Finne</i>	Oilean Árainn
<i>Inis Meáin</i>	Inis Oirr

Mayo

Claggan	Clare
Inishbiggle	Inishcottle
Inishyre	Inishturk

Limerick

Foynes

Sligo

Coney

Payment of Taxes by Direct Debit**Introduction**

There are direct debit schemes in operation at present to facilitate the payment of Employer's PAYE/PRSI and VAT. A scheme is also in operation for the payment of Preliminary Tax (Income Tax) by direct debit but the cut-off date for new entries for the tax year 1996/97 has passed. Applications for the 1997/98 Income Tax year can now be submitted with payments to begin from January 1997.

Why pay Tax by Direct Debit?***Preliminary Tax (Income Tax)***

This scheme is designed to spread the burden of Preliminary Tax over the calendar year in which Preliminary Tax is due. It is particularly suited to people who find it difficult to make one lump sum payments.

Employer's PAYE/PRSI and VAT

- ❖ Form filling is limited to one annual return i.e. the P35 in respect of PAYE/PRSI and one annual VAT3 in respect of VAT.

- ❖ Payments are never overdue within the year and therefore no reminders or threats of enforcement action are issued during the year.
- ❖ Better cash-flow management.
- ❖ No interest charges within the year.
- ❖ Saving in time used in preparing returns throughout the year.

Reminders**VAT**

Practitioners are reminded that:

- ❖ clients who pay VAT by direct debit, should have submitted their annual VAT3 return, for the year September/October 1995 to July/August 1996, by 19 September 1996.
- ❖ the adequacy of the monthly direct debit payment amount should be reviewed in the light of the declared liability on that return. The monthly payment should equal one twelfth of the annual liability.

- ❖ following the introduction of flexible annual accounting for VAT on 1 September, future returns will be due for submission on the 19th day of the month following the month in which the accounts year-end selected by the customer occurs. (see article below)

PAYE/PRSI

Customers who pay Employer's PAYE/PRSI by direct debit should review the adequacy of the monthly payment amount based on the P35 return for 1995/96. If it is necessary to change the monthly payment amount a new mandate form should be completed.

Further Information

Mandate forms and further information in relation to any of the direct debit schemes can be obtained from the Office of the Collector-General. For details of telephone numbers see page 5.

Flexible Annual Accounting for VAT - Clarification

Currently all annual returns (including the annual return of trading details) are based on the twelve month period ending on 31 August.

The revised arrangements now in place ensure that traders can base the return on a more convenient twelve month period. In practice this will mean that:

- ❖ companies registered for Corporation Tax will be required to complete the annual VAT return for the twelve month period based on the company's accounting period for Corporation Tax.

and

- ❖ for all other VAT traders the twelve month period most suitable to them may be used (including the existing arrangement based on the twelve months ending 31 August).

Electronic Repayment of VAT

Introduction

The Revenue Commissioners are committed to a policy of processing VAT Repayment Claims in a fair and efficient manner within the shortest possible timescale while continuing to ensure the protection of Revenue's interests. As part of this commitment and in keeping with their on-going development of customer services the Revenue Commissioners are about to introduce a system whereby all VAT Repayments due to registered traders will be paid electronically to the Bank of Building Society nominated by the trader.

Practitioners are asked to bring the following matters to the attention of their clients:

Benefits to Trader

- ❖ Greater efficiency in processing claims
- ❖ Secure method of payment
- ❖ Unaffected by any delays in # the postal system
- ❖ Confirmation slip of transaction will issue to trader

- ❖ A special account may be opened by the trader **for** this specific purpose should he/she so desire
- ❖ The account details as provided now, may of course be altered at a later stage by the trader.

Traders are urged to provide the necessary details as soon as possible to avoid any unnecessary delays in the issue of repayments.

Requirements of Trader

Provide details of Bank or Building Society Account to which the repayment is to be sent (see relevant section of VAT3 form)

Further Information

For further information on this scheme, contact the Office of the Collector-General.

For details of telephone numbers see the table below.

Automated Remittance Processing (ARP)

We wish to draw practitioners attention to ongoing problems in the submission and completion of payslips. Despite requests for assistance from practitioners to ensure the integrity of payslips submitted with remittances, some difficulties continue to be encountered. These difficulties can cause delays in the updating of taxpayers' files and in the issue of receipts. Feedback from contact with practitioner's offices would suggest that the importance of the tax payslip in the processing of payments via Automated Remittance Processing (ARP) may not have filtered down to individual caseworker level. With this in mind, a checklist has been prepared (see page 9), which practitioners might consider copying for their caseworkers engaged in completion/submission of clients' tax returns.

Telephone Helpline Numbers

Information in relation to the Collector-General articles contained in this issue of *Tax Briefing* can be obtained from:

**Office of the Collector-General,
Sarsfield House,
Francis Street,
Limerick.**

Telephone: (061) 310310

Telephone callers in the (01) area can ring 677 4211

Callers should ask for the following areas when making contact by telephone:

Payment of Taxes by Direct Debit

Ask for the Direct Debit Helpline

Flexible Annual Accounting for VAT

Ask for the VAT Accounting Helpline

Electronic Repayment of VAT

Ask for the Direct VAT Repayment Helpdesk.

Ten Years of the International Financial Services Centre

Introduction

The International Financial Services Centre is approaching its tenth anniversary and it is an opportune time to look back at the original purpose behind the establishment of the Centre and review its development to date.

Objectives

The key objective in setting up the IFSC in 1987 was to promote the development of a well-regulated, substantive, financial services industry which would be internationally focused and which would provide quality, sustainable jobs. An additional goal was to assist the urban renewal programme at the Custom House Docks site.

Incentives

To fulfil these objectives an attractive tax regime was put in place. The most significant element of this was an effective 10% tax on corporate profits where the Minister for Finance issued a certificate to companies specifying their 'relevant trading operations'. (Section 39B Finance Act 1980, inserted by Section 30 Finance Act 1987). Such a certificate remains in force, unless it is revoked, until the end of the year 2005.

The combination of the reduced tax rate, no withholding taxes on interest payments, access to Ireland's double taxation treaty network, urban renewal incentives, and EU approval of the regime ensured an attractive tax environment. These together with other advantages such as the availability of a well-educated workforce, good telecommunications, and lower cost base added to the attractiveness of Dublin as a centre from which to conduct business.

Changing Direction

The Centre, however, has developed on different lines to that initially envisaged in early 1987. Originally it was felt that the IFSC would consist mainly of large dealing floors. The October 1987 crash, which coincided with the launch of the Centre's marketing venture, altered to the changing international environment and its activities have centred around four main sectors.

These categories are:

- ❖ Banking/Asset Financing
- ❖ Collective Funds Management
- ❖ Insurance/Reinsurance
- ❖ Treasury Management

Another new area, that of broking/trading, is developing as a result of the establishment of the futures and options business at Finex Europe, a branch of the Finex Division of the New York Cotton Exchange which set up in the Custom House Docks in mid 1994.

Urban Renewal

The urban renewal aspect of the IFSC has also been successful. The original 27 acre Custom House Docks site is in the final phases of development. To date over 550,000 sq. ft. of offices have been built, let and sold in the Area. A further 490,000 sq. ft. of office accommodation is at various stages of completion having commenced over the last eighteen months. This development together with the Dublin Exchange Facility, the retail outlets, apartments, pub, hotel and other facilities have significantly transformed the Custom House Docks site.

Success of the IFSC

It is readily acknowledged that the high level of co-operation which exists between the State bodies responsible for the IFSC and the financial services industry has played a significant role in the Centre's success. There has been a willingness to adapt our tax and legal framework to adjustments in the ever changing world of financial services where this can be seen to be in the best interests of the Centre. This latter consideration is always to the fore particularly having regard to any international implications.

Although the main tax legislation, Section 39B Finance Act 1980 is broad ranging - giving the Minister for Finance scope to certify trading which will contribute to the development of the financial Centre - every Finance Act since 1987 has contained a number of IFSC related sections. Likewise legal and regulatory legislation, particularly in the funds area has been constantly up-dated so that they complement the tax legislation. For instance, while tax transparency was introduced for collective funds in the 1989 Finance Act it was not until after the enactment of the Unit Trusts Act and Companies Act 1990 that the collective funds sector in the IFSC developed.

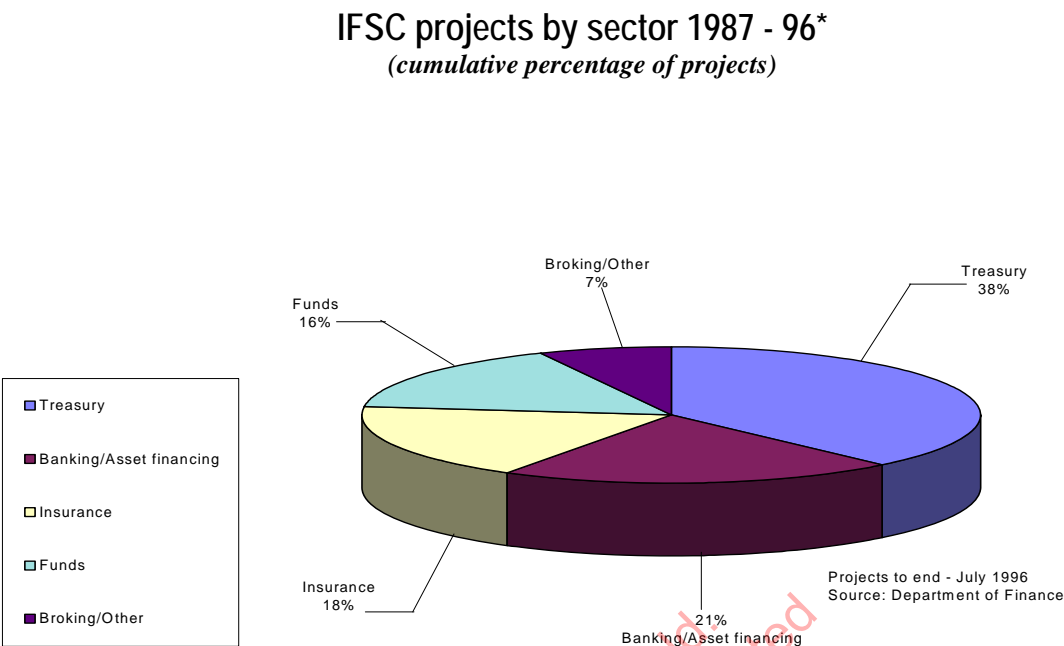
This receptiveness to change, together with an open door approach to listen to the views of IFSC companies and implementing an efficient approval and regulatory process have been important factors in making the concept of the IFSC work.

Conclusion

The Centre has had a significant impact in terms of the development of financial services, employment creation and assisting urban renewal at the Docks. The focus for the future will be on consolidating these developments and planning for post 2005 with the aim of facilitating sustainable areas of growth which have the capacity to last beyond the incentive period.

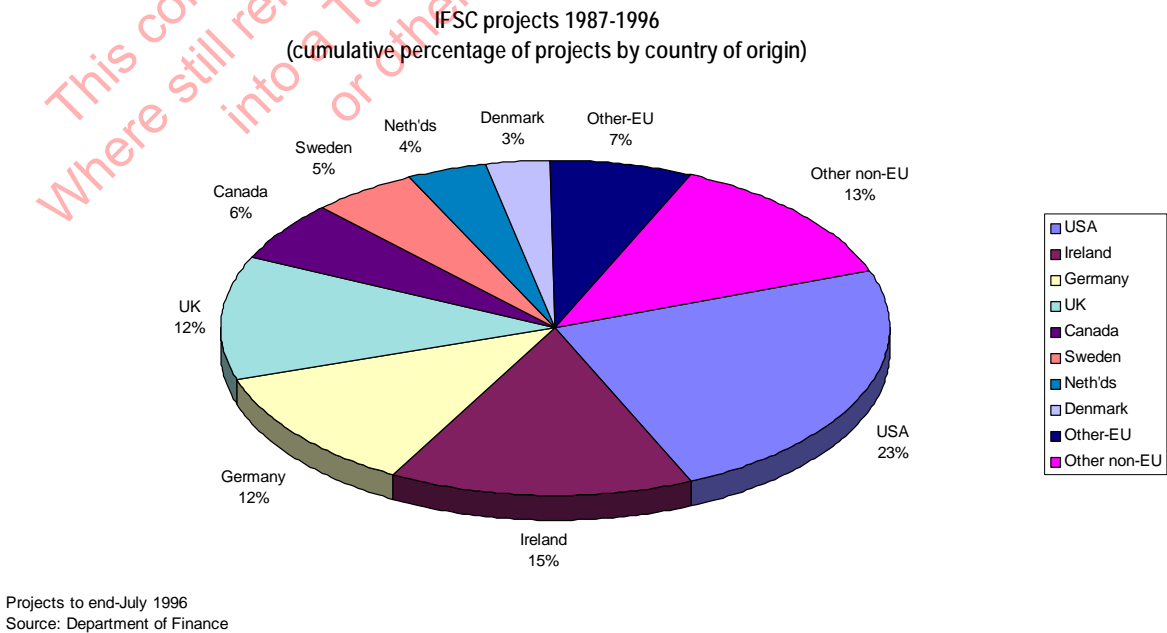
Charts on pages 7 & 8 show how the IFSC has developed projects, issued certificates and created employment over the past decade.

Breakdown of IFSC Projects by Sector - Chart 1



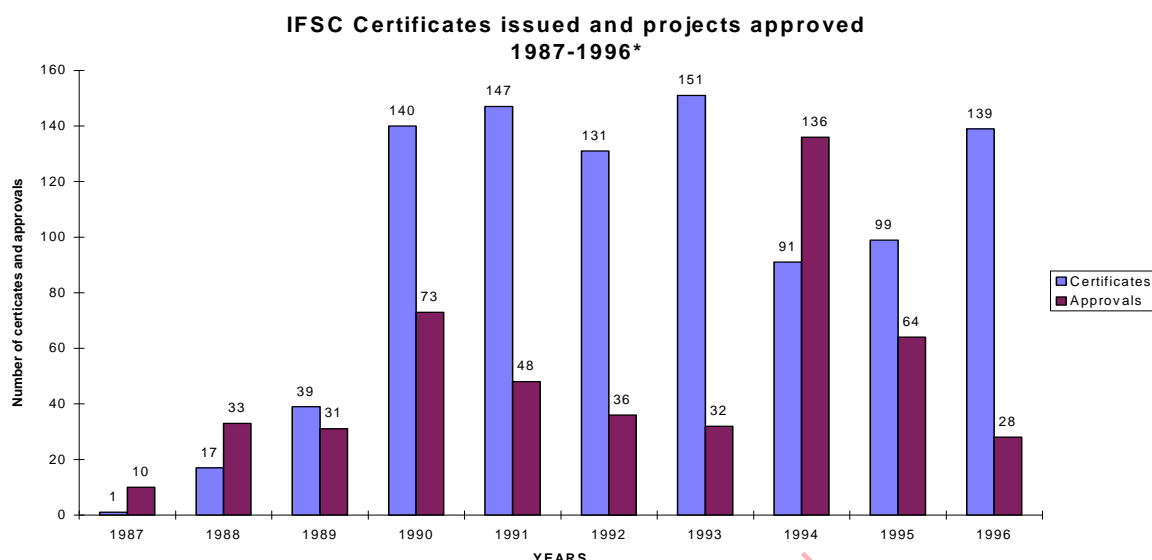
This shows the current breakdown of projects between the various sectors. While in the early years there was a concentration on banking/asset financing projects followed by insurance/reinsurance, in latter years corporate treasury operations, life assurance and, in particular, collective funds management applications have grown substantially.

Breakdown of IFSC Projects by Sector - Chart 2



The breakdown of projects by country, indicates the strong pressure of US owned treasury and collective funds management companies in the IFSC. It is also worth noting the number of Irish owned operations. There is no bar on Irish companies trading from the Centre but their activities must be in respect of their international operations.

IFSC Certificates Issued and Projects Approved - Chart 3



The details of the certificates issued and projects approved from 1987 to 1996 shows the scale of the development over the years. Currently there are in excess of 80 projects being actively pursued in the Centre. These projects have already given rise to the issuance of over 950 certificates by the Minister for Finance. Multi-company projects and special purpose companies account for the difference between the level of projects approved and the larger number of certificates issued.

There was a notable increase in applications approved in 1994. These were, no doubt, influenced by the end 1994 marketing deadline which had been imposed by the EU in 1990. This marketing cut-off was extended to the end of the year 2000 following successful negotiations between the Department of Finance and the EU in late 1994. It is encouraging to note that new applications are continuing at a significant level and 64 projects were approved last year.

New Jobs Created in the IFSC - Chart 4



One of the key objectives in establishing the Centre was to create new sustainable employment. The figures are steadily rising in this regard and as Chart 4 shows 3,000 direct new jobs in the financial services sector have been created to date. The numbers here are set to rise and job commitment figures which will be fulfilled in the next few years are expected to reach 5,000. The Centre has also been responsible for additional significant employment growth in construction, support services, and in legal and accountancy firms.

In terms of employment the collective funds area is a major and growing sector. A number of funds companies have already well exceeded the job commitment figures specified in their certificates and this sector alone accounts for approximately 900 jobs on the ground. An indication of the extent of the collective funds sector can be gleaned from the fact that over 15 billion is managed in approximately 280 IFSC collective schemes. This area, which is not wholly dependent on the low tax rate, has the potential for long term development beyond the year 2005 when the 10% tax incentive is due to end.

The international life assurance sector in the IFSC which has developed strongly in recent years, in particular since the introduction of gross roll-up (or effective exemption from Irish tax) on the investment returns accruing to IFSC non-resident policyholders, is also performing well in terms of job creation.

Collector-General's Office Automated Remittance Processing

You will have noticed in recent years that all our tax forms now incorporate a payslip. This payslip enables the taxpayer/agent to pay tax to the Collector-General in a number of ways:

- ◆ By personal attendance at the Collector-General's cash offices in Dublin/Limerick
- ◆ Through the postal system
- ◆ Through the Bank Giro system, by payment at any bank.

The success of the tax payslip hinges on the OCR scanline, containing coded details of the taxpayer's reference number, tax type, and tax period, which is printed on the foot of the slip during the production process. Because this payslip is "dedicated", it cannot be used or adapted for any other person, tax period or tax type. Incorporation of the coding enables the payslip and accompanying payment to be processed through high-speed scanning equipment in the Collector-General's office. It also enables the capture and transmission to Revenue of tax data where payment has been effected through the Bank Giro system. The coding enables Revenue to rapidly update taxpayer files to reflect incoming payments and also to ensure early issue of receipts for payments made.

Staff in practitioners' offices can assist Revenue by observing the following guidelines when completing returns and payslips on behalf of clients:

- ◆ Always ensure that clients' tax payments are accompanied by the correct tax form, with the proper payslip attached thereto.
- ◆ Ensure that the payslip is proper to the correct taxpayer, tax type and tax period.
- ◆ Do not copy or alter one client's payslip for the purpose of paying another client's tax. The use of photocopies and correcting fluids should be avoided.
- ◆ If the tax payslip has been mislaid, please forward your payment accounting details in an accompanying letter. Quote your client's serial number and set out clearly the tax types, tax periods and allocation of your client's remittance.
- ◆ If you are making a "Nil" return, please do not detach the payslip from the return. "NIL" returns are also processed through high-speed scanning equipment, which requires the presence of a payslip.
- ◆ When completing the tax payslip, always ensure that the OCR scanline is not written on, bent or folded. Damaged payslips can cause delays in updating your client's records.
- ◆ Always ensure that you or your client examine all tax receipts received, to ensure that the correct tax amounts, periods etc. are shown thereon. Any discrepancies should be notified to the Collector-General's Office immediately.

By observing these simple guidelines, you will assist Revenue in ensuring that your client's payments are correctly allocated and receipted without delay and that compliance costs to both your client and your practice are kept to a minimum.

Guidelines on completion of Returns for Processing

Self Assessment 1995/96 Returns

Returns for the tax year 1995/96 have now issued. To ensure that Returns are processed promptly, benefit of practitioners, taxpayers and Revenue, we would appreciate if practitioners would take the following matters into account.

Early Filing

As practitioners are no doubt aware, the deadline for submission of Returns is 31 January. However, as always, we wish to encourage agents to submit the returns well in advance of that date and not to wait until the stroke of midnight! Early filing of Returns is of benefit to all involved in the process. For the following reasons we would urge practitioners to **File Early**.

- ❖ if the return for 1995/96 has been submitted and a notice of assessment has issued before 1 November 1996 this can be of assistance in the accurate calculation of the preliminary tax due for 1996/97.
- ❖ the usual workload and pressure on practitioners and Revenue staff around the deadline of 31 January would be greatly eased. It appears from returns submitted last year that some agents complete the returns throughout the year but hold off submitting them until 31 January.
- ❖ **it is important to note that if adequate preliminary tax was paid for 1995/96 on or before 1 November 1995, the balance of 1995/96 liability due (if any) will not have to be paid until 30 April 1997, even if the return is sent to the tax office before 31 January 1997.**

- ❖ **it is important to note that if adequate preliminary tax was paid for 1995/96 on or before 1 November 1995, the balance of 1995/96 liability due (if any) will not have to be paid until 30 April 1997, even if the return is sent to the tax office before 31 January 1997.**

Taxpayers whose returns are submitted on time will not incur a surcharge, which for 1996/97 is the lower of.

- ❖ 5% of the tax subject to a maximum of £10,000 where the return is made within 2 months of the return filing date.
- ❖ 10% of the tax subject to a maximum of £50,000 where the return is made more than 2 months after the return filing date.

Note:

While the early filing of returns is desirable, it should not be done at the expense of submitting a properly completed return supported by all relevant documents and forms.

Submission of Returns

Under self assessment, what is required is one fully completed return which includes all relevant computations, schedules, and claims for allowances and reliefs. While the standard of completion of forms and completeness of attachments is generally very good, some problems continue to arise. We would ask practitioners to bear the following matters in mind when submitting the 1995/96 Returns and to bring them to the attention of their staff.

Documents to be enclosed with the Return

BES/Film relief

Fully completed RICT or Film 3 forms as appropriate must be submitted with the return.

Health Expenses Relief

Form Med 1 should be attached with the return where a claim for health expenses is being made forms Med 1 **and** Med 2 should be attached.

Withholding Tax

Forms F45 for the relevant credit period are required with the return.

Capital Gains Tax

A computation of any chargeable gain or allowable loss together with certificate(s) of valuation where appropriate must be attached to the return.

Retirement Annuity Contributions

R.A.C. certificates must be submitted with the return.

Completion of Returns

Interest Paid

The loan account number should be stated if the loan is from a Building Society or Local Authority. The gross interest paid figure should be shown without any adjustments such as the 80% restriction on relief.

INCOME TAX

Losses

The sections on losses should be fully completed to indicate how the loss is to be utilised i.e. set against other income under Section 307 ITA 1967 or carried forward under Section 309 ITA 1967. If a loss is to be created or augmented by Capital Allowances and claimed under Section 318 ITA 1967 this should be stated.

Retirement Benefit

Retirement benefits which are annuities and taxable under Schedule D Case IV should be entered under "Income from which Irish standard rate tax was deducted" (page 3 of the Form 11) and not under "Pensions subject to PAYE tax" (page 7). If entered in the wrong section, the PAYE allowance may be granted in error.

Farming

If income averaging is claimed, the income averaged figure should be shown on the return.

Directors

In the case of a company director, the section on the director's percentage shareholding should be completed.

Errors in computations and VSA calculations

A significant number of VSA's are not producing the required result i.e. a short notice of assessment. From a survey conducted last year the following problem areas were identified.

Marginal Relief Cases

To ensure that the correct income tax exemption is given, the section on dependant children should be fully completed where income levels are low.

PRSI/Levies

Care should be taken to ensure that PRSI and Levies are being calculated correctly, the relevant rates etc. are outlined on pages 10 and 12 of the Explanatory Notes on completion of the Form 11.

Preliminary Tax

Preliminary tax should not be deducted in the VSA calculations. Credit will be given automatically on the notice of assessment which issues.

Computerised VSA's

If agents submit their own VSA computations the P8/R8 figure "tax payable/repayable" should be completed on the VSA section of the Form 11.

Retirement Annuity Relief

Care should be taken to ensure that the 15% restriction is calculated correctly. (NB: The increase in the qualifying percentage to 20% for taxpayers aged 55 and upwards only applies for 1996/97 et seq.) Details as regards pensionable/non-pensionable employment's should be entered on the return.

GMS (General Medical Service)

Agents who are acting on behalf of clients who are claiming retirement annuity relief and are in receipt of GMS income, should include a calculation of retirement annuity relief with the return. This will involve apportioning a Doctor's income between GMS and non-GMS income and applying the 15% restriction on retirement annuity relief to the non-GMS income.

BES/Film Relief

These should not be included in computations in advance of submission of RICT or Film 3 forms.

Calculations

Where calculations have been done manually, very simple errors can arise. Please check that your VSA computation does not fail because of errors in calculations, additions or subtractions.

General

- ❖ The use of phrases such as "details to follow", "see schedules" and "per accounts" are not acceptable on returns. If they are used, this means that a full return has not been made.

If agents are submitting multiple year returns, partners/partnership returns or separate treatment returns, each return should be completed separately. The relevant vouchers/forms etc. should be attached to the appropriate return.

Capital Acquisitions Tax

Completion of New IT38

Gift / Inheritance Tax - Self Assessment Return

Introduction

As practitioners know a new Gift/Inheritance Tax Self Assessment Return Form (IT38), a Guide (IT39) to the completion of this return, together with supplementary claim forms for Agricultural Relief (IT41) and Business Relief (IT5) were introduced in April of this year.

While the return and the relief claim forms are, in general, being completed correctly, the following common errors and omissions are occurring. It would be appreciated if these could be brought to the attention of staff involved in the preparation of these forms thereby avoiding unnecessary delays for both practitioners and Revenue.

Gift / Inheritance Tax Self Assessment Return - Short Form IT38S

Page 2, Part 9, Item 3

"Small Gift Exemption" £500. This should not be deducted in the case of inheritances. It applies only to gifts.

Gift / Inheritance Tax Self Assessment Return - Standard Form IT38 for benefits taken on or after 11 April 1994

Page 2, Part 7 Item A

The value to be inserted here is the full market value of agricultural property before any relief is claimed; not the taxable value after relief. The taxable value is computed separately on the Agricultural Relief claim form (IT41 - Page 2, Part 5) and should be inserted further down on Page 2 of the IT38 as Part 9, Item 10.

In all instances where Agricultural Relief is being claimed an IT41 must be fully completed and submitted with the IT38 return.

Page 3, Part 10

Before completing Part 10, Tables A - F, it is essential in all cases to tick either "Yes" or "No" to the question at the top of Page 3; "Were any previous gifts/inheritances taken by the Beneficiary from any source on or after 2 June 1982?"

Page 3, Part 10, Tables A & B, Column 4

In the case of an inheritance the class threshold should be indexed by reference to the date of the inheritance and not by reference to the valuation date. Normally the date of the inheritance is the date of death of the testator/intestate or of the life tenant on whose death the inheritance is taken.

The class thresholds and indexation rates are shown on Page 3 above Tables E and F at the symbol Ⓢ

General

Please ensure that the following documents are attached to the return:

- ❖ A copy of the Deed or Instrument which gives effect to the gift or inheritance
- ❖ Certificates of Discharge (in duplicate), e.g. Forms CA11, for each beneficiary requiring these documents

Where any reliefs are being claimed, supplementary claim forms:

Business Relief
Form IT5

Agricultural Relief
Form IT41

Favourite Nephew/Niece
Form IT42

Further Information

If you have any queries in relation to these forms please contact:

**Capital Taxes Division,
Taxpayer Advisory Service,
Dublin Castle,
Dublin 2.**

Telephone: (01) 679 2777
Exts: 4593/4597.

If you wish to order copies of these or any other Capital Taxes forms, you can FAX your request to the above mentioned office at:

Fax No.: (01) 679 0049.

Residential Property Tax

Practitioners acting on behalf of clients who are liable to pay Residential Property Tax are reminded that the due date for payment and filing of returns for 1996 is **1 October 1996**.

This year, the market value threshold is £101,000 and the income threshold is £30,100..

The tax is levied on property valued in excess of £101,000 on the valuation date 5 April 1996, where the gross income of the household exceeded £30,100.

Calculation of RPT

The tax is charged at the rate of 1.5% on the excess over £101,000 of the market value of all the residential property owned or occupied by a person where the income threshold is exceeded. Relief is provided where the household income exceeds the exemption limit by less than £10,000 (15,000 for owner(s) aged 65 years or over on 5 April 1996). In addition, the tax is reduced by 10% in respect of each qualifying child.

Forms

Return forms (RP1) are available from tax offices, main Post Offices or from the Capital Taxes Division in Dublin Castle. Any assistance required in completing the return or any information on the tax may be obtained by calling the Helplines:
(01) 7024164, 7024173, 7024174
or
(01) 6792777
Exts: 4308, 4626, 4628.

Certificate of Clearance from Residential Property Tax

Practitioners are once again reminded that it is in their best interests and that of their clients that applications for a Residential Property Tax Clearance Certificate be made immediately a contract for sale is executed. Where the Residential Property Tax affairs of the vendor are in order, the Clearance Certificate (**Form RP50A**) will be issued within days of receipt of the application (**Form RP50**).

Failure to submit the application until a day or two before the closing of a sale could prejudice the timely issue of the Clearance Certificate.

It should be noted that where a Certificate of Clearance is not furnished by a vendor on the closing of a sale, and the sale consideration exceeds £101,000, the purchaser is obliged to deduct a specified amount from the consideration and to pay it over to the Revenue Commissioners. The specified amount is 1.5% of the difference between the sale price and the market value exemption limit (as at the previous 5 April), multiplied by the number of years that the vendor has owned the property, up to a maximum of 5 years. It is **not** acceptable for a vendor to give an undertaking to a purchaser that a Certificate of Clearance from Residential Property Tax will be provided **after** the sale has been closed.

A leaflet (**RP5**) relating to the operation of the Certificate of Clearance from Residential Property tax is available from the tax office or from the Capital Taxes Division in Dublin Castle.

Stamp Duty CREST Share Transfer and Settlement System

Most Irish quoted companies will opt later this year to allow title to their shares to be transferred and evidenced via a new electronic settlement system called CREST. It will replace the existing paper-based system (i.e. TALISMAN) and will be operated by a UK company called CRESTCo.

All share transfers through the CREST system will be effected electronically and would therefore escape liability to stamp duty in the absence of a specific provision (Sections 101 to 111 of Finance Act 1996) being made to charge them.

A stamp duty charge is being imposed on the electronic equivalent of the stock transfer form. The Revenue Commissioners intend to enter into an agreement with CRESTCo. whereby CRESTCo. will collect the duty and pay it over to the Revenue Commissioners at agreed intervals.

Main Provisions

The main provisions of Sections 101 to 111 of the Finance Act 1996, are as follows:

- ❖ the electronic instruction which will be issued to the Registrar of a company advising the Registrar to update the register is deemed to be an instrument of conveyance or transfer.
- ❖ the rate of duty on the electronic instruction is a flat 1% (to facilitate calculation of the duty).
- ❖ the accountable person is the transferee.
- ❖ the electronic instruction is exempt from the fixed duty of £10 (which normally applies when the legal, but not the beneficial, interest is being transferred).
- ❖ the broker/dealer relief contained in Section 42 of the Finance Act 1920, has been extended to UK broker/dealers. No duty will be payable provided the shares are sold within one month of purchase. The extended relief applies to both electronic and paper transfers.
- ❖ an exemption from stamp duty on purchases by Irish or UK market makers has been provided. The exemption applies to both electronic and paper transfers.
- ❖ an exemption from stamp duty on the conversion of shares from paper to electronic form ("dematerialisation") has been provided. The exemption applies where the legal, but not the beneficial, ownership changes on dematerialisation.

Returns to be made by Intermediaries in the Financial Services area

Introduction

Section 230 Finance Act 1992 requires persons who act in the State as intermediaries in, or in connection with, the opening of a foreign bank account, to provide certain details of the transaction to the appropriate Inspector of Taxes. It should be noted that the requirement is not confined to Financial Institutions. Self assessment principles apply i.e. the intermediary must provide the details whether or not requested to do so by an Inspector. Practitioners will be already familiar with returns of these details on Form 8B.

New Legislation

The section has subsequently been extended by Section 24, Finance Act 1993 and Section 41, Finance Act 1995. The intermediaries affected are:

- ❖ Persons who act as intermediaries in, or in connection with, the issue of a life assurance policy or the making of a deferred annuity contract by a company which is not resident in the State or not chargeable under Case III in respect of the income from the investment of its life assurance fund (Section 20A Capital Gains Tax Act 1975 as inserted by Section 24, Finance Act 1993
- ❖ Persons who act as intermediaries in or in connection with the acquisition of a material interest in an offshore fund (Section 230A Finance Act 1992 as inserted by Section 41 Finance Act 1995).

A material interest in an offshore fund is defined in Section 65 Finance Act 1990. Briefly, it is an interest in an investment vehicle which is either a non-resident company, a unit trust the trustees of which are not resident in the State or an arrangement under the laws of a foreign territory which creates

rights in the nature of co-ownership.

Although the income tax charge which applies in relation to the disposal of a material interest in an offshore fund applies only to non-distributing funds, the reporting requirement applies to acquisition of material interests in all offshore funds.

Return Filing

The return requirement, in such cases, applies to services provided in the year 1995/96 where the intermediary is within the charge to income tax and to accounting periods ending on or after 1 June 1995 where the intermediary is within the charge to Corporation Tax. Accordingly, for intermediaries chargeable to income tax, **the first return is due by 31 January 1997.**

To whom should the return be made?

The return must be made to the 'appropriate Inspector' who is defined in Section 230 Finance Act 1992 as:

- ❖ the inspector who has last required the intermediary to deliver a return of income
- or
- ❖ where there is no such inspector, the inspector to whom the intermediary usually delivers such a return
- or
- ❖ where there is no such Inspector,
The Inspector of Returns,
Ms. Eileen O'Sullivan,
Dublin Tax District,
1A Lr. Grand Canal St.,
Dublin 2.

Persons likely to be intermediaries

An intermediary for the purposes of the legislation is a person who provides services as an

intermediary in the ordinary course of a trade carried on in the State.

It should be noted that the definition of intermediary is very wide. It is not necessary that the intermediary be involved in the opening of a foreign account or the acquisition of the foreign life policy etc.. **All that is required is that the intermediary acts in connection with the transaction.** Nor is the section confined to recognised providers of financial services. Any person who in the ordinary course of a trade carried on in the State provides a service as an intermediary is obliged to make a return. For example, auctioneers and accountants who provide an investment service as an ancillary to their core business would be considered to be intermediaries for the purposes of the legislation.

Intermediaries should ensure, when providing such services, that they obtain the information necessary to make a full return (name, address and tax reference number of the client etc.). The legislation obliges the client to supply this information to the intermediary (Section 230(3) Finance Act 1992).

Statutory penalties apply for:

- ❖ the failure to make a return,
- ❖ the making of a false return, or
- ❖ helping to make a false return.

Further information

Return forms will be available shortly from local tax offices. Intermediaries wishing to make a return in some electronic medium should contact.

**Office Systems Group
Computer Branch,
Office of the Chief Inspector of Taxes,
3rd Floor, Setanta Centre,
Nassau Street, Dublin 2**
Fax No. (01) 671 1653,

regarding specifications. Any other queries in relation to the return making requirements should be addressed to the local tax office.

VAT - Review of VAT Retail Schemes

The Office of the Chief Inspector of Taxes (VAT Technical Services Unit) is carrying out a review of the retail schemes as contained in Revenue Commissioners VAT Leaflet No. 1.

This leaflet contains four “schemes” which are methods of approximating what proportion of the traders turnover is liable at each VAT rate. The schemes vary in degree of complexity depending on level of turnover and other factors e.g. whether the trader operates a stock control system.

The impetus for the review stems from feedback received through the Audit Districts of problems encountered by traders in the operation of the schemes.

These problems appear to be due to the fact that many changes have occurred in recent years (e.g. the disappearance of VAT at point of entry for traders sourcing supplies from other member states). With the technological advances made as regards point of sale analysis, it is also felt that the use of retail schemes may no longer be relevant.

As part of the consultative stage of the review, the Chief Inspector’s Office is interested in hearing from tax practitioners acting for client’s operating in the retail sector. Submissions, in writing or by fax should be forwarded to :

VAT Technical Services Unit,
1st. Floor,
Office of the Chief Inspector of Taxes,
Setanta Centre,
Nassau Street,
Dublin 2.

Fax No. (01) 671 6668

Alternatively, the working group will be happy to meet with representative groups from within the professions to hear their views on the matter. The closing date for submissions is 15 November 1996.

It is also intended to involve representative bodies from the retail and distributive trades in this consultative process, and invitations will be issued in due course.

SECTION 23

Introduction

The purpose of this article is to outline the treatment of the clawback of Section 23/43 relief on the death of a spouse and to give details of a new Revenue practice.

Transfer of Section 23/43 properties

Where the owner of a Section 23/Section 43 property dies within 10 years of first letting the property, a clawback of the relief already granted arises. The clawback arises even though the property does not cease to be a qualifying premises - Section 23(5)(b) Finance Act 1981 and Section 43(4)(b) Finance Act 1994 apply. This clawback is equal to the deduction already given and takes the form of rent which is deemed to be received immediately prior to the passing of the deceased person’s interest in the property.

Where the beneficiary of the estate is treated as succeeding from the date of death, the interest is deemed to pass on death.

Special Portfolio Investment Accounts (SPIA)

Married Couples

Where such a property passes to a spouse, the surviving spouse is entitled to a Section 23/43 deduction in the tax year in which the property passes.

Where the surviving spouse is the assessable spouse for the year of death, the loss arising due to the section 23/43 relief for the post-death period may be set against other Case V profit for the year, including the pre-death profit arising as a result of the clawback. In effect, no additional liability arising for the year of death as a result of the transfer of the property.

Where the deceased was the assessable spouse, the surviving spouse becomes chargeable for that year on the income from the date of death. There is no provision for setting a loss arising due to the section 23/43 relief for the post-death period against the pre-death liability of the deceased. Accordingly, a tax liability is likely to arise on the estate of the deceased spouse.

Liability is also likely to arise where the couple are taxed as single persons for the year of death.

New Revenue Practice

In all such cases where the clawback applies, the Revenue Commissioners are prepared to allow a set-off of the Section 23/43 deduction due to the surviving spouse against the amount assessable on the deceased in the year of death in respect of the Section 23/43 property. The maximum set-off will be equivalent to the amount of the rent deemed to have been received by the deceased in accordance with Section 23(5) or Section 43(4).

A formal undertaking will have to be given by the surviving spouse to the effect that if, within the 10 year period from the date the property was first let, any event occurs which gives rise to a clawback, the amount of the clawback on the surviving spouse will be the full amount of the Section 23/43 deduction allowed in relation to the property, including any amount of such relief set off against the income of the deceased spouse from whom the property was transferred.

The new practice will apply where the ownership of the property passes on or after 6 April 1995. The Revenue Commissioners are also prepared to apply the new practice where a property passes to a spouse as a result of a maintenance arrangement (as defined in Section 3 Finance Act 1983) or in circumstances where a property is transferred from the sole name of one spouse into the joint names of both spouses.

The new practice will not apply to the transfer of a property which is part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax.

Introduction

Section 14 Finance Act 1993 provides for a reduced tax rate of 10 per cent on the income or gains accruing on investments in Special Portfolio Investment Accounts (SPIA). The tax is deducted at source and paid over to Revenue by designated brokers. It is a final liability tax i.e. no further liability to tax arises to the individual who holds the SPIA.

Definitions

A special portfolio investment account is defined in Section 14, subsection (1) as *an account, opened on or after 1 February 1993, in which a relevant investment is held and in respect of which the conditions referred to in subsection (1)(c) are complied with.*

In effect, SPIA are equity investment accounts operated by designated brokers.

A **designated broker** is a person who

- ❖ is a dealing member of the Irish Stock Exchange or, with effect from 28 March 1996, of a stock exchange of any other Member State of the European Union, and
- ❖ has notified the Revenue Commissioners of his/her name, address and intention to accept specified deposits.

A **specified deposit** is a sum of money paid by an individual to a designated broker for the purpose of acquiring assets which will form part of a relevant investment.

Investors must be individuals of full age i.e. aged 18 or over, or married. The investment cannot be held through a nominee, it must be held directly by the beneficial holder of the investment.

A **relevant investment** is an investment in shares or securities acquired by a designated broker by the expenditure of money contributed by way of a specified deposit and held by a designated broker in a SPIA.

Conditions

The conditions referred to in the definition of a SPIA are as follows:

- ❖ SPIA and assets held therein must be kept separately from all other investment accounts operated by a designated broker
- ❖ An **individual** may invest up to £75,000 in a SPIA.

Alternatively, an individual may invest in a special savings account and a SPIA. Such an individual may invest:

- ◆ up to £50,000 in the SPIA **and** up to £25,000 in the special savings account
- or
- ◆ up to £25,000 in the SPIA and up to £50,000 in the special savings account
- ❖ **Married couples** may invest **separately** in SPIA. The limits and conditions applicable to each spouse are the same as those applicable to an individual.

Alternatively, a married couple may invest **jointly** in the following way

- ◆ in one or two SPIA, up to £75,000 in each account
- or
- ◆ up to £50,000 in each of two SPIA and up to £50,000 in one special savings account
- or

- ◆ up to £50,000 in each of two SPIA and up to £25,000 in each of two special savings accounts

or

- ◆ up to £50,000 in one SPIA and up to £50,000 in each of two special savings accounts

or

- ◆ up to £25,000 in each of two SPIA and up to £50,000 in each of two special savings accounts

(See Chart on page 18).

It should be noted that **only married couples can hold joint investments**. Where married couples hold joint investments they may not at the same time hold investments separately as individuals.

- ❖ The market value of the assets held in a SPIA cannot exceed the monetary investment limit applicable to that SPIA **on or after the fifth anniversary of the date on which the individual paid the first sum of money to the designated broker** to set up the SPIA.
- ❖ A designated broker must ensure that SPIA have a minimum percentage of total investment in Irish ordinary shares. The minimum percentage for the year commencing on 1 February 1996 is 55%. In addition, part of the Irish equity investment (for the year commencing on 1 February 1996, a minimum of 10 per cent of the total investment) must be made in companies whose market capitalisation is less than £100 million.

Specific Issues

The following paragraphs address specific issues which have arisen in relation to SPIA.

Holding of Cash

Cash deposits cannot be held in a SPIA for investment purposes. Cash amounts should not be placed in the SPIA until the qualifying assets are chosen. Where assets are disposed of, Revenue allows a three month period for the reinvestment of the cash proceeds. Sufficient cash may also be held to meet tax liabilities. Interest on this cash suffers DIRT at 27%. DIRT suffered may be used as a non-repayable credit against tax liability of the designated broker in respect of the SPIA. Any unused DIRT may be carried forward and set against liability of future years.

Market Value of Assets

The market value of the assets held in a SPIA cannot exceed the monetary investment limit applicable to that SPIA on or after the fifth anniversary of the date on which the individual paid the first sum of money to the designated broker to set up the special portfolio investment account (section 14(2)(c)). Where, on this date, the market value of the assets held in a SPIA exceeds the monetary investment limit applicable to it, the excess amount must be disinvested for the special tax status to be retained. There is no requirement to reduce the assets held in a SPIA at an earlier date where the value of those assets exceeds the monetary investment limit.

Change of Broker

Where a SPIA is transferred from one broker to another, the change in broker will not be regarded as altering the tax status of the SPIA provided all of the following conditions are met:

- ❖ there must be a complete transfer of the account. There must not be any purchases, disposals, revaluations, charges etc. connected with the transfer.
- ❖ the broker to which the account is transferred must be a designated broker and must undertake to succeed to the responsibilities of the first broker in relation to the SPIA.

Share Options

Employees or company directors with an option to purchase shares in a company cannot exercise the option through a SPIA in order to avail of the 10% tax rate on income and gains. The charge to income tax on share options would arise under section 9 Finance Act 1986 whether or not the exercise of the share option is executed through a designated broker.

Where the exercise of a share option is executed through a designated broker, the placing of the option with the broker in addition to payment to him/her of a sum of money does come within the meaning of specified deposit (see definition).

Distributions

Where the relevant income or gains of a SPIA includes a distribution from a company resident in the State, the aggregate of the distribution and the tax credit is chargeable to tax. Tax credits in respect of such distributions may be set against the tax payable in respect of the SPIA. Where the tax credit exceeds the tax payable, the excess may be reclaimed by the designated broker for that SPIA. The tax credit is not available for any other purposes.

Special Portfolio Investment Accounts - Summary of Limits

Individual		Married Couple (Investing Jointly)	
SPIA	SSA	SPIA	SSA
£	£	£	£
75,000	Nil	75,000 (x 2)	Nil
50,000	25,000	50,000 (x 2)	50,000 (x 1)
25,000	50,000	50,000 (x 2)	25,000 (x 2)
		50,000 (x 1)	50,000 (x 2)
		25,000 (x 2)	50,000 (x 2)

- (x 2) denotes that the Married Couple may hold two accounts up to the relevant limit
- (x 1) denotes that the Married Couple may hold one account up to the relevant limit

Revenue Audits Location

Introduction

A number of enquiries have been received from practitioners requesting that clients' audits be carried out at the practitioners' offices.

Revenue view

It is Revenue policy not to carry out audits at practitioners' offices. In general, audits take place at the taxpayer's principal place of business. Where the taxpayer has more than one place of business, the Revenue auditor may visit each location. In the case of companies, the audit will generally take place at the principal place of business irrespective of where the Registered Office is located.

If, for very exceptional reasons, it is impracticable to carry out the audit at the taxpayer's business premises, the audit may be carried out at the tax office. In these circumstances, the Revenue auditor may still visit the business premises to establish the nature of the trade and the scale of the business.

Reminder

Practitioners are reminded that all records should be available at their client's business premises in time for the audit. Records include linking documents that are drawn up by accountants when making up the accounts and which show details of the calculations linking the taxpayer's records to the accounts.

Farming - Rural Environment Protection Scheme (REPS)

Introduction

This Scheme, which is administered by the Department of Agriculture, Food and Forestry, was implemented pursuant to a programme approved under Council Regulation (EEC) No. 2978/92 of 30 June 1992. The Scheme came into operation on 1 June 1994.

Objectives

The objectives of the Scheme are to:

- ❖ establish farming practices and controlled production methods which reflect the increasing public concern for conservation, landscape protection and wider environmental problems
- ❖ protect wildlife habits and endangered species of flora and fauna
- ❖ produce quality food in an extensive and environmentally friendly manner.

Farmers who wish to join the Scheme must have an agri-environmental plan drawn up by an approved agency. There are also a wide range of measures in the REPS which have to be complied with.

The Council Regulation mentioned above indicates that the Scheme "must compensate farmers for any income losses caused by reductions in output, for increases in costs and for the part they play in improving the environment."

Revenue view

Payments under this Scheme constitute income as they are paid to compensate farmers for income losses caused by reductions in output and for increases in costs of a revenue nature. The payments should therefore be included by practitioners as trading receipts when preparing annual accounts.

Where a payment has been made specifically to compensate the farmer for identifiable capital expenditure, it will not be treated as part of the farming income. It will, however, fall to be deducted in arriving at qualifying expenditure for capital allowances purposes. From the documentation available on the Scheme, payments of this nature should not occur in many cases. Where such payments are made it appears they will constitute only a very small part of the total amount received by a farmer under REPS.

Notes for Guidance on Finance Act, 1996

The Revenue Commissioners have issued Notes for Guidance on the Finance Act, 1996. These notes give a Section by Section explanation of new legislation and of amendments to existing legislation introduced in the Finance Act, 1996.

Copies are available from the *Government Publications Sales Office*,
Sun Alliance House,
Molesworth Street,
Dublin 2,
or through any bookseller.

Copies may be purchased by Mail Order from the *Government Publications Trade Section*,
4-5 Harcourt Road,
Dublin 2.

Telephone: (01) 661 3111
Extns. 4040 & 4045
Fax: (01) 475 2760

The price per copy is £20.

Third World Charity Relief

The following charity has been designated by the Department of Foreign Affairs under Section 8 Finance Act 1995:

The Church of Ireland: Bishops Appeal Fund for Relief and World Development

This charity should be added to the list of designated charities included in *Tax Briefing*, Issue 22.

Stamp Duty

Exempt New Houses

A copy of the Statement of Practice "Exempt New Houses" (SP-SD1/96) is enclosed with the issue of *Tax Briefing*.

Maintenance Payments and Levies

The treatment of maintenance payments and levies as outlined in *Tax Briefing* Issue 22 takes effect from 6 April 1995.

Forms IRL

Practitioners should note that Forms IRL have been updated and any old stocks on hand should be destroyed. The new forms can be ordered from the

Revenue Forms & Leaflets Service

at (01) 8780100.

With the exception of first claims, completed forms should be sent to:

UK Inland Revenue,
Financial Intermediaries & Claims
Office, Fitz Roy House,
P.O. Box 46,
Nottingham NG2 1BD, England.

First claims should be sent to the local Inspector of Taxes in Ireland.

Change of District Inspector

Mr. Padraig O'Conaill has been appointed as District Inspector in Castlebar District. He has previously served in Galway District.

Delays in the issue of Forms CT1

Delays occurred in the issue of Forms CT1 for Accounting Periods ending in the period from April to July 1996. The problem has now been rectified and any inconvenience caused is regretted.

VAT

Amendments have been issued to the following:

Addendum to Statement of Practice (VAT 12/92) Intra-Community Goods Transport and Ancillary Services.

The amendment specifies the new VAT treatment of certain goods transport services following the implementation of the Second VAT Simplification Directive.

Information Leaflet - VAT Treatment of Second-Hand Vehicles.

This amendment specifies the dates of effect of the special scheme (1 July 1995), the claw-back rules (1 November 1995) and the invoicing rules (1 July 1996).

Full details available from:
VAT Administration Office
Telephone: (01) 679 2777
Extns: 4858, 4861 and 4862.

Audit Districts

Dublin Audit Districts No.'s 1&2

Practitioners should note that the above districts which were due to be relocated in September 1996 are still located at:

2nd Floor,
Findlater House,
28-32 Upper O'Connell Street,
Dublin 1.
Telephone: (01) 874 6821
Fax No. (01) 874 0284

These districts deal with Audit and VAT queries in relation to the Construction and Property Industry.

Dublin Audit District No. 4

is still located at:

2nd Floor,
Lansdowne House,
Lansdowne Road,
Dublin 4.
Telephone: (01) 668 9400
Fax No. (01) 668 4753.

This district deals with Audit and VAT queries of Agribusiness, Fisheries, Farming & Forestry Industries.