

Tax Briefing

Office of the Chief Inspector of Taxes



Issue 27 - August 1997

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Finance Act '97 Introduces Relief For Pre-Trading Expenses

Introduction

Section 29 Finance Act 1997 gives effect to the Budget announcement that certain pre-trading expenses of a trade or profession were to be allowable in calculating the trading income of that trade or profession once it commenced. The relief applies to trades or professions, whether incorporated or not, which commence on or after 22 January 1997.

Under Section 29, a deduction is available in respect of pre-trading expenses which,

- Are incurred in the three years prior to commencement of the trade or profession, **and**
- Apart from Section 29 would not be allowable, but would have been allowable if they had been incurred after the date of commencement of the trade or profession. Accordingly, the provisions of Section 61 Income Tax Act 1967 apply for the purposes of calculating the deduction - for example, only pre-trading expenses which were wholly and exclusively laid out or expended for the purposes of the trade or profession are allowable.

Expenses

Examples of pre-trading expenses are:

- Accountancy fees
- Advertising costs
- Costs of feasibility studies
- Costs of preparing business plans
- Rent paid for the premises from which the trade or profession operates.

The relief also applies to charges on income (within the meaning of Section 10 Corporation Tax Act 1976 or Section 434 Income Tax Act 1967) paid prior to commencement of the trade or profession provided that the charges are wholly and exclusively laid out or expended for the purposes of the trade or profession.

No relief is allowable under any other provision in respect of a payment which qualifies for relief under Section 29.

Calculation

For the purposes of allowing the deduction, the allowable amounts are treated as having been incurred at the time the trade or profession commences. Allowable amounts are not available for set-off against income other than income from the trade or profession.

In the case of charges within the meaning of Section 434 Income Tax Act 1967, relief will be by way of carry forward, or carry back in the case of a terminal loss relief claim (Section 316 Income Tax Act 1967).

Where the allowance creates a loss, relief in respect of the part of the loss attributable to the pre-trading expenditure will be by way of carry forward against future profits of the trade or profession. As far as possible, a loss will be attributable to other expenditure.

Example

Loss before Section 29 relief	£1,000
Section 29 relief	£2,000
<i>Total loss</i>	<i>£3,000</i>

The loss before Section 29 relief is available for set-off against the taxpayer's other income (under Section 307 Income Tax Act 1967 or Section 16(2) Corporation Tax Act 1976) and the balance is carried forward for set-off against the future profits of the trade or profession (under Section 309 Income Tax Act 1967 or Section 16(1) Corporation Tax Act 1976, i.e.

For set-off under

Section 307/Section 16(2)	£1,000
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For set-off under

Section 309/Section 16(1)	£2,000
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New Ministerial Orders**Cash basis of accounting for VAT**

The **Minister for Finance** has made a Ministerial Order increasing the threshold for eligibility for the cash basis of accounting from £250,000 to £500,000. The order (S.I. No. 316 of 1997) was made on 17 July 1997 and any eligible taxable person who wishes to account for VAT on the cash basis should apply to their local tax office giving details of their VAT-exclusive turnover for the past 12 months and an estimate of the likely turnover in the coming 12 months.

Horticultural Products

See page 33 for details of Ministerial Order (S.I. No. 313 of 1997)

RCT - Finance Act '97 Changes

Introduction

Relevant Contracts Tax (RCT) applies to payments made by a principal contractor to a subcontractor in respect of **relevant operations**. Relevant operations are defined in Section 17 Finance Act 1970 as operations in the construction industry, the meat processing industry and the forestry industry. Tax is deducted by a principal contractor on payment to a subcontractor unless the principal contractor has received a relevant payments card (C47) for the subcontractor. A relevant payments card is issued only for subcontractors who have a current C2. Where tax is deducted, the principal contractor gives the subcontractor a certificate (Form RCTDC), which the subcontractor uses to claim credit for or repayment of the tax.

Definition of Forestry Operations

Section 13 Finance Act 1997 extends the definition of forestry operations within the scope of RCT. The extended definition includes **tree planting, the maintenance of woods and forests and the preparation of woods and forests for planting.**

It applies as respects payments made on or after 6 October 1997.

Forestry operations are now defined as:

“operations of any of the following descriptions

- (a) the **planting**, thinning, lopping or felling of trees in woods, forests or other plantations;
- (aa) **the maintenance of woods, forests and plantations and the preparation of land, including woods or forests which have been harvested, for planting.**
- (b) the haulage or removal of thinned, lopped or felled trees;
- (c) the processing (including cutting or preserving) of wood from thinned, lopped, or felled trees in sawmills or other like premises;
- (d) the haulage for hire of materials, machinery or plant for use, whether used or not, in any of the aforesaid operations;”

No new categories of principal contractor have been created. Accordingly, RCT will apply where forestry operations are carried out:

- (a) Under a contract with a person carrying on a business which includes the processing (including cutting and preserving) of wood from thinned or felled trees in saw mills or other like premises or the supply of thinned or felled trees for such processing
- (b) Under a contract with a person connected with a person mentioned at (a) **or**
- (c) Under a **subcontract** with a person who is carrying out forestry operations under a contract with a person at either (a) or (b).
- (d) Under a contract with certain public bodies (e.g. Coillte) or a Minister of State.

A revised “Explanatory Notes for Principal Contractors” setting out the extended definition of forestry operations is available from local tax offices or from the Revenue Forms & Leaflets Service at (01) 878 0100.

Repayments of RCT

Section 13 Finance Act 1997 permits Revenue to retain any RCT deducted from payments to a subcontractor for credit against any of the following amounts which the subcontractor is liable to remit:

- Employer/employee PRSI and self-employed PRSI
- Health contributions
- Employment and Training Levies

These amounts are in addition to deductions which were authorised up to the passing of the Finance Act (VAT, CGT and PAYE)

Summary Proceedings

Section 13 Finance Act 1997 extends the time limit for taking summary proceedings in respect of offences set out in Section 17(10) Finance Act 1970. The time limit of six months is extended to ten years under this subsection, in respect of offences committed on or after the passing of the Act i.e. 10 May 1997.

Civil Penalties

Section 13(2) Finance Act 1997 extends the scope of civil penalties to non-compliance with RCT. Revenue did not have authority to accept an amount in settlement of the penalties provided for RCT offences in Section 17(10) Finance Act 1970, since these penalties apply only on summary conviction. Unless a penalty had been imposed by a Court, publication of details of taxpayers who did not comply with their RCT obligations did not arise.

Section 13(2) Finance Act 1997 applies the main civil penalties to RCT in respect of offences committed on or after the passing of the Act i.e. 10 May 1997. This is achieved by inserting a reference to Section 17 and 17A Finance Act 1970 and the RCT regulations in the various columns in Schedule 15 Income Tax Act 1967. The effect is that the names of persons who fail to comply with their RCT obligations or who fraudulently or negligently supply incorrect information in that regard, may now be published by the Revenue Commissioners in accordance with Section 23 Finance Act 1983 subject to the same conditions as apply to persons who fail to comply with other tax obligations.

Health Expenses: Kidney Patients and Children with Cancer

Introduction

The purpose of this article is to advise practitioners of the relief which may be claimed for health expenses [see Section 12 Finance Act 1967] in respect of certain expenditure incurred by:

- **Kidney patients**
- **The parents/guardians of *child oncology patients*.**

Kidney Patients

Hospital dialysis patients

(where the patient attends hospital for treatment)

Relief in respect of expenditure incurred travelling to and from hospital (unlimited journeys) may be allowed at a rate of 22.09 pence per mile for the years 1994/95 to 1996/97 inclusive. A rate of 25 pence per mile may be allowed for 1997/98 onwards.

Home dialysis patients

(where the patient uses a dialysis machine at home)

Relief may be allowed in respect of:

	1994/95	1995/96	1996/97	1997/98
Electricity	£800	£800	£820	£830
Laundry	£900	£925	£935	£950
Telephone	£70	£70	£70	£70
Travelling [pence per mile]	24.90	24.90	24.90	25

[subject to a maximum of 25 trips per annum].

Chronic Ambulatory Peritoneal Dialysis [CAPD] patients

(where the patient has treatment at home without the use of a dialysis machine)

Relief may be allowed in respect of:

	1994/95	1995/96	1996/97	1997/98
Electricity	£630	£630	£650	£660
Telephone	£70	£70	£70	£70
Travelling [pence per mile]	22.09	22.09	22.09	25

[subject to a maximum of 25 trips per annum].

Note:

Where a patient moves from one category to another, the claim should be apportioned under each category.

Parents/Guardians of Child Oncology Patients

The Oncology Units in childrens' hospitals are concerned with the care and treatment of children with cancer or other diseases of the blood/marrow (e.g. severe anaemia).

The following expenditure *-in respect of child oncology patients only* - now qualifies for relief under the heading of **health expenses**:

Travel

The cost incurred in travelling [unlimited journeys] to and from hospital oncology units in respect of

- the patient and accompanying parents/guardians, and
- parents/guardians of the patients where such trips are shown to be essential to the treatment of the child.

If a private car is used, 22.09 pence per mile may be claimed for the years up to and including 1996/97 and 25 pence per mile for 1997/98 onwards.

Telephone

Where the child is being treated at home, the cost incurred for purposes directly connected with the treatment of the child.

Overnight Accommodation

Payments made by the parents/guardians to the hospital in which the child is being treated where the cost of such accommodation is necessarily incurred in connection with the treatment of the child.

Hygiene products and special clothing

The cost incurred in respect of these items [subject to a total maximum of £300 per annum].

Employees' Subsistence Expenses Revenue Ease Compliance

This article covers re-imburement of Subsistence Expenses to Employees (including Directors)

New arrangements have been introduced to ease compliance burdens of taxpayers. In the interest of ensuring their success, it is important that all concerned observe their conditions.

Existing compatible arrangements do not of course have to be changed.

Introduction

Payments by an employer which do no more than re-imburse an employee for allowable subsistence expenses which were actually incurred may be made free of tax in certain circumstances, in accordance with legislation. The expenses concerned must have been incurred "wholly, exclusively and necessarily" in the performance of the duties of the employment.

Re-imburement by Flat-Rate Allowances or Vouched Expenses

Where an employee performs the duties of the employment while temporarily away from his/her normal place of work or is working abroad on a foreign assignment, allowable subsistence expenses can be re-imbursed on the basis of

- Acceptable flat-rate allowances

or

- Actual expenses which have been vouched with receipts.

Where an employee's allowable expenses are re-imbursed free of tax in these ways by an employer, then an income tax claim by the employee for those expenses does not of course arise.

Time spent at the normal place of work, and on journeys between home and the normal place of work, do not reckon as a qualifying absence.

Acceptable Flat-Rate Allowances

There are two types of flat-rate allowance schemes which are acceptable for tax purposes. In both cases, a satisfactory recording and internal control system must be operated by the employer - see paragraph headed "Records to be Kept - Audit of Records"

The two schemes are:

Scheme 1

Re-imburement of subsistence expenses up to the level of the prevailing schedule of Civil Service rates where the employee bears the relevant subsistence expenses (including accommodation and meals, as appropriate).

The tax office should be notified where such a scheme is used. However, formal approval to use the scheme is not required.

The schedule of rates based on the current relevant Civil Service subsistence rates for absence within the State are set out overleaf. **Practitioners should note that this list has now been updated to reflect the increased rates which take effect from 1 January 1997.**

Details of Civil Service subsistence rates for certain foreign countries are available from local tax offices.

Scheme 2

Re-imbursement of subsistence expenses based on any other schedule of rates and related conditions (e.g. “country money” in the Construction Industry) which no more than re-imburse the employee for actual expenditure incurred.
Revenue approval is required for such a schedule.

Normal Place of Work

“Normal place of work” is the place where the employee normally performs the duties of the office or employment. In most cases, this should not give rise to difficulty. The employer’s business premises will be regarded as the normal place of work for the employee where

- Travel is an integral part of the job involving daily appointments with customers
- or**
- The duties of the employment are performed at the various premises of the employer’s customers but substantive duties are also performed at the employer’s business premises.

The employee’s home would not be regarded as the normal place of work unless there is an objective requirement that the duties of the office or employment must be performed at home. It is not sufficient for an employee merely to carry out some of the duties at home.

Usually, the employer will provide the facilities necessary for the work to be performed at the business premises. Even where the employee has to do some work at home or to keep some equipment at home, the place where he/she resides is a matter of personal choice and it would not be regarded as a place of work.

Subsistence expenses where business journeys involve travel direct from / to home

Where an employee proceeds on a business journey directly from home (rather than commencing the business journey from the normal place of work) or returns home directly, any subsistence expenses would be **the lesser of** the subsistence expenses actually incurred and the expenses which would have been incurred if the journey had started and finished at the normal place of work.

Records to be Kept - Audit of Records

Where the expenses are re-imbursed by way of flat-rate allowances, the employees need not keep for tax purposes a precise record of actual subsistence expenses. The employee would, however, be expected to provide to their employer a record showing, for each temporary absence from their normal place of work,

- The date(s) and duration of the absence
- The reason for the absence **and**
- The location(s) involved.

Where re-imbursement is made on a vouched receipts basis, the system of vouching should also include the foregoing details.

A straightforward record of this kind would, in any event, be required for an employer’s financial and internal control purposes and it should therefore not involve additional paperwork.

If an employer has doubts about the adequacy of the tax accounting records for employees (or Directors), the local tax office can be consulted.

All records relating to any re-imbursement of subsistence expenses should be retained by the employer for examination in the event of an audit. The records must be kept for six years unless the Inspector of Taxes says otherwise.

Income Tax Expenses Claim by Employee

Re-imbursement of allowable expenses without deduction of tax in accordance with acceptable schemes is an alternative to tax claims by the employee for expenses deductions.

An employee retains the option to claim an expense deduction in respect of actual allowable subsistence expenses. Where the employee decides to make such claims, any re-imbursement of expenses by the employer, including any flat-rate allowances, would be regarded as pay and taxable accordingly.

Further Information

These details are also set out in Leaflet IT54 which is available from any tax office or from the

Revenue Forms & Leaflets Service at (01) 878 0100. Practitioners should note that the Civil Service subsistence rates set out in the leaflet were the effective rates from 1 January 1996. The figures have been revised with effect from 1 January 1997 and the new rates are set out in the table below.

Schedule Based on Current Civil Service Subsistence Rates for Absences within the State					
The following schedule of rates has been agreed under the Scheme of Conciliation and Arbitration for the Civil Service.					
Schedule					
Rates effective from 1 January 1997					
Class of Allowance	Night Allowances			Day Allowances	
	Normal Rate	Reduced Rate	Detention Rate	10 hours or more	5 hours but less than 10 hours
	£	£	£	£	£
A	71.74	66.14	35.87	20.73	8.46
B	64.47	55.15	32.24	20.73	8.46
C	53.92	44.61	26.99	20.73	8.46
D	46.65	39.36	23.32	15.66	7.73
E	38.21	31.68	19.08	15.66	7.73

Notes on Schedule of Civil Service Rates

There are detailed rules and conditions governing the payment of subsistence allowances in the Civil Service.

The following notes are indicative of some of the relevant provisions:

(i) Class of Allowances

The rate of allowance depends on the grade of officer. The approximate grade levels, and present minimum annual salaries, are broadly as follows:

Class A:

Assistant Principals, comparable and higher grades. £27,378

Class B:

Executive and Higher Executive Officers and comparable grades. £15,233

Class C:

Clerical Officers and comparable grades £12,515

Class D:

Clerical Assistants and comparable grades £8,426

Class E:

Service officers and related grades £10,800

(ii) Overnight Allowance

Overnight Allowance (over 24 hours absence)

An overnight allowance covers a period of 24 hours from the time of departure, as well as any further period not exceeding 5 hours, which is necessarily spent away from the normal place of work.

Where an absence exceeds 24 hours, a day allowance at the appropriate rate may be paid only if the last period of 24 hours is exceeded by 5 or more hours.

Normal Rate

This is payable for absences up to 14 nights.

Reduced Rate

This is payable for each of the next 14 nights.

Detention Rates

This is payable for each of the next 28 nights.

Absences Over 56 Nights

Special rules apply, details of which are available from local tax offices.

The period of subsistence at any one location is limited to six months. Any departure from this position e.g. for continuation of the subsistence period for a short duration, is considered on the circumstances of the individual case.

Continuous Absence

Certain absences from a particular temporary location would not be regarded as breaking the continuity of stay for the purpose of reducing the subsistence allowance. These absences would include absences of not more than two nights due to a return on official business to the employee's normal place of work, plus any nights of a weekend or public holidays or return visits home or annual leave. These absences would not, of course, qualify for subsistence allowance.

Teamworkers

Where employees are working as team members and it is necessary for junior team members to stay in the same accommodation as senior team members who qualify for a higher rate of subsistence, such higher rate may also apply to the junior team members.

(iii) Day Allowances:

(i) 5 to 10 hours absence;

(ii) over 10 hours absence

A day allowance applies to continuous absence of 5 hours or more, provided the absence is not at a place within 5 miles of the employee's home or normal place of work. There are two categories of day allowance, namely, 5 to 10 hours absence and over 10 hours absence.

Day allowances do not apply to employees who do not have a fixed place of work.

Collector-General

New system of Automatic Tax Clearance

At the Annual Conference of the Small Firms Association on Wednesday, 25 June 1997, **Commissioner Dermot Quigley** announced that a new system of automatic tax clearance is being phased in commencing in August of this year. **The essence of the new system is that anyone who holds a current tax clearance certificate and whose tax affairs remain in order will not be asked to apply for renewal.** Each such case will, following examination by Revenue, be issued with a new certificate without the need to re-apply. In addition, the present system is being amended so that one certificate will suffice as far as possible for all tax clearance purposes. For example, a certificate for a public contract can be used for a grant or licence application.

The major advantage in the new scheme is that the need to apply for tax clearance should arise only once. After that, a new certificate will issue before the old one expires each year. Those who do need to make an application, either because they are new to the system or because they have some unresolved tax problem, will be able to get an application form from any Revenue office.

Further details on the enhancements to this system will be announced in due course.

International Issues

Ireland / US Agreement

A new Double Taxation Agreement between Ireland and the United States has recently been initialled and it is expected that it will be signed shortly. It is anticipated that the agreement will be ratified by both Governments before the end of the year allowing it to come into effect in 1998.

Other Agreements

Double Taxation Agreements with South Africa and the three Baltic States, Estonia, Latvia and Lithuania have also been initialled and indications are that a Double Taxation Agreement between Ireland and Mexico will be initialled soon. It is expected that these agreements will also be finalised this year.

Third World Charities

Section 8 Finance Act 1995 introduced tax relief for designated Third World Charities for donations made to them by individuals on or after 1 July 1995. The organisation **Bóthar** has now been added to the list of designated charities. The updated list of charities which have been designated by the Department of Foreign Affairs to date are as follows:

- *Action Aid Ireland*
- *Agency for Personal Services Overseas*
- *Bank of Ireland Employee's Fund for Third World Charities*
- *Bóthar*
- *The Church of Ireland Bishops' Appeal Fund*
- *Christian Aid*
- *Concern Worldwide*
- *Equestrian Order of the Holy Sepulchre of Jerusalem*
- *GOAL*
- *Gorta*
- *Irish National Committee for UNICEF*
- *Oxfam in Ireland*
- *Refugee Trust*
- *SAFE (Support for Afghan Further Education)*
- *Self-Help Development International*
- *Trócaire*
- *World Vision of Ireland*

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.

In this issue, we set out the answers to some queries which have been raised with our Technical Service Units.

We have published these as they may be of general interest to readers.

Foreign Income Dividends

Question

What is the correct treatment of Foreign Income Dividends (FIDs) issued by UK Public Companies ?

Answer

The matter was covered in an article in **Tax Briefing** Issue 18 but, owing to the omission of the word “**not**” in the third last paragraph of the article, some confusion has arisen.

For the purpose of clarifying the matter the full article is re-produced hereunder:

UK Legislation

Where a company has suffered foreign tax on foreign income which it is entitled to credit against the mainstream UK Corporation Tax (CT) on such income, the mainstream CT payable on that income may not be sufficient to absorb the Advance Corporation Tax (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 (FIDs). 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

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

UK Income Tax treatment of FIDs

Recipients of FIDs 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 FIDs

As stated above, FIDs do not carry any tax credit. The 15% tax, normally withheld by the UK from repayments of tax credits attaching to UK dividends paid to Irish resident individuals, is **not** withheld in respect of FIDs 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 17 of the Form 11 1996/97 in the case of an Individual and in Panel 7 of the Form CT1 in the case of a Company.

Recipients of FIDs who are chargeable to income tax in Ireland, are taxable on the amount of the FID **received** i.e. the amount stated on the dividend voucher. Since FIDs are not taxed in the UK 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.

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Patent Royalties

Question

Is it necessary for the purposes of Section 170 (3B)(c) and (d) of the Corporation Tax Act 1976 that all members of a group be Irish resident ?

Answer

Section 170(3B) of the Corporation Tax Act provides that research and development expenditure incurred by one company in a group can, on joint election in writing made on behalf of this company and another company (the second company) in the same group, be treated as research and development expenditure for the second company.

For this to be the case both companies must be members of the same group for the accounting period in question.

Section 170(3B)(d)(i) provides that two companies are members of a group if both are under the control of the same individual or individuals or if one is a 75% subsidiary of another or both are 75% subsidiaries of a third company.

Section 170(3B)(d)(iii) imports Sections 108 to 114. Section 108 provides “extra criteria” for a company to qualify as a 75% subsidiary and Sections 109 to 114 provide clarification for the contents of Section 108.

Therefore by importing Sections 108 to 114 into Section 170 (3B)(d)(iii) the intention is that the “extra criteria” for a company to qualify as a 75% subsidiary should also apply to Section 170 (3B)(d)(i).

Section 107 and in particular the residence criteria in subsection 107(7) is not imported into Section 170 (3B) (d). ***Therefore it is not necessary, for the provisions of section 170(3B)(c) and (d) of the Corporation Tax Act 1976 to apply, that all the members in a group are Irish resident.***

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Finance Act 1997 - Summary Of Certain Provisions

Introduction

The following is a brief summary of certain provisions of the Finance Act 1997. Some of these topics will be covered in greater detail in future editions of *Tax Briefing*.

Income Tax / Corporation Tax / Capital Gains Tax

Taxation of Disability and Unemployment Benefit

Section 4 provides that the aggregate of a person's entitlement to Disability Benefit and/or Injury Benefit for 18 days (3 weeks) in 1997/98 and 36 days (6 weeks) in subsequent years will be disregarded for tax purposes.

Section 4 also continues for 1997/98 the special exemption for Unemployment Benefit payable to systematic short-time workers (e.g. 3 days on/2 days off or 1 week on/1 week off).

Divorced Persons - Joint Assessment

Section 5 amends Section 4 Finance Act 1983 by providing that couples, whose marriages have been dissolved, may opt for Joint Assessment for Income Tax purposes in relation to maintenance payments. To avail of the provisions:

- Both parties must be resident in the State for tax purposes and remain unmarried
- The Divorce must have been granted under Section 5 of the Family Law (Divorce) Act 1996
- If a foreign Divorce, it must be recognised as valid in the State.

Employment of Domestic Employee

Section 6 increases the PAYE registration limit to £30 per week in a situation where an employer has only one domestic employee in his or her employment.

The employer is still liable to register with the Department of Social Welfare and to pay the 0.5% employer contribution in respect of Occupational Injuries Benefit.

Domestic employee means an employee who is employed solely on domestic duties (including the minding of children) in the employer's private dwelling house.

Relief for Fees Paid for Part-Time Third Level Education

Section 7 provides that:

- Tuition Fees paid by non-earning spouses, or on their behalf by their spouses, can be set against their spouses taxable income
- Where an individual has already been conferred with a certificate or diploma s/he will be entitled to relief, or further relief, in respect of a diploma or degree course where it is shown that his/her previous certificate or diploma is part of a related diploma or degree course.

In addition Section 7 extends the relief to distance education courses in the State offered by colleges in other EU Member States which meet relevant codes of standards drawn up by the Minister for Education.

Relief for Fees Paid for Training Courses

Section 8 provides tax relief for fees paid by individuals for approved training courses. Approved courses are courses:

- In areas of information technology and foreign languages
- Of less than two years duration
- Approved by FÁS as to quality and standards
- Which result in the awarding of a certificate of competence.

Tax relief, will apply to fees from a minimum of £250 to a maximum of £1,000 at the standard rate of tax. Relief will be given to the person responsible for paying the fees whether on his/her own behalf or on behalf of a spouse.

Relief For Investment in Corporate Trades

Business Expansion Scheme (BES)

Section 9

The Business Expansion Scheme (BES) runs to 5 April 1999.

To qualify for the BES a company must be unquoted. For the purposes of the BES the Finance Act 1997 regards companies quoted on the new Developing Companies Market (DCM) of the Irish Stock Exchange as unquoted.

Relief to Individuals on Loans Applied in Acquiring Interest in Companies

Section 10 amends Section 14 Finance Act 1992, which restricts relief for interest on loans applied to acquire an interest in a quoted company. The section substitutes a new definition of “quoted company”, designed to bring companies quoted on the new DCM of the Irish Stock Exchange within the scope of the section.

Income from Scholarships

Section 11 amends Section 353 Income Tax Act 1967 which exempts income arising from a scholarship. Where an employee (or the spouse, family, dependents, etc. of an employee) is in receipt of income from an employer sponsored scholarship scheme, a charge to tax under Schedule E on the employee arises in respect of such income. The Section 11 amendment to Section 353 has the effect of:

- Confining the exemption to the holder of the scholarship, **and**
- Not relieving the Schedule E charge on the employee unless at least 75% of the scholarship income disbursed under the employer sponsored scholarship scheme is to persons not connected, either directly or indirectly, with the provider of the scholarship.

Section 11 applies to scholarships awarded on or after 26 March 1997 and to existing scholarships with effect from 6 April 1998.

Relevant Contracts Tax

Section 13

See separate article on page 4.

Tax Relief for Agreed Pay Restructuring

Section 14 provides for relief from income tax for lump sum payments made to employees under certain restructuring schemes involving agreed pay restructuring. The relief will apply where a company, which is faced with an actual or imminent substantial adverse change to its competitive environment, restructures its operations, by agreement with its work force, to ensure its survival and receives a certificate from the Minister for Enterprise and Employment, certifying that it may be treated as a qualifying company for the purposes of the relief.

The maximum exempt lump sum is £6,000 together with £200 for each year of service, up to a total maximum of £10,000.

Any amount in excess of these limits will be taxed in the usual way. The agreed pay restructuring must involve reductions of at least 10% of the employee's average salary for the previous two years and remain in force for at least five years.

Charge of Tax on Sums Applied Outside the State in Repaying Certain Loans

Section 15 provides that the anti-avoidance provisions of Section 4 Finance Act 1971 relating to the remittance basis of taxation will apply in the case of individuals who are either resident or ordinarily resident in the State.

Relief For Gifts made to Third Level Institutions

Section 16 provides for a new tax relief on gifts of money made to certain third level institutions which are to be used for the purposes of projects approved by the Minister for Education. The relief will apply to both personal and corporate donations, with a minimum qualifying donation of £1,000. Relief will **not** be granted for donations under this section if they qualify for relief under other provisions of the tax code (e.g. Relief for Gifts to the Arts, Section 32 Finance Act 1984).

Amendment of Provisions Relating to Relief for Expenditure on Significant Buildings

Section 17 provides for additional reliefs for approved buildings as follows:

- Relief for expenditure of up to £5,000 p.a. on :
The repair, maintenance or restoration of the contents of an approved building or garden for a period of at least two years from the year in which the relief is first claimed for the contents,
and
The installation, maintenance or replacement of a security alarm system or public liability insurance for an approved building or garden.
- Unrelieved expenditure incurred in a particular year may be carried forward for a two year period.

Amendment of Section 134 Finance Act 1996 (Deduction for Increase in Stock Values)

Section 18 renews, for another two years from 6 April 1997 the 25% scheme of stock relief for farmers.

Amendment of Section 135 Finance Act 1996 (Special Provision for Qualifying Farmers)

Section 19 provides for the continuation of the special temporary regime of 100% stock relief for certain young trained farmers, which was introduced in the 1995 Finance Act. The measure is designed to assist farmers who are under 35 years of age and who meet certain training requirements.

Farmers who became qualifying farmers between 6 April 1997 and 5 April 1999 will be eligible for the enhanced 100% rate of stock relief for two years.

Allowances for Capital Expenditure on the Construction of Farm Buildings etc. for Control of Pollution

Section 20 puts in place a new scheme of improved capital allowances for farmers who incur expenditure on necessary pollution control measures. The scheme will apply for three years from 6 April 1997 to 5 April 2000.

A special one year allowance of 50% of expenditure incurred up to an expenditure limit of £20,000 is provided for.

The balance of the expenditure is to be written off in accordance with the normal wear and tear allowance rules, namely 15% per annum for the first six years and 10% for the final year.

Capital Allowances and Running Expenses for Vehicles

Section 21 raises from £14,000 to £15,000 the capital value used in determining:

- Capital allowances

and

- Deduction for running expenses

to be granted for tax purposes for motor cars used in the course of a trade, profession or employment.

In the case of capital allowances, the increase applies only to new cars provided on or after 23 January 1997. The previous limits will apply to existing cars and in the case of second-hand cars the limit is £10,000. In the case of running expenses, the increase applies to qualifying expenditure incurred on or after that date, irrespective of when the car was provided or whether it is new or second-hand.

Amendment of Section 241 ITA 1967 (Wear & Tear of Machinery, Plant, etc.)

Section 22 puts the current administrative practice of allowing capital allowances in respect of wear and tear of fixtures and fittings for rented residential accommodation on a statutory footing. Such expenditure will attract the normal wear and tear allowances, namely 15% per annum for the first six years and 10% for the final year to be set against rental income.

Amendment of Chapter 1 (Industrial Buildings and Structure: Annual Allowances and Balancing Charges) of Part XVI of ITA 1967

Section 23 is an anti-avoidance provision. Its purpose is to clarify certain capital allowance provisions relating to balancing allowances and leased assets.

Capital Allowances - Room Ownership Schemes

Section 24 denies capital allowances in the case of a hotel investment involving a room ownership scheme. There will be no entitlement to capital allowances where at the time of the investment any agreement or arrangement exists which provides that individual investors are to obtain a room or suite in the hotel at the end of the capital allowance write-off period. This restriction will not affect "genuine" hotels or aparthotels which are not the subject of such agreements or arrangements. The section will apply to expenditure incurred on such hotel schemes on or after the **26 March 1997** except where a contract is in place or planning permission was received by a local authority in respect of a scheme by that date.

Capital Allowances for Buildings used for Third Level Educational Purposes

Section 25 provides a mechanism to secure capital investment in third level education.

The section grants, subject to certain conditions, capital allowances in respect of expenditure on certain buildings used for the purposes of third level education.

Urban Renewal Relief Schemes

Section 26 has introduced a number of changes to the 1994 Urban Renewal Scheme. These are as follows:

Extension of the general expiry date

The general expiry date has been extended to 31 July 1998 for all the incentives within the 1994 scheme, apart from those related to multi-storey car-parks, provided that the relevant local authority issues a certificate by 30 September 1997 which certifies that at least 15% of the total project costs had been incurred by 31 July 1997.

Qualifying period for entering into qualifying leases

As a result of the extension of the time limit outlined above rent paid under qualifying leases taken out between 1 August 1997 and 31 July 1998 will also qualify for a double deduction in computing trading profits - provided that a certificate has been issued by the local authority in respect of the building involved.

New Enterprise Areas as described in the Tenth Schedule

Details of new Enterprise Areas are contained in the *Tenth Schedule* to the Finance Act 1997. The new areas are as follows:

- Cherry Orchard/Gallenstown Enterprise Area
- Finglas Enterprise Area
- Rosslare Harbour Enterprise Area

Note: The qualifying period for these new areas is the period commencing on 1 July 1997 and ending on 30 June 2000.

New Enterprise Areas adjacent to Regional Airports to be designated by order

Section 26 provides that the Minister for Finance may make a designation order, after consultation with the Minister for Transport, Energy and Communications, that areas immediately adjacent to seven regional airports will be Enterprise Areas. The seven airports involved are:

- Cork Airport
- Donegal Airport
- Galway Airport
- Kerry Airport
- Knock International Airport
- Sligo Airport
- Waterford Airport

Note: The qualifying period in respect of these areas will commence on the date specified in the orders and will end not later than 30 June 2000.

Amendment of Provisions Relating to Double Rent Allowance

Section 27 amends the double rent allowance provisions in respect of designated areas for urban renewal, Custom House Docks Area and seaside resort areas. A similar amendment is included in the Temple Bar legislation presented in Chapter II of Part VII of the Act. This legislation now denies the double rent allowance in respect of new leases taken out on or after 21 April 1997, where rent is payable between connected persons.

Relief for Pre-Trading Expenditure

Section 29.

See separate article on pages 2 & 3.

Relief for Investment in Films

Section 30 introduces further amendments to Film Relief as follows:

- In relation to a film in respect of which the post-production work is carried on wholly or mainly in the State, the maximum amount of Section 35 funds which can be raised is increased by 10%
- The maximum amount which a corporate group can invest in films in a twelve month period is increased from £6m. to £8m.
- The maximum amount which a corporate group can invest in any one film project is increased from £2m. to £3m.
- If not less than one half of the amount of Section 35 finance raised is subscribed by corporate investors in respect of one film, the maximum amount of such finance which can be raised is increased from £7.5m. to £15m. If the maximum amount is increased by 10% (see above) the maximum that can be raised is also increased by 10% to £16.5m.

Special Portfolio Investment Accounts

Section 31 amends the definition of qualifying shares so that SPIAs can invest in shares of companies listed on the Developing Companies Market, and to remove reference to the smaller companies market and the unlisted securities market as these markets no longer exist.

The section also increases the current limits on investment in a SPIA opened before the 6 April 2000. The increase is the amount invested in shares in companies quoted on the DCM, subject to a maximum increase of £10,000.

Taxation of Strips of Securities

Section 33 provides for a regime of taxation for a new form of security to be created which is referred to as a strip of a security. Further provisions relating to such strips are contained in **Sections 34, 35, 69 and 161**. Strips of an interest bearing security are created when the right to receive each interest payment as well as the redemption of capital can be traded separately. The section applies not only to Irish Government securities but to strips of any security, whether of a domestic or foreign issue.

The section provides that the stripping of a security is a disposal of the security and an acquisition of the strips. Similarly, when a security is being reconstituted from a series of strips, this is a disposal of the strips and an acquisition of the security. The strips are treated for tax purposes as deep discount securities, the profits or gains on disposal or redemption of which are assessable to income/corporation tax. The section provides that strips will be deemed to have been sold and immediately acquired at their market value each year. This has the effect of taxing the growth in value of strips on an annual basis rather than when the discount is realised on redemption.

Tax Treatment of Securities Issued at a Discount

Section 28 Finance Act 1984, exempts from tax any profit or gain upon the sale, disposal or redemption of certain specified non-interest bearing securities where the owner is not ordinarily resident in the State.

Section 34 includes strips of Government securities in the list of securities to which the exemption is to apply.

Tax Credits in Respect of Distributions

Section 37 reduces the standard rate of tax credit attaching to distributions from 23/77ths to 21/79ths in respect of distributions made on or after 6 April 1997.

Taxation of Acquisition by a Company of its own Shares

Section 39 provides that where a quoted company redeems, repays or buys back its own shares,

- The transaction is not treated as a distribution of profits by the company
- The proceeds are not regarded as a distribution in the hands of the vendor
and
- No tax credit attaches.

Instead the disposal by the shareholder is subject to Capital Gains Tax.

Taxation of Certain Employment Grants and Subsidies

Section 40 exempts in the hands of an employer grants or subsidies paid on or after 6 April 1997 under:

- The Employment Support Scheme administered by the National Rehabilitation Board
and
- The Pilot Programme for the Employment of People with Disabilities administered by the Rehab Group.

Employers' Pension Contributions

Section 41 clarifies the basis on which contributions by employers to approved occupational pension schemes may be allowed for tax purposes.

Section 41 is enacted to put the matter beyond doubt by providing that:

- As respects chargeable periods ending after 21 April 1997 tax relief will be due only for sums paid into schemes and not for provisions or accruals in respect of such payments,
and
- As respect payments made into a scheme after April 1997 no deduction can be allowed for sums paid into schemes to the extent that provisions in excess of contributions actually paid have already been allowed for tax purposes.

Deemed Disposal of Assets on Company Ceasing to be Resident in the State

Section 42 provides that when a company ceases to be resident in the State it is deemed to have disposed of, and re-acquired, all of its assets immediately prior to the change of its residence status. Assets which continue to be used in the State by the company exercising a trade in the State through a branch or agency are excluded from the deemed disposal provisions.

Rollover relief, which defers capital gains tax when business assets are disposed of but replaced by others, will not apply to any disposals which take place prior to the change of residence where the replacement assets are acquired subsequent to the company's change of its residence status unless the new assets are used by the company exercising a trade in the State through a branch or agency.

Companies which are, at least, 90% owned by companies controlled by shareholders who are resident in countries which have a double taxation treaty with this State are excluded from the charge.

Postponement of Charge on Deemed Disposal

Section 43 provides for the postponement of a tax charge arising under Section 42 in relation to the deemed disposal of foreign assets (as defined). If the migrating company is a 75% subsidiary of an Irish resident company a joint election can be made by the parent and subsidiary companies to have the gain arising on the disposal of the foreign assets deferred. The gain will accrue to the parent company if at any time within ten years from the date of migration of the subsidiary company:

- There is a disposal of the foreign assets by the subsidiary company
- or**
- The migrating company ceases to be a 75% subsidiary of the Irish resident parent
- or**
- The Irish resident parent ceases to be resident in the State.

The section also provides that any unallowed losses due to the subsidiary may, on election by both companies, be deducted from gains arising to the parent company under this section.

Tax on Non-Resident Company Recoverable from another Member of Group or from Controlling Director

Section 44 deals with circumstances where a company which has ceased to be Irish resident fails to pay the taxes due under Sections 42 or 43 within six months from the due date. Within a specified period (as defined) the Revenue Commissioners may serve notice on:

- A group member company resident in the State at any time during the twelve months prior to the gain accruing
- or**
- Any person resident in the State who was a controlling director of the defaulting company at any time during the twelve months prior to the gain arising.

stating the amount of tax outstanding and requesting payment within 30 days.

The person upon whom the notice is served will be entitled to recover this amount from the defaulting company but the payment will not be allowed as a deduction in computing any income, profits or losses for any tax purposes.

Profit Sharing Schemes

Section 50 amends certain provisions relating to Approved Profit Sharing Schemes (APSS). The changes effective from the passing of the Act are as follows:

- The “release date” which is the date subsequent to which a participant in an APSS may dispose of shares acquired under the scheme without being liable for any income tax in respect of the shares, is reduced from five to three years
- Costs of establishing an APSS will be allowed as a deduction for Corporation Tax purposes.

The changes as respects APSS approved on or after the passing of the Act, are as follows:

- Part-time employees must be entitled to participate in an APSS on the same basis as full-time employees
- Scheme shares may, subject to conditions, be subject to a restriction imposed by a company’s articles of association requiring employees to dispose of shares on leaving the company.

Employee Share Ownership Trusts

Section 51 and the **Third Schedule** contain a number of tax reliefs in respect of employee share ownership trusts (ESOTS) which have been approved by the Revenue Commissioners and for which approval has not been withdrawn. The reliefs are as follows:

- A company may claim a deduction for corporation tax purposes for: *the costs* (legal etc.) of setting up an approved ESOT, **and** *contributions to* the trustees of an approved ESOT where the company, or a company it controls, has employees who are beneficiaries under the ESOT and the contributions are expended by the trustees during the “expenditure period” on one or more “qualifying purposes” (as defined).
- Dividends received by trustees of an approved ESOT in respect of securities held by them will not be liable to the surcharge under Section 13 Finance Act 1976 in respect of undistributed income
- The transfer of securities by the trustees of an approved ESOT to trustees of an approved profit sharing scheme will be exempt from capital gains tax in respect of any chargeable gain arising on such transfer.

Dublin Docklands Area Urban Renewal

The Dublin Docklands Development Authority has been established to oversee the development of Dublin's docklands area.

Sections 52-58 provide for tax incentives for certain expenditure incurred in the period 1 July 1997 to 30 June 2000. The provisions are similar to the other urban renewal schemes.

A summary of the incentives for the Dublin Docklands Area are as follows:

- Accelerated capital allowances in respect of expenditure incurred on the construction or refurbishment of **mills and factories** - **Section 54**
Accelerated capital allowances in respect of expenditure incurred on the construction or refurbishment of certain **commercial premises** - **Section 55**
- **Double Rent Allowance** on account of rent paid in respect of mills, factories and commercial premises which qualify for capital allowances under Sections 54 and 55.

The double rent allowance is also available in respect of hotels where construction or refurbishment expenditure is incurred in the three year period from 1 July 1997 - provided the capital allowances in respect of the hotel are disclaimed by the owner - **Section 56**.

- Relief in respect of expenditure on the construction or refurbishment of Owner-Occupied residential dwellings - **Section 57**.

Unlike other Urban Renewal areas no relief is available in respect of expenditure incurred on the construction, conversion or refurbishment of rented residential accommodation.

RATES OF CORPORATION TAX

Section 59 reduces the rate of Corporation Tax with effect from 1 April 1997 from 38% to 36%.

Amendment of Section 28A (Reduced Rate of Corporation Tax for Certain Income) Corporation Tax Act 1976

Section 60 amends Section 28A Corporation Tax Act 1976, which was introduced in 1996 and provided for a reduced rate of corporation tax of 30% on the first £50,000 of a company's income in an accounting year. This section reduces the rate of

corporation tax on such income from 30% to 28% in respect of profits arising on or after 1 April 1997. The section also effects a technical amendment to subsection (10) of Section 28A so as to remove an unintended effect in relation to the calculation of manufacturing relief. This technical amendment has effect as respects accounting periods ending on or after 16 June 1996.

CAPITAL GAINS TAX

Divorced Persons: Transfer of Assets

Section 71 re-enacts the capital gains tax provisions contained in Section 35 of the Family Law (Divorce) Act 1996. It provides that where a person has obtained a decree of divorce under the 1996 Act and, pursuant to a court order under that Act, disposes of an asset to his or her former spouse then, unless the asset is used for the purposes of a trade, the disposal is not subject to capital gains tax. Further, the section provides that when the spouse who receives the asset disposes of it, he or she shall be treated as having acquired it on the same day and at the same cost as the other spouse, thus providing maximum indexation relief.

Separated Persons: Transfer of Assets

Section 72 re-enacts in the tax code the provision which was made in the Family Law Act 1995 for the capital gains tax treatment of persons who have separated or obtained a decree of foreign divorce. Where a person to whom this section applies disposes of an asset on or after 1 August 1996 to his or her former spouse, and provided the asset is not one which is used for the purpose of a trade carried on by either person, the disposal will not be subject to capital gains tax. The section also provides that when the spouse who receives the asset disposes of it he or she is treated for the purposes of indexation relief as if he or she had acquired it on the same day and at the same cost as the other spouse.

Settled Property

Section 73 amends the provisions of Section 15 Capital Gains Tax Act 1975, which deals with the taxation of settled property. Subsection (5) of Section 15 provides that in certain circumstances a capital gains tax liability arises to the trustee of settled property.

The circumstances are:

- Where there is a termination of a life interest in possession in all or any part of settled property, **and**
- The whole or a corresponding part of the settled property remains settled property (for example: someone else takes a life interest in the property).

The capital gains tax liability arises because Subsection (5) requires that the property is deemed to be disposed of and reacquired at market value by the trustee.

Under Section 55 of the Capital Acquisitions Tax Act 1976 and Section 39 Finance Act 1978 there is, *subject to certain conditions*, an exemption from inheritance tax in respect of *certain heritage assets* comprised in an inheritance. The assets are houses, gardens, pictures, prints, books, manuscripts, works of art, jewellery or scientific collections.

The *conditions* include a requirement:

- That the assets are of national, scientific, historic or artistic interest, **and**
- That reasonable viewing facilities are allowed to members of the public or to recognised bodies or associations.

Under existing law, therefore, on the termination of a life interest on the death of a person, there can be an exemption from inheritance tax but a capital gains tax liability

can arise. This is what Section 73 seeks to rectify. It ensures that if an inheritance tax exemption applies in these circumstances, then a capital gains tax liability will not crystallise. The section also provides that the Capital Gains Tax liability will crystallise if for any reason the inheritance tax exemption ceases to apply.

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Relief for Individuals on Certain Re-investment

Section 75 redefines the definition of unquoted company and to encourage companies to seek a quotation on the Developing Companies Market (DCM) of the Irish Stock Exchange, Section 75 provides that where a person makes a re-investment in a qualifying trading company, but before the end of the three year period that company is admitted to the DCM, the capital gains tax liability will not crystallise simply because the company is then a “quoted” company.

Reduced Rate of Capital Gains Tax on Certain Disposals of Shares by Individuals

Section 76 amends Section 66 Finance Act 1994 which provides for a reduced rate of capital gains tax on the disposal of certain shares by individuals. The shares concerned are shares in unquoted trading companies or their holding companies the market value of the issued share capital of which does not exceed 25m.

Section 66 is amended so as to:

- Reduce from 27% to 26% the rate of capital gains tax applicable
- Reduce from five years to three years the specified period in which companies, the shares of which are to be disposed of, must meet certain qualifying conditions regarding the conduct of its trade. This change complements a change which was made in 1996 whereby the period for which shareholders had to have held shares prior to disposal in order to qualify for the reduced rate was reduced from five to three years.
- The section also re-defines the definition of “unquoted company”.

VALUE ADDED TAX

(Sections 95-114)

See separate article on pages 30 to 35.

Stamp Duty

Residential Property -Higher Rates of Stamp Duty (Sections 115 - 122)

The rates of Stamp Duty on transfers and leases of residential property where the consideration exceeds £150,000 have been increased as follows:

Total Consideration	Rate
£150,001 - £160,000	7%
£160,001 - £170,000	8%
Greater than £170,000	9%

These rates apply to all instruments executed on or after 23 January 1997.

Where the property is of “mixed” use the higher rates will only apply to the residential portion of the property.

For the purposes of applying the higher rates of Stamp Duty, “Residential Property” is defined as any building which is used or is suitable for use as a dwelling. The definition includes normal domestic outhouses, yard, garden etc. up to one acre. A surcharge will apply if the residential portion in a mixed use property is undervalued by at least 10%.

Stamp Duty on Non-Exempt New Houses (Section 123 & 124)

New houses with a floor area of up to 125 square metres which have a valid floor area certificate are exempt from Stamp Duty.

New houses with a floor area greater than 125 square metres - Stamp Duty is payable, but partial relief from the duty is available. In such cases, Stamp duty is chargeable on the **greater** of :

- the consideration for the site

or

- 25% of the aggregate of the consideration for the site, plus building works.

Section 123 confirms what has been the Revenue practice in such cases, that is, the Stamp Duty is calculated at the rate which applies to the greater of the above two amounts, and not to the consideration paid for the property itself.

Section 124 confirms that the relief from Stamp Duty for large new houses does not extend to second hand houses.

Stamp Duty Relief For Young Trained Farmers (Section 126)

The Finance Act 1994 introduced a relief from stamp duty for young trained farmers amounting to a reduction of two thirds of the Stamp duty which would otherwise be payable. Certain conditions must be fulfilled in order to qualify, such as age, recognised training, and the transferee must agree to work at least 50% of his/her normal working time farming the land. The property must not be sold by the transferee for at least five years after the transfer, otherwise the relief will be clawed back, unless the land is replaced within a year. This section extends the relief for a further three years until 31 December 1999.

Transfers Following The Dissolution Of A Marriage (Section 127)

The Family Law Act 1995, and the Family Law (Divorce) Act 1996 exempted from Stamp Duty certain transfers of property between former spouses, where the transfers are made consequent on a court order made under the relevant Act. This measure has now been re-enacted in the Finance Act 1997.

Residential Property Tax

Abolition of Residential Property Tax

Section 131 implements the decision made by the Government to abolish Residential Property Tax (RPT) with effect from 5 April 1997. The existing tax clearance arrangements will, however, remain in place to facilitate the collection of RPT arrears. This means that if a house is sold after 5 April 1997 for more than £115,000, a clearance certificate will be required showing that any RPT which may have been due on any property has been discharged by the vendor.

Capital Acquisitions Tax

Agricultural Relief (Section 134)

The rate of relief is increased to a flat 90% on Agricultural Property as defined. If the property to which relief applies is sold within six years there will be a full clawback of the relief. Where agricultural property is sold after six years but within ten years, the relief will be partially clawed back, and the amount of the clawback will be the difference between the relief granted under the 1997 Act and that which applied under the 1995 Act.

Applies to gifts/inheritances taken on or after 23 January 1997.

Section 57 Securities (Section 135)

This is an anti-avoidance provision which ensures that where the donor is domiciled in the State at the date of the disposition, the three year ownership requirement must be met in order to qualify for exemption from Capital Acquisitions Tax, irrespective of the domicile of the donor at the date of the gift or inheritance. Applies to securities acquired on or after 26 March 1997.

Heritage houses and gardens (Section 137)

For Heritage property to qualify for Capital Acquisitions Tax exemption, the property must be open to the public for a stated number of days per year. The required number of days has now been reduced from 90 per year to 60 per year, of which at least 40 days must be in summer.

Applies to gifts/inheritances taken on or after 1 February 1987.

Elderly brother/sister residence relief (Section 138)

Relief in respect of a dwelling (or part of a dwelling) inherited by an elderly person from a deceased brother or sister is increased from 60% of the value of the dwelling or £60,000, whichever is the lesser, to 60% of the value of the dwelling or £80,000, whichever is the lesser.

Applies to inheritances taken on or after 10 May 1997.

Business Relief (Sections 139, 140 & 141)

The rate of relief is increased to a flat 90% on Relevant Business Property as defined. If the business property is sold within six years there will be a full clawback of the relief. If the business property is sold after six years but within ten years, the clawback is the difference between the 1997 relief and that which applied in 1995 i.e. 50%.

Certain property used by a company or partnership, but not owned by that company or partnership qualifies for Business Relief. In 1997, the relief was extended to cover such property where it is held in trust.

Applies to gifts/inheritances taken on or after 23 January 1997.

Divorce/Dissolution of Marriage (Sections 142 & 143)

The Family Law Act 1995, and the Family Law (Divorce) Act 1996, exempted certain transfers of property between former spouses from CAT, i.e. transfers made consequent on an Irish Court Order made under either of the above Acts. Also included was a provision to postpone Probate Tax where the former spouse takes a life interest in property consequent on a Court order made under the relevant Act.

These sections re-enact these provisions in the Finance Act.

PRE-CONSOLIDATION PROVISIONS**Temple Bar Reliefs**

Sections 147-156 contains a rewrite of the Temple Bar legislation as a pre-consolidation provision. The qualifying period for the scheme has been extended for a further year to 5 April 1999.

Medical Insurance

The following is an updated list of ‘**Authorised Insurers**’ in the State.

- BUPA Ireland Ltd.
- CIE Clerical Staff Hospital Fund
- ESB Staff Medical Provident Fund
- ESB Marina Staff Medical Provident Fund
- Irish Life Assurance plc Medical Aid Society
- **Irish Life Assurance plc Outdoor Staff Benevolent Fund**
- New Ireland/Irish National Staff Benevolent Fund
- Prison Officer’s Medical Aid Society
- St. Paul’s Garda Medical Aid Society
- Sun Alliance Insurance Co.
- VHI

Value Added Tax

Information Notice on Footwear

General

VAT law provides for the application of the zero rate to **children’s** personal footwear of sizes up to the size appropriate to the average foot size of a ten year old child. (For practical purposes, this size is accepted to be 5½)

It is important for traders to ensure that the zero rate is only applied to qualifying footwear, i.e. **footwear which has been designed for the use of children**. A significant amount of footwear of sizes 5½ and below (e.g. women’s footwear) is, in fact, taxable.

Sizes & Styles

All footwear, which is not specifically designed for the use of children is taxable at 21%. However, it is accepted that there may be a difficulty in respect of a small number of styles which are not designed as either adults’ or children’s footwear, and **which are manufactured in the full range of sizes from the smallest children’s size* to large adults’ sizes**.

The Revenue Commissioners are prepared, in such cases to accept that the zero rate may apply up to and including size 5½ for these specific styles.

This interpretation applies from 1 July 1997.

Footwear ranges not starting at the smallest children’s size*, e.g. ranges starting at large size 1 or 2, will continue to be taxable at 21% **in all sizes**, unless it can be shown that they were designed for the use of children, in which case the 5½ size cut-off will apply.

Sports Footwear

Sports leisure wear and trainer type footwear is normally designed in three separate ranges, i.e. for men, for women, and for children. Accordingly men’s and women’s ranges are taxable **in all sizes** and children’s ranges are zero-rated (except for any sizes exceeding 5½). Where a particular range of footwear is available in the full range of sizes from the smallest children’s size* to large adults’ sizes, then it may also benefit from the treatment outlined above i.e. the zero rate may apply up to and including size 5½.

The Revenue Commissioners are prepared to continue with their concessional treatment of football boots and other similar sports footwear as being articles of “personal footwear”, and, therefore, benefiting from the treatment outlined above also. However, roller-blades, roller-skates, ice skates etc. will continue to be taxable at 21% in all sizes.

*** *Smallest to be taken as the usual smallest size in non-infant children’s ranges.***

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VALUE-ADDED TAX

Finance Act '97 Changes

Introduction

The 1997 Finance Act contained a significant number of amendments to VAT Legislation, the majority of which related to changes in the area of VAT on Property transactions. A Revenue Guide to the 1997 VAT changes on Property is enclosed with this issue of *Tax Briefing*.

In this issue we deal with the other changes in VAT Legislation contained in the Finance Act 1997.

Amendment to Section 3A of the VAT Act (Intra-Community acquisition of goods)

Although provided for in the Sixth VAT Directive, Irish law did not ensure that an intra-Community acquisition arose where a supply was made by a person who is not, **but ought to be**, registered for VAT in another Member State. This gap potentially could have allowed exempt bodies to purchase goods from these unregistered persons at a rate lower than the corresponding Irish rate. This created a risk of tax revenue loss and of distortion of competition to the detriment of Irish suppliers.

Section 97 of the Finance Act extends the definition of intra-Community acquisition of goods to include the acquisition of goods from a person ***“obliged to be registered for Value Added Tax in a Member State”***.

This has effect from 10 May 1997 - the date of passing of the Finance Act.

Amendments in relation to Telecommunication Services

A package of measures in the Act gives effect to the terms of an agreement between all EU Member States to derogate from the Sixth Directive rules concerning the place of taxation of international telecommunication services.

Prior to the derogation telecommunication services were taxed where the supplier had established his business. This meant that a supplier in the United States who had no establishment in the EU and who supplied telecommunication services to a customer in the EU escaped VAT altogether because his place of liability was outside the scope of EU VAT. The EU VAT law did not recognise the fact that such services could be entirely consumed within the EU but ignored by the VAT system. The use of “switching devices” or “call back systems” was becoming more common, particularly by exempt companies with a large volume of international telecommunication services and this has necessitated the change in legislation.

Section 96 Subsection (c) of the Finance Act 1997 defines that:

“telecommunication services” means “services relating to the transmission, emission or reception of signals, writing, images and sounds or information of any nature by wire, radio, optical or other electromagnetic systems, including the transfer or assignment of the right to use capacity for such transmission, emission or reception”

The enacted definition is the agreed text of the EU derogation which is to be implemented by all Member States. In general, the services concerned are those which consist of making available the **means** of telecommunication (e.g. standard connection; subscription and installation transfer charges; sales of phone cards; provision of access to a network; the right to use a network of special lines, etc.). The use of “switching devices” or “call back systems” is therefore caught by the new legislation. Added value services, e.g. entertainment, data processing etc., for which the customer pays a separate charge in addition to the telecommunications service access charge, are not included in the definition.

Section 99 amends Section 5(6) by adding “paragraph (dd)” which requires that where telecommunication services are supplied from outside the EU to a private individual in a Member State, the supplier must register and account for VAT in the Member State of the customer (as a non-established trader without any entitlement to a turnover threshold). Such a supplier could be required to register in all Member States, if supplying these services to private individuals Community wide.

Section 112 inserts “telecommunication services” into the Fourth Schedule Services. To put an end to tax-based distortion of competition, the new rules apply VAT to international supplies of telecommunication services as follows:

- Business customers anywhere in the EU buying in services from abroad must account for VAT under the reverse charge mechanism
- Irish suppliers of services to private individuals in other Member States must account for Irish VAT
- Non-EU suppliers of services to private individuals in the EU must register and account for VAT in the Member State where the customer is based
- Irish suppliers of services to customers outside the EU are not chargeable with VAT, but the supplier is entitled to input credit i.e. the supply becomes a “qualifying activity” for the purpose of Section 12(1) of the VAT Act.

[The chart below shows the location of the liability involved.]

All amendments relating to “telecommunication services” come into effect from 1 July 1997

There is also an anti-avoidance provision relating to VAT on telecommunication services which is brought in by **Section 107** of the Finance Act. This provides that all pre-payments prior to 1 July 1997, for international telecommunication services supplied from that date from outside the State are **deemed to be payments made on 1 July 1997**. In that way they are deemed to be made when the new rules apply.

EU Rules on liability to VAT on supplies of Telecommunications Services from 1 July 1997

Type & Location of Customer	Supplier in Ireland	Supplier in OMS	Supplier outside EU
Business Customer in Ireland	Supplier pays Irish VAT	Customer pays Irish VAT	Customer pays Irish VAT
Private Individual in Ireland	Supplier pays Irish VAT	Supplier pays OMS VAT	Supplier pays Irish VAT
Business Customer in OMS	Customer pays OMS VAT	Supplier / Customer pays OMS VAT ¹	Customer pays OMS VAT
Private Individual in OMS	Supplier pays Irish VAT	Supplier pays OMS VAT ²	Supplier pays OMS VAT
Customer outside EU, whether Business or Private Individual	No VAT	No VAT	No VAT

OMS = Other Member State of the EU

¹If supplier and customer in the same member State, supplier pays VAT.

If supplier and customer in different member States, customer pays VAT in his Member State

²Supplier pays VAT in his Member State, even if customer in a different State.

Amendment to Section 8 in relation to Garden Centres etc.

Until the enactment of this legislation, people operating garden centres could qualify as flat-rate farmers and accordingly did not need to charge VAT on their sales of horticultural products. This treatment dates from the early 1980s when the Appeal Commissioners decided that the tending of plants was an agricultural activity.

However, these garden centres were supposed to register for **all** their sales if their sales of garden tools, sheds and other non-horticultural products exceeded the goods registration threshold of £40,000 per annum. To avoid having to charge VAT on their sales of horticultural products, it had become common for urban garden centres to split their business into an unregistered farming company selling plants and a registered retail outlet selling other goods.

Accordingly, **Section 101** of the Finance Act introduces a new Section 8(3)(a) into the VAT Act to provide that a farmer whose retail sales of horticultural products exceeds, or is likely to exceed £40,000 per annum is a taxable person and must register and account for VAT.

The section also ensures that a farmer is subject to the £20,000 VAT registration threshold where he supplies a combination of retail horticultural products and agricultural services.

Subsection (b) of Section 101 also adds a new sub-paragraph to the proviso to section 8(3). This amendment means that if a retailer of horticultural products breaks his operation into smaller units for the purpose of remaining under the VAT registration threshold, the various units can be grouped for VAT purposes. This grouping provision also applies to agricultural contractors.

Finally, **Section 113** will reduce the rate of VAT on horticultural products from 21% to 12%. The reduced rate will apply to nursery or garden centre stock consisting of live plants, live trees, live shrubs, bulbs, roots and the like, and cut flowers and ornamental foliage (other than artificial or dried flowers or foliage)

The above changes come into effect from 1 September 1997, as a result of a Ministerial Order dated 14 July 1997 (S.I. No. 313 of 1997).

Copies are available from

Government Publications Sales Office, Sun Alliance House, Molesworth Street, Dublin 2.

Telephone (01) 661 3111, Ext. 4041, Fax (01) 475 2760.

Price £0.40p per copy.

Amendment to Section 10 of the VAT Act in relation to Credit Notes, Discount and the "Argos" case

Section 102(a) of the Finance Act inserts a new subsection (d) into Section 10(3) of the VAT Act. This relates to circumstances in which a supplier could reduce his or her VAT liability if a discount was given after the issue of a VAT invoice. In such cases the supplier should have issued a proper VAT credit note to the customer, which obliged the customer to reduce his input VAT accordingly. Once this was done there was no loss to the Exchequer from the granting of the discount. However, in some cases, suppliers were giving the discounts, reducing their VAT liability, but failing to issue proper VAT credit notes. In this way, the customer was relieved of the obligation to reduce his or her input VAT even though the supplier had reduced his or her output VAT.

The amended legislation prevents the supplier from getting a reduction in output VAT until he or she issues the proper VAT credit note.

The credit note required under the new provision must comply with Section 17(3)(b) of the VAT Act and the VAT (Invoices and other Documents) Regulations, 1992.(S.I. No. 275 of 1992).

However, Revenue will allow a certain latitude in the application of Regulation 3(e)(v) of those regulations in the case of a supplier who has a Long Term Agreement (L.T.A.) with a regular customer and gives a discount which covers invoices spanning a period of sales. In these circumstances, it will not be necessary for the cross

reference on the credit note to identify each invoice for which the discount is given. A cross reference to the period during which the corresponding invoices issued to the customer will be sufficient.

The "Argos" case

Section 102(c) and (d) give effect to the October 1996 European Court of Justice decision in the Argos case (case no. C 288/94) Argos was engaged in listing its goods in a catalogue and selling them from its showrooms. The goods could be paid for using vouchers issued and sold by Argos. The company sold the vouchers at face value, but in the case of large volume sales the vouchers were often sold at a discount. Typically, discounted vouchers were sold to companies who bought them in bulk to give them to staff as an incentive.

The UK Revenue sought to treat the taxable amount as the face value of vouchers and not the discounted price actually paid. In October 1996 the European Court of Justice found in favour of Argos. It held that the taxable amount for VAT is the sum actually received by Argos and not the face value of the vouchers.

The change in the Irish legislation provides that in circumstances similar to Argos, the amount on which VAT is chargeable is the sum actually received on the sale of the vouchers, regardless of their face value.

Section 102 also re-states the definition of "the open market price" in relation to the supply of any goods or services or the Intra-Community acquisition of goods as "*the price, excluding tax, which the goods might reasonably be expected to fetch or which might reasonably be expected to be charged for the services if sold in the open market at the time of the event in question*".

These sections come into effect with the passing of the Finance Act on 10 May 1997

Sections 11 and 12A of the VAT Act (Rates of VAT)

There are a few minor changes to Sections 11 and 12A which are brought into force by **Sections 103 and 105** of the Finance Act.

In Section 11 (1)(f) the change confirms the 1997 Budget increase in the Livestock rate of VAT from 2.8% to 3.3% **with effect from 1 March 1997**

Under Section 11(3) where goods liable at different rates are sold as a package the highest VAT rate involved normally applies to the package as a whole. However, this may be ignored if the value of the highest VAT rated item does not exceed 25 pence.

This change came into effect from the 10 May 1997.

The change in Section 12A confirms that the flat-rate addition payable to unregistered farmers is also increased from 2.8% to 3.3% **with effect from 1 March 1997.**

Retail Export Scheme

The Retail Export Scheme is a scheme of VAT relief for purchases made by non-EU tourists. Provided certain conditions are met, eligible supplies to tourists can benefit from the zero rate of VAT applicable to exports.

To strengthen Revenue control of the scheme, **Section 106** of the Finance Act allows goods to be zero-rated **only when specific conditions are met.**

Subsection (a) of Section 106 inserts three new subsections (1A), (1B) and (1C) in Section 13.

Subsection (1A) - Conditions for zero-rating

New subsection (1A) provides that goods exported under the retail export scheme are zero-rated provided that a number of conditions are met. To qualify for zero-rating:

- The goods must be exported by or for the tourist by the end of the third month after the sale

- The tourist must get the refund in a timely manner
- Any commissions and charges must be explained to the tourist
- A fair exchange rate must be used in any currency conversions
- Traders must keep adequate records of all sales made under the scheme.

Subsection (1B) - Authorisation procedure

New subsection (1B) allows the Revenue Commissioners to introduce an authorisation procedure, if necessary, for categories of persons who wish to make zero-rated supplies to non-EU tourists. Revenue envisages that this procedure will only be used if it becomes necessary to do so in the best interests of visitors using the scheme.

Subsection (1C) - VAT refunding agents

The existing VAT refund companies are not formally structured as VAT refunding agencies. Instead, they have devised arrangements with retailers under which the refund company is, legally, the supplier of the goods to the tourist. The refund company regards the actual retailers participating in the scheme as its agents.

The new subsection (1C) recognises the concept of a straightforward VAT refund agency and would allow any VAT refund company wishing to do so to simplify its administrative set-up.

Subsection (b) of Section 106 inserts new subsections (3B) and (3C) into Section 13 of the VAT Act. The new subsection (3B) provides definitions

“Traveller” defines people who are eligible to avail of the provisions of the retail export scheme. Essentially these are non-EU tourists. But note that EU residents taking up residence outside the Community for a period of 12 months also qualify.

“Traveller’s qualifying goods” sets out the conditions that goods purchased by travellers must meet. A tourist can purchase all goods (except goods for the fuelling, provisioning and equipping of pleasure boats, private aircraft or other private means of transport) under the scheme provided that the goods are taken out of the EU within three months from the end of the month in which they are purchased. For example, goods sold during the month of January must be exported by 30 April.

“VAT refunding agent” is a person who arranges the repayment of tax incurred by a ‘traveller’ on goods purchased under the scheme.

Section 109 of the Finance Act amends Section 25 of the VAT Act to give a person a right of appeal against a refusal by the Revenue Commissioners to authorise him or her to operate the VAT Retail Export Scheme.

Section 111 amends the Second Schedule to the VAT Act to allow the zero-rating of goods under the Retail Export Scheme and the zero-rating of any service charges for operating such scheme **providing the required conditions and regulations set out in the new Section 13(1A) are met.**

All changes in relation to the Retail Export Scheme come into effect from 1 July 1997.

Abolition of the “Advance Payment”

The requirement on some larger businesses to make an “advance payment” of VAT in December each year was abolished by the Minister for Finance with effect from 7 November 1996. **Section 108 and part of Section 107** of the Finance Act amend Sections 19 and 20 of the Vat Act to remove references to that “advance payment”. Similarly, **Section 114** of the Finance Act also revokes some regulations dealing with the “advance payment”.

These have effect from 7 November 1996

Amendment to the First Schedule, VAT Act 1972 relating to Child Care

Section 110 of the Finance Act exempts from VAT all pre-school and child minding services, from 1 May 1997

Pre-school education

Subsection (a) brings the definition of education in the VAT Act more closely into line with the wording of the corresponding provision in the EU Sixth VAT Directive.

Child Care

Subsection (b) introduces exemption for persons whose activities are covered by regulations which are, or may be made under the Child Care Act 1991. This grants exemption for pre-school services as defined by that Act i.e. “pre-school, play group, day nursery, creche, day-care or other similar service which caters for pre-school children”

The effect of this Section is that, in practice, all child minding services are outside the VAT net with effect from 1 May 1997

The profits generated from such services have always been, and will continue to be, liable for Income Tax/Corporation Tax and, of course, PAYE/PRSI must be operated on any salaries, wages, paid to employees. Anyone with difficulties in this area should contact their local Inspector of Taxes.

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Where still relevant it has been incorporated
into a Tax and Duty Manual
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Non operation of VAT

Introduction

Section 2 of the VAT Act imposes a charge to VAT

- On the supply of goods or services effected within the State for consideration by a taxable person in the course of furtherance of any business carried on
- On goods imported into the State
- On the Intra-Community acquisitions of goods etc.

It is recognised that complexities in this legislation, for example transactions involving foreign traders, can give rise to interpretative difficulties. Notwithstanding such difficulties there is an obligation on the parties involved in such transactions to ensure that the legislation is correctly applied.

Practices in the past

In a growing number of significant transactions unilateral or, bilateral decisions have been made not to operate the VAT system on the basis that 'no loss arises to the Exchequer'. There is of course, no basis in law for this approach and such a claim is not acceptable as a basis for failing to account for VAT. Whereas in the past Revenue has settled "no VAT loss of revenue" cases without insisting on the strict application of the law; that position will not apply to transactions entered into on or after 1 September 1997.

Why a change is required

Revenue's revised attitude to such cases is essential to ensure that:

- No loss of VAT to the Exchequer will arise
- A consistent approach to the operation of the VAT system as guaranteed to all taxpayers in the Charter of Rights is implemented
- The VAT system is not used to distort competition contrary to the principles contained in the EU Sixth VAT Directive
- The VAT Audit resource is not diverted from its main function by having to verify the 'no VAT loss' claims made in these cases
- Suppliers and recipient of the goods/services account correctly for VAT on their transactions.

Position from 1 September 1997

- Strict application the VAT Act is required in all transactions entered into on or after 1 September 1997. All suppliers of goods/services will be held responsible for the VAT chargeable.
- The question of statutory interest will be considered in every case where a VAT undercharge arises. This includes cases where the recipient of goods/services would be entitled to a VAT input credit. Exceptions will, of course, arise where the facts show that a genuine error was made and that a loss of revenue has not occurred.

Cases - Transactions entered before 1 September 1997

Without prejudice to future practice as outlined above the 'no VAT loss' cases already identified and under consideration will be settled in line with earlier practice. This means that in cases with ***pre 1 September 1997 'no VAT loss' transactions*** Revenue will not seek VAT recovery unless, of course, there was an actual loss of VAT. To ensure all cases in this category are processed in a similar manner and at the earliest date possible practitioners are invited to voluntarily disclose all other cases of

this nature to the relevant Audit District Manager as soon as possible, preferably before 1 October 1997.

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Identify the Problem Areas/joint education programme

The case has been made that the errors which arise are frequently attributed to complexities within the VAT regulations. As part of its ongoing policy of simplifying tax procedures Revenue welcomes having areas of complexity identified. This enables the particular difficulty to be examined and the appropriate action taken. This might range from a change in practice, to publication of a Statement of Practice or if considered feasible a joint education programme with the relevant representative body. Accordingly, practitioners are invited through their representative bodies and TALC-Indirect Taxes Sub-committee to identify the areas of difficulty so that they can be addressed to the best advantage of taxpayers and Revenue.

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or other website text.

Stamp Duty Public Office New Express Service

In response to customers' suggestions a new express assessment and marking service is now available in the Stamp Duty Public Office in Dublin Castle.

The service is available Monday to Friday from

11.30 a.m. - 1.00 p.m.

2.45 p.m. - 4.00 p.m.

for personal callers with 5 cases or less. The service applies to instruments requiring adjudication or straight stamping.

"Capital Tax Facts" Card

Capital Taxes Division has produced "Capital Tax Facts", an information card for Capital Acquisitions Tax, Stamp Duty and the Clearance Certificate procedures for Residential Property Tax. This pocket sized card, which is aimed primarily at practitioners, sets out points for those taxes, including:

- Rates
- Tax-Free Thresholds
- Exemptions
- Reliefs

A copy is enclosed with this issue of *Tax Briefing*. Further copies may be obtained from the *Revenue Forms and Leaflets Service* at (01) 878 0100.

Stamp Duty

Three new rates of stamp duty have been introduced in respect of transfers of both second-hand and certain new residential property where the amount on which stamp duty is chargeable is in excess of £150,000. A leaflet outlining the details is available from the *Stamp Duty Office, Dublin Castle, Dublin 2* and from the *Revenue Forms and Leaflets Service* at (01) 878 0100.

Revenue Guide to 1997 VAT changes on Property

Further copies of this Guide can be obtained from the *Revenue Forms and Leaflets Service* at (01) 8780100.

Capital Acquisitions Tax

Agricultural Relief is increased to a flat rate of 90% (previously 75%) in respect of gifts or inheritances of agricultural property (including farm machinery, livestock and bloodstock) taken on or after 23 January 1997. The Agricultural Relief Leaflet CAT5 has been revised to reflect the 1997 Finance Act position and is now available. Copies may be obtained from the *Revenue Forms and Leaflets Service* at (01) 878 0100.

Business Property Relief is also increased to a flat rate of 90% (previously 75%) in respect of gifts and inheritances taken on or after 23 January 1997.

Key Dates/Reminders		
Date	Tax Type	What's Due
JULY 1997		
5	Income Tax	Deadline for claiming Separate Assessment
5	Income Tax	Deadline for nominating Assessable Spouse
14	PAYE/PRSI	Monthly Remittance for month ended 5 July 1997
19	VAT	Remittance for period May/June
1-28	Corporation Tax	Preliminary Tax and ACT for A.P.s ending between 1-31 January 1997
1-31	Corporation Tax	Returns for A.P.s ending between 1-31 October 1996
1-31	Corporation Tax	Returns of Third Party Information for A.P.s ending between 1-31 October 1996
AUGUST 1997		
14	PAYE/PRSI	Monthly Remittance for month ended 5 August 1997
1-28	Corporation Tax	Preliminary Tax and ACT for A.P.s ending between 1-28 February 1997
1-31	Corporation Tax	Returns for A.P.s ending between 1-30 November 1996
1-31	Corporation Tax	Returns of Third Party Information for A.P.s ending between 1-30 November 1996
SEPTEMBER 1997		
14	PAYE/PRSI	Monthly Remittance for month ended 5 September 1997
19	VAT	Remittance for period July/August
1-28	Corporation Tax	Preliminary Tax and ACT for A.P.s ending between 1-31 March 1997
1-30	Corporation Tax	Returns for A.P.s ending between 1-31 December 1996
1-30	Corporation Tax	Returns of Third Party Information for A.P.s ending between 1-31 December 1996