

Capital Acquisitions Tax
Collector-General / District Guidelines

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Table of Contents:

1. Introduction	3
6. Due Dates 3	
7. Interest on Late Payments	4
14. Postponement of Tax and Registration of Charge	6
Appendix 1 Final Demand Template	9
Appendix 2 Online Payment Service – CAT Payment Screen	11
Appendix 3 Statement of Practice (SP-CAT/1/90)	12

1. Introduction

- 1.1. Capital Acquisitions Tax (CAT) is a tax charged on the taxable value of a gift or inheritance. The taxable value is arrived at by deducting from the market value of the property, comprised in the gift or inheritance, permissible debts and incumbrances and any consideration paid by the beneficiary.
- 1.2. Once the taxable value of the gift or inheritance has been determined the amount of tax payable will depend on whether the appropriate tax-free threshold has been exceeded. If the relevant threshold is exceeded the rate of tax is 33% * This rate was introduced on 6 December 2012.
- 1.3. The Finance Act 2010 introduced self- assessment rules for CAT, a new fixed Pay & File date of 31 October, for all valuation dates falling in the 12 month period commencing on 1st of September and ending on 31st August. An individual (beneficiary) is required to file an IT38 CAT Return where the total aggregable value of gifts / inheritances received on or after the 5th of December 1991 is in excess of 80% of the relevant tax free group threshold. Such gifts and inheritances with a valuation date in the 12 months period ending on previous 31 August require to be returned by 31 October.

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6. Due Dates

- **Payment of CAT - Prior to June 2010**

Prior to 14/06/2010 Gift Tax was payable four months after the “Valuation Date” which is normally the date of the gift.

Prior to 14/06/2010 Inheritance Tax was payable four months after the “Valuation Date”, which is normally the date the property comprised in the inheritance is or can be retained for the use of the beneficiary.

- **Payment of CAT – Post 14th. June 2010**

The Finance Act 2010 amended the pay and file rules in relation to CAT and is now in line with Income Tax self assessment principles.

The Finance Act 2012 amended the Pay and File date for CAT from 30 September to 31 October. Therefore all gifts and inheritances with a valuation date in the 12 month period ending on the previous 31 August will be included in the return to be filed by 31 October 2012.

- For the year of assessment 2011 the pay and file date was 30 September 2011.

Section 46 of CAT Act covers the due dates. The tax due in respect of any benefit taken with a **valuation date** ([See definition of valuation date](#)) in the period from:

- **01 January to 31 August** in any year shall be paid by 31 October in that year and a return, if required, shall be delivered on or before 31 October of that year.
- **01 September to 31 December** in any year shall be paid by 31 October in the following year and a return shall be delivered on or before 31 October in the following year.

Revenue has offered extended due date deadlines on CAT as follows:

eBrief 91/2016; For beneficiaries who received gifts or inheritances with valuation dates in the year ended 31 August 2016 and who make a Capital Acquisitions Tax (CAT – IT38) return and the appropriate payment through ROS, the due date is also extended to the 10 November 2016. Otherwise the 31 October 2016 deadline applies.

7. Interest on Late Payments

7.1. CAT shall be due and payable on the valuation date. However, Section 51 (2)(a) CAT Act states that interest on late payment will be charged from 1st November for payments due to be made for the period 1st January to 31st August of the same year. For the period 1st September to 31st December interest will be charged from 1st November of the following year.

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7.3. Daily interest rates for Capital Acquisitions Tax.

In accordance with Section 51(1) of the Capital Acquisitions Tax Consolidation Act (CATCA) 2003 (as amended) CAT becomes due on the valuation date and interest will not be charged if payment is made within any of the periods following the valuation date as set out in Section 51. Where payment is not made within the specified period, simple interest is payable, without deduction of Income Tax, for the period from the valuation date to the date of payment.

Standard Interest Rates:

The daily interest rates applicable are as follows:

Valuation Period	% Interest Due
From 31/03/76 to 31/07/78	0.0492%
From 01/08/78 to 31/03/98	0.0410%
From 01/04/98 to 31/03/05	0.0322%
From 01/04/05 to 30/06/09	0.0273%
From 01/07/09 to date of payment	0.0219%

Under Section 51(6) of the CATCA 2003 payments on account may be made at any time and interest will not run from the date of such payment on so much of the payment as is applied against tax.

Agricultural/Business Rates – Instalment Arrangements Cases.

Separate interest rates apply where Instalment Arrangements are entered into in relation to Agricultural or Business Property (Section 55 of the CATCA 2003).

The interest rates that apply are

Valuation Period	Interest Due
From 08/02/95 to 31/03/1998	0.0307%
From 01/04/98 to 31/03/2005	0.0241%
From 01/04/2005 to 30/06/09	0.0204%
From 01/07/2009 to date of payment	0.0164%

As part of the self assessment obligations imposed on a taxpayer he/she must calculate any interest due and must include payment of the tax and interest due when submitting the return form.

7.4. In respect of period prior to 14 June 2010:

Interest is due from the valuation date, however if the accountable person made a self-assessment return and filed the return, made the self-assessment required and paid the tax then interest is not charged if the return and tax is paid within 4 months of the valuation date.

7.5. In respect of periods from 14 June 2010:

Interest is due from the return filing date. Where the interest rate is other than the standard interest rate (i.e. Instalment Arrangements in respect of agricultural and/or business property, the summary will include the rate of interest for the case and will be input by the District.

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14. Postponement of Tax and Registration of Charge

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14.1. Instalments

The vast majority of taxpayer's discharge their capital acquisitions tax liability by direct payment when they submit their self-assessed taxes return. In the small number of cases where this does not occur, there are a number of other payment options available. These are:

- Statutory instalments
- Non-statutory instalments
- Registration of the debt as a voluntary judgment mortgage

14.2. Payment by Statutory Instalments – Section 54 CATCA 2003

Section 54 CATCA 2003 as amended by FA 2010 provides for the payment of tax by means of 60 equal monthly instalments where a beneficiary takes:

- an absolute interest in immovable property
- agricultural property consisting of land, buildings and farm machinery
- relevant business property **or** a limited interest taken in any property.

Taxpayers may opt for this method of payment when completing their self-assessment tax return. Where the option to pay by 60 monthly instalments is exercised, the first instalment is due and payable on 31st October immediately following the valuation date.

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Where the inheritance or gift is comprised of both personalty (cash, stocks and shares, bank accounts etc.) and real property (lands, buildings), then any tax on the former must be paid immediately, (except in the case of a limited interest) and the option of paying by statutory instalments may be availed of to discharge the liability on the latter. Where a person takes a limited interest in property and dies before the 5- year statutory instalment period has expired, any instalments not due are written off and tax paid may be recoverable as an overpayment under section 57.

This applies whether or not Instalment Arrangements were entered into. Where the instalment option is availed of, interest on the outstanding tax accrues under section 51.

14.3. Payment by Non- Statutory Instalments

This method of payment is granted on a concessionary basis in exceptional circumstances where the tax liability cannot be paid without causing excessive hardship. In arriving at a decision to allow non-statutory instalments, a case is looked at on its merits taking the following criteria into account:

- The nature of the gift or inheritance- where, for example, a sizeable part of the benefit comprises liquid assets, then an instalment arrangement is not normally approved.
- The financial circumstances of the beneficiary.

The conditions applying to non-statutory instalments normally are that:

Interest continues to accrue on the unpaid tax. Payments are applied against interest in the first instance. Payments must be made on the agreed due date.

The arrangement is entered into on a without prejudice basis.

14.4. Registration of the debt as a Voluntary Judgment Mortgage

Payment of the tax may be postponed in exceptional circumstances, on a concessional basis. This may be allowed where payment of the tax would cause excessive hardship for a beneficiary such as, a beneficiary having to sell their home to pay the tax and where payment of instalments would not be a practical alternative. The agreement to postpone payment is subject to an agreement by the parties concerned to the registration of the debt as a Voluntary Judgement Mortgage on the property. Interest will continue to accrue on the registered amount.

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Appendix 1 Final Demand Template

Date:

Registration Number(s):

Recipient name:
Recipient Address

Final Demand
Re: Capital Acquisitions Tax

Dear Sir/Madam,

I hereby request payment of €XX in respect of Gift/Inheritance tax liability. A schedule detailing the amount due is attached. Interest on the amounts due has been accruing from the due dates shown, at the appropriate rate.

Failing payment within 7 days the amount in question may:

- ☐ be the subject of Court proceedings for recovery of the debt due
[Section 960I of the Taxes Consolidation Act 1997 refers]
- ☐ be referred to the Sheriff or County Registrar with a view, where necessary, to the seizure of goods to the value of the debt due and any fees and expenses due to the Sheriff/County Registrar
[Section 960L of the Taxes Consolidation Act 1997 refers]
- ☐ be the subject of a direction, as specified in a notice of attachment, to a third party who owes you money, to pay to Revenue rather than direct to you an amount equivalent to the amount due by you to Revenue
[Section 1002 of the Taxes Consolidation Act 1997 refers].

Any such action will be taken without further warning.

The amount of interest due up to the date of the Court hearing, or referral to the Sheriff, or notice of attachment as appropriate, will be specified and that interest will be collected as if it were tax. Future instances of late payment will also attract interest that will have to be paid by you.

Any further action taken to collect the debt now due may involve significant costs including professional fees. These costs will have to be paid by you so it is in your interest to deal with this matter now without delay.

Yours faithfully,

Name of Caseworker

Direct Line:
Fax:
e-mail

Schedule of Outstanding Taxes

Name of Recipient

Please note that interest has been accruing at the appropriate rate from the due dates on the schedule

Date:

Reg No	Tax	Period	Due Date	Charge	Amount
	CAT	01/09/yyyy -31/08/yyyy	31/10/yyyy		

PAYMENT METHODS

Revenue On-Line Service (ROS)

ROS customers can make Gift or Inheritance Tax payments on-line. To access ROS (or to register for ROS), click on the ROS link on the Revenue home page at www.revenue.ie

MyAccount

MyAccount customers can make Gift or Inheritance Tax payments on-line by clicking on the MyAccount link on the Revenue home page. You can register for MyAccount on the “Register for MyAccount” link on www.revenue.ie

On the ROS or MyAccount payment screen click ‘Capital Acquisition Tax’ and proceed through the step-by-step guide.

Payment can be made online using:

- debit card or credit card,
- ‘Single Debit Instruction’ which is a once off debit using a bank account capable of accepting a direct debit.

Cheque

Payment may also be made to the Collector-General, PO Box 354, Limerick by completing the payslip attached to the IT38 return issued to taxpayer.

Appendix 2 Online Payment Service – CAT Payment Screen

The screenshot shows a web browser window with the URL <https://roswebcss-sys165/revpay-web/revpay-main?execution=e133>. The page header includes the Revenue logo and the word "Payments". A navigation bar at the top right shows "Hello Test", "Gaeilge", and a "Sign out" button. The main content area is titled "Select a Tax to pay" and features three selectable options, each with an "Add Payment" button:

- Capital Acquisitions Tax**: Includes a link "What is Capital Acquisitions Tax".
- Income Tax**: Includes a link "What is Income Tax".
- PAYE Employer**: Includes a link "What is PAYE Employer".

Below these options is a link "Show more taxes(17)". The total amount to be paid is displayed as "Total I wish to pay: €0.00". At the bottom of the selection area are "Next" and "Back" buttons.

Capital Acquisitions Tax

Payment Year

Please select a year

CAT Inheritance

Please enter an amount for CAT Inheritance

CAT Gift

Please enter an amount for Gift Inheritance

Add Payment →

You will have a chance to review your payment before it is paid

Appendix 3 Statement of Practice (SP-CAT/1/90)

Statement of Practice (SP-CAT/1/90)

Postponement of Tax and Registration of Charge

In cases where payment of the gift or inheritance tax due would cause for excessive hardship for the beneficiary, the Revenue Commissioners will consider proposals for postponement of payment of tax. Postponement may include instalment or other arrangements for payment (including the waiver of interest) or the registration of a judgment mortgage or other charge over the property taken as a benefit. This statement of practice outlines the practice and procedures to be followed where the beneficiary, claiming excessive hardship, is prepared to allow the Commissioners to register a judgment mortgage or other charge over the property taken as a benefit.

An example of the type of situation envisaged is one where an elderly person, with limited means, inherits a house or apartment which is, or becomes, his or her sole residence and where in order to pay the tax due he or she would be obliged to sell the residence.

The postponement would apply during the lifetime of the successor while the property which is subject to the charge remains in the ownership of the successor. In the event of a sale or transfer, or on the death of the successor, the entire tax together with accrued interest would become payable and the arrangements for payment (including consideration of any claims for waiver or reduction of interest) would be considered with reference to the circumstances of the sale or transfer, or the circumstances of the eventual successor or successors as appropriate.

- A person who wishes to apply for postponement of payment should
- (a) furnish a duly completed tax return (Form IT38) and assess the tax (including interest) due;
 - (b) indicate his or her willingness to create a charge in favour of the Revenue Commissioners in respect of the tax liability including interest and would, of course, need to provide appropriate assurances in regard to any consents or prior permission required, for example, under the Family Home Protection Act 1976;
 - (c) specify the hardship grounds on which the application is based;
 - (d) supply details of the successor's economic and personal circumstances with particular regard to age, health, income, outgoings, assets and liabilities.

In order to avoid or reduce interest liability in the event of a rejection by the Commissioners of an application for postponement, it is desirable that applications be sent in as close as possible to the valuation date. Interest accrues on outstanding tax with effect from the valuation date. If returns are received and payment made within four months of the valuation date interest is not chargeable but it is not the practice of the Commissioners to allow for any extension of this period.

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