

**[4.6.8] Relief For Pre-Trading Expenses**  
**Section 82 TCA 1997**

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A more recent version of this manual is available.

## Introduction

**Section 82 TCA 1997** provides that certain pre-trading expenses of a trade or profession are 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 82**, 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 82** 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 81** 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.

No relief is allowable under any other provision in respect of a payment which qualifies for relief under **Section 82**.

### 1. 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.

### 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.

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.

### Example

Loss before relief	€1,000 (available for relief under s.381)
<b>Section 82</b> relief	<u>€2,000</u>
<i>Total loss</i>	<i>€3,000 (available for relief under s.382)</i>

The loss before **Section 82** relief is available for set-off against the taxpayer's other income (under **Section 381** in the case of income tax) and the balance is carried forward for set-off against the future profits of the trade or profession.