

Relief for Pre-Trading Expenses

Part 04-06-08

This document should be read in conjunction with section 82
of the Taxes Consolidation Act 1997

Document last reviewed February 2025



1 Introduction

This manual explains the circumstances in which certain pre-trading expenses of a trade or profession are allowable in calculating the trading income of that trade or profession once it commences pursuant to section 82 TCA 1997. The relief applies to trades or professions, whether incorporated or not, which commenced on or after 22 January 1997.

2 Section 82 deduction

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.

3 Expenses

Examples of pre-trading expenses are:

- accountancy fees,
- advertising costs,
- costs of feasibility studies,
- costs of preparing business plans, and
- rent paid for the premises from which the trade or profession operates.

4 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 offset 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)
Section 82 relief	<u>€2,000</u>
Total loss	€3,000 (available for relief under s.382)

The loss before section 82 relief is available for offset 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.

5 Pre-trading expenses incurred by another company

Where a company incurred pre-trading expenditure and another company commenced the trade, the company that commenced the trade may claim relief for that expenditure to the extent that it is not used by the company that incurred it.

Such treatment is permitted where relief would be allowed under the provisions of section 400 if the transfer had taken place after the commencement of the trade. For information on the application of section 400, please refer to [Tax and Duty Manual \(TDM\) Part 12-03-04](#).

It is not necessary for a company that intends to apply this treatment to seek clearance from Revenue. However, as with all claims for tax relief, claims for relief under section 82 may be selected for verification by Revenue at a later date.