

Summary of Schemes and Reliefs

Part 10-00-02

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1 Introduction

This manual briefly outlines the main property-based tax incentives in Part 10 Taxes Consolidation Act (TCA) 1997 that applied in Ireland. For the most part, these are area-based incentive schemes that have both commercial and residential aspects. The manual deals with the commercial and residential aspects separately. More detailed guidance notes on Section 23 relief can be found in Tax and Duty Manual [Part 10-11-01](#) and on Owner-Occupier relief in Tax and Duty Manual [Part 10-11-02](#).

The schemes covered in this instruction are:

- Multi-Storey Car Parks
- Urban Renewal Scheme
- Living over the Shop Scheme
- Rural Renewal Scheme
- Park and Ride Scheme
- Town Renewal Scheme
- Section 23 and Owner-Occupier reliefs
- Student Accommodation Scheme
- Countrywide Refurbishment Scheme
- Mid-Shannon Corridor Tourism Infrastructure Scheme

2 Some general information

2.1 Amount of qualifying expenditure

Generally, capital expenditure on the construction, conversion, or refurbishment, as appropriate, of buildings or structures (both new and existing) qualifies for relief. Expenditure incurred on acquiring a site or acquiring an existing building (e.g. where refurbishment or conversion is involved) is not allowable. Normally, grants must be deducted in arriving at the amount of capital expenditure that qualifies for relief. However, in the case of the commercial and industrial elements of the Urban, Rural, Town and mid-Shannon schemes, **no relief** is available if **any** grants or other financial assistance is received from any State source.

Relief for industrial, commercial and residential buildings has been terminated and qualifying expenditure must have been incurred for most of the schemes by 31 July 2008. In certain cases the amount of the qualifying expenditure is restricted depending on when it was incurred. Where the extended termination date of 31 July 2008 applies to a scheme,¹ expenditure incurred in the year 2007 is restricted to 75% of the amount attributable to that year while expenditure for the period 1 January 2008 to 31 July 2008 must be restricted to 50% of the amount attributable to that period.

Tax and Duty Manual [Part 09-01-04](#) contains details of the transitional arrangements that must be met to qualify for the extended termination dates for the schemes of 31 December 2006 or 31 July 2008. In brief, the extension to 31 July 2008 applies without condition for the Countrywide Refurbishment Scheme. For all other schemes, this date will only apply to projects where existing scheme conditions (regarding time limits etc.) have been met **and** work to the value of at least 15 per cent of the **actual** construction, conversion or refurbishment costs of the building or structure involved has been carried out by 31 December 2006.

In the case of certain schemes, a binding written contract relating to expenditure must be in place by 31 July 2006 and local authority certification is required in respect of the 15 per cent condition. Such certification must include details of actual expenditure incurred to 31 December 2006 and of projected expenditure post 31 December 2006. This latter amount will apply as a cap on the amount of expenditure incurred in the period 1 January 2007 to 31 July 2008 which may be used to calculate capital allowances and that cap will apply **prior** to the application of the respective reductions to 75 per cent and 50 per cent.

2.2 Restrictions on 'passive investors'

Where an **individual passive investor** incurs capital expenditure on buildings, an annual limit (under **section 409A TCA 1997**) of €31,750 applies in relation to any excess capital allowances over rental income (or passive partnership trading income, if applicable) which such an investor can offset against his or her other income.² These restrictions on the offset of capital allowances do **not** apply in the case of expenditure incurred by (active) traders or by corporate investors.

Under **section 1013 TCA 1997** there are restrictions on the set-off of losses, interest and capital allowances against non-partnership income by limited partners in limited partnerships and by non-active partners in general partnerships.

¹ The 31 July 2008 termination date does not apply to the Mid-Shannon Scheme which has a later termination date of 31 May 2013 (see section 10).

² In the case of hotels (and other buildings deemed to be used for the trade of hotel-keeping) section 409B ringfences the capital allowances to rental income only with no sideways set off against any other income. An exception is made for 3*** plus hotels in certain BMW counties.

2.3 Restrictions on tax relief claims by high-income individuals

Chapter 2A of Part 15 TCA 1997 came into operation on 1 January 2007 and aims to ensure that high income individuals who use property tax incentive schemes and other “specified reliefs” have an effective rate of income tax for each year from 2007 onwards of about 20% on the income sheltered by such schemes. Changes introduced in the Finance Act 2010 extended the restriction to ensure that individuals who are fully subject to the restriction pay an effective rate of income tax of approximately 30%, with effect from the tax year 2010. The reliefs to be restricted include reliefs under various sectoral and area-based property tax incentive schemes. Normal business expenses and deductions for capital allowances on plant and machinery, genuine business related trading losses and genuine losses from a rental business will not be restricted. Tax and Duty Manual [Part 15-02A-05](#) provides detailed guidance on the restrictions.

2.4 Termination of carry forward of certain unused capital allowances

Chapter 4A of Part 12 (introduced in the Finance Act 2012) provides for a termination of the carry-forward of certain unused capital allowances after the tax life of the respective building or structure has ended. These measures come into effect in 2015 and subsequent years, depending on when the tax life of a building or structure ends.

The arrangements apply only to the various accelerated property and area-based capital allowance schemes and do not affect the following:-

- Non-accelerated (normal) industrial buildings allowance;
- Capital allowances claimed by persons who are actively engaged in their respective trades. The provisions apply solely to passive investors;
- Carry forward of specified reliefs (including capital allowances) which have not been allowed due to the High Earner’s Restriction. These will continue to be carried forward as “excess relief” under Section 485F Taxes Consolidation Act 1997.
- Rented residential relief, commonly known as Section 23 Relief.

With effect from 1 January 2015 any unused accelerated capital allowances which are carried forward beyond the tax life of the building or structure to which they relate are immediately lost. This essentially means that if the tax life has ended at any time up to the end of 2014, then the unused allowances are lost in 2015. Where the tax life is due to end later than 2014, then the allowances are lost going into the following year.

2.5 Property Relief Surcharge

Section 531AAE provides for an increase in the Universal Social Charge (USC), in respect of income of certain individuals. It potentially only applies to those whose gross income in the year is at least €100,000, and then only to income which is sheltered by any of the property or area-based incentive reliefs in that year. This means any of the accelerated property capital allowances under any of the incentive schemes as well as section 23-type relief. The 5% property relief surcharge is payable, **in addition to** any other USC, which the person is obliged to pay on the income in question.

Where a person's gross income is less than €100,000, no additional USC is payable, even if that person is using these property reliefs. See Tax and Duty Manual [18D-00-01](#) for further details. These details include examples illustrating the interaction between the computation of this property relief surcharge and the restrictions on tax relief claims by high-income individuals.

2.6 Second-hand Buildings

Some tax relief may apply in relation to the purchase of certain second-hand buildings. For example, capital allowances may be available in relation to second-hand **industrial buildings**, or in relation to second-hand **commercial buildings** located in designated areas, where the purchase takes place within the tax life of the building **and** either:

- all the capital expenditure has not been written off, or
- the capital expenditure has been written off, but a balancing charge applies in respect of the relief granted to the first owner.

Section 409E TCA 1997 restricts the use of capital allowances for certain **second-hand industrial and commercial buildings**. Where a company has claimed capital allowances and sells or transfers such a building to individual investors, those investors are entitled to set the capital allowances relating to the building against their rental income **only** from the building concerned.

Relief in respect of **second-hand rented residential buildings**, which qualified for "section 23" relief may apply where the building is purchased within 10 years of the first letting. No relief applies in respect of the purchase of **second-hand owner-occupied accommodation**.

3 Multi-Storey Car Parks Scheme

Under **section 344** TCA1997 a scheme of capital allowances was made available in respect of capital expenditure incurred in the qualifying period on the construction or refurbishment of **qualifying multi-storey car parks**³. To qualify, the relevant local authority must certify a multi-storey car park as having been developed in accordance with criteria laid down by the Minister for the Environment and Local Government.

The **qualifying period** for the scheme was originally 1 July 1995 to 30 June 1998. This period was extended to 30 September 1999 where the relevant local authority certified that at least 15 per cent of the **total** cost of the project had been incurred by the end of June 1998. For multi-storey car parks **outside the jurisdictions of the Cork and Dublin City Councils** it was further extended:

- to **31 Dec. 2006** where the relevant local authority certified, on or before 31 Dec. 2003, that at least 15 per cent of the **total** cost of the **project** was incurred by 30 Sept. 2003;
- to **31 July 2008** where it was so certified and work to the value of at least 15 per cent of the actual construction or refurbishment expenditure was carried out by 31 December 2006.⁴

The capital allowances available were restricted to a maximum **50%** write-off of the capital expenditure incurred, except where the expenditure is incurred after 31 July 1998 **and** the double rent allowance does **not** apply. [A double rent deduction was available in certain cases where a qualifying lease was in place by 31 July 1998, or by 30 September 1999 in the case of projects where the extension to that date applied]. Refurbishment expenditure qualifies only where it is 20% or more of the market value prior to refurbishment.

³ These do **not** need to be within a designated area. Other car parks may qualify as commercial premises under the 1994 or 1999 Urban Renewal Schemes.

⁴ See Tax and Duty Manual [Part 09-01-04](#) for details of the transitional arrangements applying to the extension.

Rates of Capital Allowances *

Capital Allowances - Section 344	Owner-Occupier (Trader)	Lessor ⁵
Qualifying Multi-Storey Car Parks	Construction or Refurbishment ⁶ Total of 50% or 100% *	Construction or Refurbishment ⁷ Total of 50% or 100% *
Initial Allowance or Free Depreciation	25% or 50% * up to 50% or 100% *	25% or 50% * None
Annual Allowance	2% or 4% *	2% or 4% *
Balancing Charge	none after 13 years	

* Rates of capital allowances and total amount of expenditure which qualifies restricted **to a half - except** where expenditure incurred **after 31 July 98 and** double rent allowance **does not** apply.

NB: Expenditure incurred in the year 2007 is restricted to 75% of the amount attributable to that year while expenditure for the period 1 January 2008 to 31 July 2008 must be restricted to 50% - see section [2.1](#).

⁵ The €31,750 annual limit (under section 409A) on the sideways set-off of capital allowances applies to expenditure incurred on or after 3 December 1997.

⁶ Refurbishment qualifies only where it is **20%** or more of the market value prior to refurbishment

⁷ do.

4 Urban Renewal Scheme

Chapter 7 (and 11) of Part 10 TCA 1997 provided for a scheme of tax reliefs designed to foster urban renewal and improvement. A process of designation based on Integrated Area Plans produced by local authorities/authorised companies operated in relation to this scheme. The incentives varied for different areas and discriminated between specific types of commercial development. Relief, in certain areas, was confined to certain types of expenditure and to the refurbishment of the facades of certain buildings.

Originally, the **qualifying period** for the scheme was defined as the period from 1 August 1998 to 31 December 2002. However, the Minister had the power to limit, in any order made, the qualifying period for an area to a period within the dates as defined⁸. The qualifying period was extended:

- to **31 December 2006** where the relevant local authority certified by 30 September 2003 that 15% of the **total project costs** have been incurred by 30 June 2003;
- to **31 July 2008** where the local authority so certified **and** work to the value of at least 15% of the **actual** construction or refurbishment expenditure was carried out by 31 Dec 2006 – **provided that a binding contract in writing for the work was in place by 31 July 2006.**⁹

Provision was made—

- for the linking of the reliefs to the requirements of the Urban Renewal Act 1998 i.e. contingent on the local authority/authorised company certifying that construction, conversion or refurbishment of a building or house is consistent with the objectives of the Integrated Area Plan involved,
- to empower the Minister for Finance, on the recommendation of the Minister for the Environment and Local Government, to designate certain areas to be qualifying areas for one or more of the reliefs and to provide relief for different types of expenditure and different types of commercial development (such as multi-storey car parks, offices, the facades of offices, other commercial buildings/facades),
- for accelerated capital allowances in respect of capital expenditure incurred on the construction or refurbishment of certain industrial and commercial buildings or structures (including those in use for the provision of sewerage facilities, water supplies and roads for public purposes) in qualifying areas,

⁸ Residential reliefs were applied from 1 March 1999 and industrial/commercial were applied from 1 July 1999.

⁹ See Tax and Duty Manual [Part 09-01-04](#) for details of the transitional arrangements applying to the extension.

- for relief against rental income in respect of expenditure on the construction, conversion or refurbishment of certain residential accommodation in qualifying areas (**Chapter 11 of Part 10**),
- for relief against total income for expenditure incurred by owner-occupiers on the construction, conversion or refurbishment of residential accommodation (**under Chapter 11 of Part 10**),
- to rule out the application of the business reliefs in certain cases to comply with EU requirements.¹⁰ Therefore, capital allowances are not available, for industrial and commercial buildings or structures:
 - to property developers and connected persons in certain circumstances,¹¹
 - where **any** grant assistance or other assistance towards costs is received from the State,
 - for expenditure incurred by owner-operators of such buildings/structures in use in certain sectors (agriculture, coal, fishing and motor vehicle industries, the transport, steel, shipbuilding, synthetic fibres and financial services sectors),
 - which are provided for the purposes of certain large investment projects **unless** EU approval of the allowances is received.

¹⁰ Tax Briefing No. 41 (pages 16 – 18) dated September 2000.

¹¹ Tax and Duty Manual [Part 09-01-05](#) has details of the restriction on property developers.

Urban Renewal Scheme - reliefs available

Capital Allowances¹²

Capital Allowances - Sections 372C & 372D	Owner-Occupier (Trader)	Lessor ¹³
Industrial (Mill, factory, lab) and Commercial Buildings¹⁴	Construction or Refurbishment ¹⁵ 100% in total 100% in total	Construction or Refurbishment ¹⁶ 100% in total 100% in total
Initial Allowance or Free Depreciation Annual Allowance	50% up to 50% 4%	50% None 4%
Balancing Charge	none after 13 years	

Residential Reliefs

¹² Property developers may not avail of the capital allowances under the scheme. No capital allowances where **any** State grant received or where expenditure is incurred by owner-occupiers of buildings in use in certain sectors and industries. Also EU approval of capital allowances required where buildings are provided for the purposes of certain large investment projects.

¹³ The €31,750 annual limit (under section 409A) on the sideways set-off of capital allowances applies to expenditure incurred.

¹⁴ Can be restricted by designation Order to multi-storey car parks, office, retail, or commercial facades.

¹⁵ Refurbishment qualifies only where it is **10%** or more of the market value of the building/structure prior to refurbishment

¹⁶ do

Residential Reliefs - Sections 372AP & 372AR	Owner-Occupier	Lessor
Qualifying Residential Buildings	Relief against total income	Section 23 type relief against Irish Rental Income only
Construction	5% p.a. for 10 yrs. (50% in total)	100%
Refurbishment	10% p.a. for 10 yrs.	100%
Conversion	10% p.a. for 10 yrs.	100%
Clawback of Relief	none	none after 10 years

NB: Expenditure incurred in the year 2007 is restricted to 75% of the amount attributable to that year while expenditure for the period 1 January 2008 to 31 July 2008 must be restricted to 50%. These restrictions apply to residential and industrial/commercial buildings. Also, in relation to industrial and commercial buildings, a cap applies on the amount of expenditure incurred in the period 1 January 2007 to 31 July 2008 which may be used to calculate capital allowances – see section [2.1](#).

IAPs recommended by expert advisory panel on Urban Renewal

A total of 78 Integrated Area Plans (IAPs) were submitted by local authorities under the Scheme and the Expert Panel recommended approval of 49 of these as follows. The sub-areas recommended by local authorities for designation were reduced in many cases.

CITY	CITY
Cork City Council Blackpool/Shandon City Docks Area	Galway City Council 3 suburban LA estates
Dublin City Council Ballymun HARP Inchicore/Kilmainham Liberties/Coombe North East Inner City Millennium/O'Connell St	Limerick City Council 1 large central area Waterford City Council Periphery of commercial centre
COUNTY - TOWNS	COUNTY - TOWNS
Carlow Carlow	Louth Drogheda, Dundalk
Clare Shannon	Mayo Ballina
Cork Bandon, Cobh, Mallow (N) Passage West(S)/Glenbrook	Meath Navan
Donegal Buncrana	Monaghan Monaghan
DunLaoghaire/Rathdown Dun Laoghaire	Offaly Birr, Tullamore/Clara
Fingal Balbriggan, Nth. West Blanchardstown	Sligo Sligo

Galway Tuam	South Dublin North Clondalkin, Tallaght
Kerry Tralee	Tipperary NR Roscrea, Thurles
Kildare Athy, Kildare	Tipperary SR Carrick-on-Suir, Tipperary
Kilkenny Kilkenny	Waterford Dungarvan
Laois Portlaoise	Westmeath Athlone, Mullingar
Limerick Newcastle West	Wexford New Ross
Longford Longford	Wicklow Arklow, Wicklow

5 Living over the Shop Scheme

Chapter 7 (and 11) of Part 10 TCA 1997 contains measures to promote “Living over the Shop” on certain qualifying streets. These measures were aimed at providing residential accommodation in the vacant space over commercial premises in the five cities of Cork, Dublin, Galway, Limerick and Waterford. The streets in question were designated by order of the Minister for Finance. Tax incentives similar to those under the Urban Renewal Scheme were provided for commercial and residential buildings, but additional conditions applied.

The incentives were available in respect of buildings which existed on 13 September 2000 and which fronted on to a qualifying street. They also applied to replacement buildings where a building has to be demolished following a demolition order or, in certain cases, due to structural reasons. Residential accommodation had to be located in the upper floor(s) of a building that qualified and the ground floor had to be in use for commercial purposes. Capital expenditure incurred on the commercial element of a building qualified for capital allowances only to the extent that an equivalent amount of expenditure, which qualified for the residential reliefs available to lessors and owner-occupiers under **Chapter 11 of Part 10**, had been incurred on the residential element of the building.

The **qualifying period** was 6 April 2001 to **31 December 2004**. This date was further extended:

- to **31 December 2006** if a valid planning application (other than for outline permission) was received by the planning authority by 31 December 2004 or, where work was exempted development, if certain conditions were met by that date (**see section 9.2**);
- to **31 July 2008** where such conditions were met and work to the value of at least 15 per cent of the actual expenditure was carried out by 31 December 2006.¹⁷

Provision was made -

- for tax relief being contingent on the local authority certifying that construction, conversion or refurbishment of a building or house was consistent with the aims, objectives and criteria for the Living over the Shop scheme,
- to empower the Minister for Finance, on the recommendation of the Minister for the Environment and Local Government, to designate certain streets to be qualifying streets for one or more of the reliefs. Where commercial incentives are to apply, the order designating the street must confine the incentives to commercial premises used essentially for the retailing or supply of local goods and services,
- for accelerated capital allowances in respect of capital expenditure incurred on the construction or refurbishment of certain commercial buildings or structures on qualifying streets (**see additional conditions referred to above**),
- for relief against rental income in respect of expenditure on the **necessary construction**, conversion or refurbishment of certain rented residential accommodation (**under Chapter 11 of Part 10**),
- for relief against total income for expenditure incurred by owner-occupiers on the necessary construction, conversion or refurbishment of residential accommodation (**under Chapter 11 of Part 10**),
- to rule out the availability of capital allowances for commercial buildings in the case of property developers.¹⁸ Buildings in use as offices or for the provision of mail order or financial services are excluded as are any buildings used other than for retailing goods and providing services in the State.

Living over the Shop - reliefs available

¹⁷ See Tax and Duty Manual [Part 09-01-04](#) for details of the transitional arrangements applying to the extension.

¹⁸ Tax and Duty Manual [Part 09-01-05](#) has details of the restriction on property developers and connected persons.

Capital Allowances¹⁹

Capital Allowances²⁰, - Section 372D	Owner-Occupier (Trader)	Lessor²¹
Commercial Buildings²² (local goods and services)	Construction or Refurbishment ²³ 100% in total	Construction or Refurbishment ²⁴ 100% in total
Initial Allowance or Free Depreciation	50% up to 50%	50% None
Annual Allowance	4%	4%
Balancing Charge	none after 13 years	

¹⁹ Property developers may not avail of the capital allowances under the scheme. Buildings in use as offices or for the provision of mail order or financial services are excluded as are any buildings used other than for retailing goods and providing services in the State.

²⁰ Matching expenditure must be incurred on residential units on upper floor/s.

²¹ The €31,750 annual limit (under section 409A) on the sideways set-off of capital allowances applies to expenditure incurred.

²² Must be restricted by designation Order to premises used essentially for the retailing or supply of local goods and services.

²³ Refurbishment qualifies only where it is **10%** or more of the market value of the building/structure prior to refurbishment

²⁴ do

Residential Reliefs

Residential Reliefs - Sections 372AP & 372AR	Owner-Occupier	Lessor
Qualifying Residential Buildings	Relief against total income	Section 23 type relief against Irish Rental Income only
Construction	none	none
Necessary construction	10% p.a. for 10 yrs. (100% in total)	100%
Refurbishment	10% p.a. for 10 yrs.	100%
Conversion	10% p.a. for 10 yrs.	100%
Clawback of Relief	none	none after 10 years

NB: Expenditure incurred in the year 2007 is restricted to 75% of the amount attributable to that year while expenditure for the period 1 January 2008 to 31 July 2008 must be restricted to 50% - see section [2.1](#).

6 Rural Renewal Scheme

Chapter 8 (and 11) of Part 10 TCA 1997 provided for a scheme of tax reliefs aimed at invigorating certain areas of rural Ireland on similar lines to the renewal schemes previously available in an urban context. The scheme covered all of the counties of Leitrim and Longford as well as certain areas in counties Cavan, Roscommon and Sligo designated on a District Electoral Division basis. **Schedule 8A** of the Taxes Consolidation Act describes, in more detail, the rural areas which were qualifying areas for the purposes of the scheme.

The qualifying period for this scheme was as follows:

Rented Residential Reliefs: 1 June 1998 to 31 December 2004

Owner-Occupied Accommodation: 6 April 1999 to 31 December 2004

Commercial and Industrial Buildings: 1 July 1999 to 31 December 2004

The 31 December 2004 date was further extended:

- to **31 December 2006** if a valid planning application (other than for outline permission) was received by the planning authority by 31 December 2004 or, where work was exempted development, if certain conditions were met by that date (see section [9.2](#));
- to **31 July 2008** where such conditions were met and work to the value of at least 15 per cent of the actual construction or refurbishment expenditure was carried out by 31 Dec 2006 – **provided that a binding contract in writing for the work was in place by 31 July 2006.**²⁵

Provision was made under the scheme:

- for accelerated capital allowances in respect of capital expenditure incurred on the construction or refurbishment of certain industrial and commercial buildings or structures (including those in use for the provision of sewerage facilities, water supplies and roads for public purposes) in qualifying rural areas,

²⁵ See Tax and Duty Manual [Part 09-01-04](#) for details of the transitional arrangements applying to the extension.

- for relief against rental income in respect of expenditure on the construction, conversion or refurbishment of certain residential accommodation in qualifying rural areas **(Chapter 11 of Part 10)**,
- for relief against total income for expenditure incurred by owner-occupiers on the construction, conversion or refurbishment of residential accommodation **(under Chapter 11 of Part 10)**.

- The availability of business reliefs under the scheme were denied in certain circumstances in order to comply with EU requirements.²⁶ Therefore, capital allowances were **not** available, in relation to industrial and commercial buildings or structures:
 - to property developers and connected persons in certain circumstances,²⁷
 - where any grant assistance or other assistance towards costs was received from the State,
 - for expenditure incurred by owner-operators of such buildings/structures in use in certain sectors (agriculture, coal, fishing and motor vehicle industries, the transport, steel, shipbuilding, synthetic fibres and financial services sectors),
 - which are in use for the purposes of a trade/activity where the number of people employed in the trade/activity is 250 or more,
 - which are provided for the purposes of certain large investment projects **unless** EU approval of the allowances is received.

²⁶ Tax Briefing No. 41 (pages 16 -18) dated September 2000.

²⁷ Tax and Duty Manual [Part 09-01-05](#) has details of the restriction on property developers and connected persons.

Rural Renewal Scheme - reliefs available

Capital Allowances²⁸

Capital Allowances - Sections 372M & 372N	Owner-Occupier (Trader)	Lessor²⁹
Industrial (mill, factory, lab, dock undertaking) and Commercial Buildings	Construction or Refurbishment ³⁰ 100% in total	Construction or Refurbishment ³¹ 100% in total
Year One Allowance or Free Depreciation	50% up to 50%	50% None
Annual Allowance	4%	4%
Balancing Charge	none after 13 years	

Residential Reliefs

Residential Reliefs - Sections 372AP &	Owner-Occupier	Lessor

²⁸ Property developers may not avail of the capital allowances under the scheme. Also no capital allowances where **any** State grant received or where expenditure is incurred by owner-occupiers of buildings in use in certain sectors and industries, or where a firm employs 250 staff or more. Also EU approval of capital allowances is required where buildings are provided for the purposes of certain large investment projects.

²⁹ The €31,750 annual limit (under section 409A) on the sideways set-off of capital allowances applies to expenditure incurred.

³⁰ Refurbishment qualifies only where it is **10%** or more of the market value of the building/structure prior to refurbishment

³¹ do

372AR		
Qualifying Residential Buildings	Relief against total income	Section 23 type relief against Irish Rental Income only
Construction	5% p.a. for 10 yrs. (50% in total)	100%
Refurbishment	10% p.a. for 10 yrs.	100%
Conversion	10% p.a. for 10 yrs.	100%
Clawback of Relief	none	none after 10 years

NB: Expenditure incurred in the year 2007 is restricted to 75% of the amount attributable to that year while expenditure for the period 1 January 2008 to 31 July 2008 must be restricted to 50%. These restrictions apply to residential and industrial/commercial buildings. Also, in relation to industrial and commercial buildings, a cap applies on the amount of expenditure incurred in the period 1 January 2007 to 31 July 2008 which may be used to calculate capital allowances - see section [2.1](#).

Description of Qualifying Rural Areas

COUNTY
<p>Cavan</p> <p>The District Electoral Divisions of Arvagh, Springfield, Killashandra, Milltown, Carrafin, Grilly, Kilconny, Belturbet Urban, Ardue, Carn, Bilberry, Diamond, Doogary, Lissanover, Ballymagauran, Ballyconnell, Bawnboy, Templeport, Benbrack, Pedara Vohers, Tircahan, Swanlinbar, Kinawley, Derrynananta, Dunmakeever, Dowra, Derrylahan, Tuam, Killinagh, Eskey, Teebane, Scrabby, Loughdawan, Bruce Hall, Drumcarban, Corr, Crossdoney, and Killykeen.</p>
<p>Leitrim</p> <p>The administrative county of Leitrim.</p>
<p>Longford</p> <p>The administrative county of Longford.</p>
<p>Roscommon</p> <p>The District Electoral Divisions of Ballintober, Castleteheen, Carrowduff, Kilbride North, Lissonuffy, Killavackan, Termonbarry, Roosky, Kilglass North, Kilglass South, Bumlin, Cloonfinlough, Killukin (in Roscommon Rural District), Strokestown, Annaghmore, Tulsk, Coolougher, Ballinlough, Kiltullagh, Cloonfower, Artagh South, Artagh North, Ballaghaderreen, Edmondstown, Loughglinn, Buckill, Fairymount, Castlereagh, Frenchpark, Bellangare, Castleplunket, Baslick, Breedoge, Altagowlan, Lough Allen, Ballyfarnan, Keadue, Aghafin, Ballyformoyle, Crossna, Kilbryan, Boyle Rural, Boyle Urban, Tivannagh, Rushfield, Tumna North, Tumna South, Killukin (in Boyle No. 1 Rural District), Oakport, Rockingham, Danesfort, Cloonteen, Kilmore, Elia, Ballygarden, Aughrim East, Aughrim West, Creeve (in Boyle No. 1 Rural District), Creeve (in Roscommon Rural District), Elphin, Rossmore, Cloonyquinn, Ogulla, Mantua, Lisgarve, Kilmacumsey, Kilcolagh, Estersnow, Croghan, Killummod, Cregga, Cloonygormican, Kilbride South, Kilgefin, Cloontuskert, Drumdaff, and Kiltieven.</p>

Sligo

The District Electoral Divisions of Ballintogher East, Ballynakill, Lisconny, Drumfin, Ballymote, Cloonohill, Leitrim, Tobercurry, Kilturra, Cuilmore, Kilfree, Coolavin, Killaraght, Templevanny, Aghanagh, Kilmactranny, Ballynashee, Shancough, Drumcolumb, Riverstown, Lakeview, Bricklieve, Drumrat, Toomour, Kilshalvy, Killadoon, Streamstown, Cartron, Coolaney, Owenmore, Temple, Annagh, Carrickbannagher, Collooney, and Ballintogher West.

7 Park and Ride Scheme

Chapter 9 (and 11) of Part 10 of the Taxes Consolidation Act 1997 provided for a scheme of tax reliefs aimed at encouraging the establishment of park and ride facilities mainly in larger urban areas. The areas in question were the cities of Dublin, Cork, Galway, Limerick and Waterford as well as county council areas contiguous to those cities, namely, the county council areas of Clare, Cork, Dún Laoghaire-Rathdown, Fingal, Galway, Kildare, Kilkenny, Limerick, Meath, South Dublin, Waterford and Wicklow. Urban district council areas in Kildare, Meath and Wicklow were also included. The **qualifying period** for the scheme commenced on 1 July 1999 and originally ended on **31 December 2004**. The 31 December 2004 date was further extended:

- to **31 December 2006** if a valid planning application (other than for outline permission) was received by the planning authority by 31 December 2004 or, where work was exempted development, if certain conditions were met by that date (see section [9.2](#));
- to **31 July 2008** where such conditions were met and work to the value of at least 15 per cent of the actual expenditure was carried out by 31 Dec 2006.³²

Accelerated capital allowances up to 100 per cent were provided in respect of expenditure incurred on the construction or refurbishment of park and ride facilities which were certified by the relevant local authority as complying with Department of the Environment and Local Government guidelines on such facilities. Where the public transport element of a park and ride facility was delayed, and certification by the local authority in accordance with the guidelines was not possible, the capital allowances provisions were applied so as to suspend their availability until the public transport element of the park and ride facility was in place and the development could be certified.

Relief was also made available in respect of expenditure incurred on the construction or refurbishment of certain commercial premises³³ located on the site of a park and ride facility. Additionally relief for expenditure incurred on the construction of certain residential accommodation³⁴ located on the site of a park and ride facility was provided under **Chapter 11 of Part 10**. However, these reliefs were subject to certain conditions and limits as follows:

³² See Tax and Duty Manual [Part 09-01-04](#) for details of the transitional arrangements applying to the extension.

³³ These must be certified by the relevant local authority as satisfying the required conditions.

³⁴ These must be certified by the relevant local authority as satisfying the required conditions.

- **Firstly**, commercial and residential development at a park and ride facility had to conform to the requirements of guidelines issued by the Minister for the Environment and Local Government.
- **Secondly**, allowances were available in respect of expenditure incurred on commercial premises, if any, only where the total expenditure incurred on the commercial and residential elements of a development did not exceed 50 per cent of total allowable expenditure incurred on **all elements** of the park and ride development.
- **Thirdly**, allowances were available in the case of expenditure incurred on residential accommodation at a park and ride facility only where the total expenditure incurred on the residential elements of a development did not exceed 25 per cent of total allowable expenditure incurred on **all elements** of the park and ride development.

Capital allowances for park and ride facilities and commercial premises located at park and ride facilities were not available under **Chapter 9** to property developers where the property developer or a person connected with the property developer constructed or refurbished the building or structure involved. Additionally, capital allowances for commercial premises were restricted to premises used essentially for the retailing of goods and the provision of services within the State.

Park and Ride Scheme - Reliefs Available

Capital Allowances³⁵

Capital Allowances - Sections 372V & 372W	Owner-Occupier (Trader)	Lessor³⁶
Park and Ride Facilities and Commercial Buildings³⁷	Construction or Refurbishment ³⁸ 100% in total	Construction or Refurbishment ³⁹ 100% in total
Year One Allowance or Free Depreciation Annual Allowance	50% up to 100% 4%	50% None 4%
Balancing Charge	none after 13 years	

³⁵ Property developers may not avail of the capital allowances under the scheme. Tax and Duty Manual [Part 09-01-05](#) has details.

³⁶ The €31,750 annual limit (under section 409A) on the sideways set-off of capital allowances applies to expenditure incurred.

³⁷ Capital allowances for commercial premises are restricted to premises used essentially for the retailing of goods and the provision of services within the State.

³⁸ Refurbishment qualifies only where it is **10%** or more of the market value prior to refurbishment

³⁹ do

Residential Reliefs

Residential Reliefs - Sections 372AP & 372AR	Owner-Occupier	Lessor
Qualifying Residential Buildings	Relief against total income 50% in total	Section 23 type relief against Irish Rental Income only 100% in total
Construction	5% p.a. for 10 yrs.	100%
Refurbishment	none	none
Conversion	none	None
Clawback of Relief	None	none after 10 years

NB: Expenditure incurred in the year 2007 is restricted to 75% of the amount attributable to that year while expenditure for the period 1 January 2008 to 31 July 2008 must be restricted to 50% - see section [2.1](#).

8 Town Renewal Scheme

Chapter 10 (and 11) of Part 10 of the Taxes Consolidation Act 1997 contains provisions which were aimed at fostering the physical renewal and improvement of certain towns whose population exceeded 500 and was less than 6,000. The scheme required the preparation of Town Renewal Plans by relevant county councils, which were then assessed by an expert advisory panel.

The qualifying period for the scheme was defined as the period commencing, in the case of business incentives, on 6 April 2001 and, in the case of residential reliefs, on 1 April 2000, and ending on **31 December 2004**. These dates were subject to any dates⁴⁰ within this range that were specified in orders made under **section 372AB**. The 31 December 2004 date was further extended:

- to **31 December 2006** if a valid planning application (other than for outline permission) was received by the planning authority by 31 December 2004 or, where work was exempted development, if certain conditions were met by that date (see section [9.2](#));
- to **31 July 2008** where such conditions were met **and** work to the value of at least 15 per cent of the actual construction or refurbishment expenditure was carried out by 31 Dec 2006 – **provided that a binding contract in writing for the work was in place by 31 July 2006**.⁴¹

Provision was made -

- to link the reliefs to the requirements of the Town Renewal Act 2000, which make tax relief contingent on county councils certifying that construction, conversion or refurbishment of a building or house was consistent with the objectives of the Town Renewal Plan involved,
- to empower the Minister for Finance, on the recommendation of the Minister for the Environment and Local Government, to designate certain areas for one or more of the reliefs and to discriminate as between different types of expenditure and different types of commercial development (such as offices and other commercial buildings). Where required, relief may be confined to the refurbishment of the facade of an industrial, commercial or residential building,

⁴⁰ Approval of designated towns and areas were announced on 24 July 2000 and residential reliefs apply from that date. Industrial and commercial incentives apply from 6 April 2001.

⁴¹ See Tax and Duty Manual [Part 09-01-04](#) for details of the transitional arrangements applying to the extension.

- for accelerated capital allowances in respect of capital expenditure incurred on the construction or refurbishment of certain industrial and commercial buildings or structures,
- for relief against rental income in respect of expenditure on the construction, conversion or refurbishment of certain rented residential accommodation **(Chapter 11 of Part 10)**,
- for relief against total income for expenditure incurred by owner-occupiers on the construction, conversion or refurbishment of residential accommodation **(under Chapter 11 of Part 10)**,
- to rule out the application of the business reliefs in certain cases to comply with EU requirements.⁴² Therefore, capital allowances are not available for industrial and commercial buildings or structures:
 - to property developers and connected persons in certain circumstances,⁴³
 - where any grant assistance or other assistance towards costs is received from the State,
 - unless the owner is a small or medium sized enterprise,
 - to owner-operators of buildings/structures in use in the agriculture, coal, fishing and motor vehicle industries, the transport, steel, shipbuilding, synthetic fibres and financial services sectors,
 - provided for the purposes of certain large investment projects **unless** EU approval of allowances is received.

⁴² Tax Briefing No. 41 (pages 16 – 18) dated September 2000.

⁴³ Tax and Duty Manual [Part 09-01-05](#) has details of the restriction on property developers and connected persons.

Town Renewal Scheme – reliefs available

Capital Allowances⁴⁴

Capital Allowances - Sections 372AC & 372AD	Owner-Occupier (Trader)	Lessor⁴⁵
Industrial⁴⁶ (mill, factory, lab) and Commercial Buildings⁴⁷	Construction or Refurbishment 100% in total	Construction or Refurbishment 100% in total
Year One Allowance or Free Depreciation	50% up to 50%	50% None
Annual Allowance	4%	4%
Balancing Charge	none after 13 years	

⁴⁴ Property developers may not avail of the capital allowances under the scheme. Also no capital allowances where **any** State grant received, where the owner of a building is not an SME or where expenditure is incurred by owner-occupiers of buildings in use in certain sectors and industries. Also EU approval of capital allowances is required where a building is provided for the purposes of certain large investment projects.

⁴⁵ The €31,750 annual limit (under section 409A) on the sideways set-off of capital allowances applies to expenditure incurred.

⁴⁶ Can be restricted by designation Order to the refurbishment of facades.

⁴⁷ Can be restricted by designation Order to offices, (retail) commercial or the facade of either.

Residential Reliefs

Residential Reliefs⁴⁸ - Sections 372AP & 372AR	Owner-Occupier	Lessor
Qualifying Residential Buildings	Relief against total income	Section 23 type relief against Irish Rental Income only
Construction	5% p.a. for 10 yrs. (50% in total)	100%
Refurbishment	10% p.a. for 10 yrs.	100%
Conversion	10% p.a. for 10 yrs.	100%
Clawback of Relief	none	none after 10 years

NB: Expenditure incurred in the year 2007 is restricted to 75% of the amount attributable to that year while expenditure for the period 1 January 2008 to 31 July 2008 must be restricted to 50%. These restrictions apply to residential and industrial/commercial buildings. Also, in relation to industrial and commercial buildings, a cap applies on the amount of expenditure incurred in the period 1 January 2007 to 31 July 2008 which may be used to calculate capital allowances - see section [2.1](#).

⁴⁸ Can be restricted by designation Order to the refurbishment of facades.

Towns eligible for relief under the Town Renewal Scheme

COUNTY - TOWNS	COUNTY - TOWNS
Carlow Hacketstown, Muinbheag, Tullow, Tinnahinch/Graiguenamanagh	Mayo Ballinrobe, Belmullet, Claremorris, Foxford, Newport
Cavan Baileborough, Ballyjamesduff, Cavan Town, Cootehill	Meath Duleek, Kells, Oldcastle, Trim
Clare Ennistymon, Kilrush, Miltown-Malbay, Scarriff, Sixmilebridge	Monaghan Ballybay, Castleblayney, Clones
Cork Bantry, Cloyne, Charleville, Doneraile, Fermoy, Kanturk, Skibbereen	Offaly Banagher, Clara, Edenderry, Ferbane
Donegal Ardara, Ballybofey-Stranorlar, Ballyshannon, Moville, Ramelton	Roscommon Roscommon
Galway Ballygar, Clifden, Headford, Loughrea, Portumna	Sligo Bellaghy-Charlestown, Rosses Point
Kerry Caherciveen, Castleisland, Killorglin, Listowel	Tipperary NR Borrisokane, Littleton, Nenagh, Templemore
Kildare Castledermot, Kilcock, Kilcullen, Monasterevan, Rathangan	Tipperary SR Cahir, Cashel, Fethard, Killenaule
Kilkenny Callan, Castlecomer, Pilltown, Thomastown, Urlingford	Waterford Cappoquin, Kilmacthomas, Portlaw, Tallow
Laois Mountmellick, Mountrath,	Westmeath

COUNTY - TOWNS	COUNTY - TOWNS
Portarlinton, Rathdowney	Castlepollard, Kilbeggan, Moate
Limerick Abbeyfeale, Castleconnell, Croom, Kilmallock, Rathkeale	Wexford Bunclody, Ferns, Gorey, Taghmon,
Louth Ardee, Carlingford, Castlebellingham, Dunleer	Wicklow Baltinglass, Carnew, Dunlavin, Rathdrum, Tinahely

9 Residential Reliefs: Lessors and Owner-Occupiers

Chapter 11 of Part 10 contains the consolidated legislation in relation to reliefs in respect of expenditure incurred on the provision of certain residential accommodation by lessors and owner-occupiers under the 1999 Urban Renewal Scheme, the Living over the Shop Scheme, the Rural Renewal Scheme, the Park and Ride Scheme, the Town Renewal Scheme, the Student Accommodation Scheme and the Countrywide Refurbishment Scheme. Provision was made in the Chapter:

- for relief against rental income in respect of expenditure incurred by lessors on the construction, conversion or refurbishment of rented residential accommodation in certain **designated areas**,
- for relief against total income for expenditure incurred by owner-occupiers of residential accommodation on the construction, conversion or refurbishment of such accommodation located in certain **designated areas**,
- for relief against rental income in respect of expenditure incurred by lessors on the construction, conversion or refurbishment of certain rented residential **student accommodation**,
- for relief against rental income in respect of expenditure incurred by lessors on the refurbishment of certain rented residential accommodation **throughout the country** (countrywide refurbishment scheme),

In the case of lessors, a “**section 23 type**” deduction against Irish rental income is available for “eligible expenditure” incurred. Under the general rules governing the taxation of rental income, the relief is in effect available for set off against all rental income of the lessor arising in the State, whether arising from the qualifying property or from other lettings. In the case of **owner-occupiers** a deduction against total income is available for “qualifying expenditure” incurred.

9.1 Qualifying period – all schemes

Tax and Duty Manual [Part 09-01-04](#) has details of the transitional arrangements in relation to the extension of the various schemes to 31 December 2006 and 31 July 2008.

9.1.1 Urban Renewal Scheme

The qualifying period commenced on 1 August 1998 and ended on **31 December 2002**. However, where the relevant local authority certified by 30 September 2003 that 15% of **total** project costs were incurred by 30 June 2003, it ended on **31 December 2006**. The termination date of 31 December 2006 was further extended to **31 July 2008** in certain circumstances – see [9.3](#). These dates are subject to any dates, within this range, which appeared in orders made under **section 372B**.

9.1.2 Living Over the Shop Scheme

The qualifying period commenced on 6 April 2001 and ended on **31 December 2004**. The 31 December 2004 date was extended to **31 December 2006** where certain planning conditions were met - see [9.2](#). The termination date of 31 December 2006 was further extended to **31 July 2008** in certain circumstances – see [9.3](#). These dates are subject to any dates, within this range, which appeared in orders made under **section 372BA**.

9.1.3 Rural Renewal Scheme

The qualifying period for the purposes of rented residential relief commenced on 1 June 1998 and ended on **31 December 2004**. In the case of owner-occupier relief the qualifying period commenced on 6 April 1999 and ended on **31 December 2004**. The **31 December 2004** date was extended to **31 December 2006** where certain planning conditions were met - see [9.2](#). The termination date of 31 December 2006 was further extended to **31 July 2008** in certain circumstances – see [9.3](#).

9.1.4 Park and Ride Scheme

The qualifying period commenced on 1 July 1999 and ended on **31 December 2004**. The **31 December 2004** date was extended to **31 December 2006** where certain planning conditions were met - see [9.2](#). The termination date of 31 December 2006 was further extended to **31 July 2008** in certain circumstances – see [9.3](#).

9.1.5 Town Renewal Scheme

The qualifying period commenced on 1 April 2000 and ended on **31 December 2004**. The **31 December 2004** date was extended to **31 December 2006** where certain planning conditions were met - see [9.2](#). The termination date of 31 December 2006 was further extended to **31 July 2008** in certain circumstances – see [9.3](#). These dates are subject to any dates, within this range, which appeared in orders made under **section 372AB**.

9.1.6 Student Accommodation Scheme

The qualifying period commenced on 1 April 1999 and ended on **31 March 2003**. However, this date was extended to **31 December 2006** where certain planning conditions were met - see [9.2](#). The termination date of 31 December 2006 was further extended to **31 July 2008** in certain circumstances – see [9.3](#).

9.1.7 Countrywide Refurbishment Scheme

The qualifying period commenced on 6 April 2001 and ended (without any special conditions) on **31 July 2008**.

9.2 Extension to 31 December 2006

For schemes other than the Urban Renewal⁴⁹ and Countrywide Refurbishment schemes, the extension to **31 December 2006** applied if a valid planning application (other than for outline permission) was received by the planning authority by 31 December 2004 or, where the work was exempted development, if certain conditions were met by that date i.e. a detailed plan was prepared, a binding contract was in existence and at least 5 per cent of the work was carried out.

9.3 Extension to 31 July 2008⁵⁰

The extension to **31 July 2008** applies to the schemes dealt with at **9.1.1** to **9.1.6** above if:

- existing scheme conditions to qualify for the 31 December 2006 deadline were met, and
- work to the value of at least 15 per cent of the actual construction, conversion or refurbishment expenditure was carried out by 31 December 2006.

Where the termination date of 31 July 2008 applies in relation to a scheme, expenditure incurred in the year 2007 is restricted to 75% of the amount attributable to that year while expenditure for the period 1 January 2008 to 31 July 2008 must be restricted to 50% of the amount involved.⁵¹

A summary of the schemes dealt with in **9.1.1** to **9.1.5** above is included in the earlier pages of this document. A summary of the remaining two schemes dealt with in **9.1.6** and **9.1.7** above follows – see **9.4** and **9.5**.

9.4 Student Accommodation Scheme⁵²

Under this scheme 'section 23' relief was available to lessors in order to encourage the provision of residential accommodation for third level students. Provision was made for relief against rental income in respect of construction, conversion or refurbishment expenditure incurred on rented residential student accommodation.

⁴⁹ For Urban Renewal - 15% of total project costs required by 30 June 2003.

⁵⁰ The extension to 31 July 2008 applied without condition for the Countrywide Refurbishment Scheme.

⁵¹ All schemes including rental refurbishment scheme affected.

⁵² No relief is available to owner-occupiers under this scheme.

In addition to the usual TCA provisions, the scheme was also governed to a large extent by guidelines issued by the Minister for Education and Science. The guidelines covered key elements of the scheme, including the institutions that qualified, certification of projects by the qualifying institutions, conditions relating to the standards and location of accommodation and the categories of students whose accommodation was covered.

In addition to the usual 'section 23' provisions, section 32 Finance Act 2003 introduced a number of anti-avoidance provisions in relation to:

- the person or persons who must receive or be entitled to receive the rent,
- the borrowing of money and personal responsibility on investors for repayment of loans, payment of interest and the provision of any security required for the loan,
- rules and limits in relation to claims for deductions in respect of management and letting fees payable in connection with the letting of the accommodation.

Generally, these provisions applied as respects expenditure incurred on or after 18 July 2002, **unless** a binding contract for the construction, conversion, refurbishment or, as the case may be, purchase of the house was evidenced in writing on or before that date.

9.5 Countrywide Refurbishment Scheme⁵³

Under this scheme tax relief was available to lessors in respect of the expenditure incurred on the refurbishment of certain rented residential accommodation throughout the country. The relief was available in respect of all existing rented residential properties that met the required criteria. These included compliance with any guidelines issued by the Minister for the Environment and Local Government. Also the lessor of the premises had to comply with the requirements of the Residential Tenancies Act 2004 and of regulations in relation to Standards of Rental Houses and Rent Books. Premises which qualified or which would qualify for tax relief under any other tax incentive scheme could not qualify for relief under this scheme. Expenditure incurred on a building which, before and after the refurbishment, contains one or more "**special qualifying premises**" (see section 372AM(3)) was allowable against rental income receivable by the lessor of the premises - in so far as the expenditure incurred was attributable to such premises.

Relief for eligible expenditure incurred is available against rental income **but**, unlike other schemes, **such relief had to be drawn down over a 7-year period** i.e. 15% per annum in years 1 to 6 and 10% in year 7.

⁵³ No relief is available to owner-occupiers under this scheme.

10 Mid-Shannon Corridor Tourism Infrastructure Investment Scheme

Chapter 12 (as inserted by **section 29 Finance Act 2007**) of **Part 10** TCA 1997 contains a scheme which was aimed at encouraging the development of certain tourism infrastructure and the refurbishment of existing tourism infrastructure in the mid-Shannon corridor⁵⁴. The individual areas which qualified under the scheme are listed in **Schedule 8B** to the Taxes Consolidation Act 1997 and include various District Electoral Divisions in the counties of Clare, Galway, Offaly, Roscommon, Tipperary and Westmeath.

The period within which qualifying capital expenditure could be incurred was originally time-limited to a period of 3 years from the commencement date i.e. 1 June 2008. Projects wishing to avail of relief must have received approval in principle in advance of expenditure being incurred. Originally an application for such approval was to have been made within one year of the commencement of the scheme i.e. by 31 May 2009. Finance Act 2009 extended the period during which such applications could be made from one year to two years so that the latest date for submission of applications was 31 May 2010. To cater for any projects that may have availed of the extended period for the submission of applications for approval in principle, the termination date for incurring qualifying capital expenditure was extended from 31 May 2011 to 31 May 2013⁵⁵.

Projects wishing to avail of relief under the scheme had to also get formal certification after completion. The above approval and certification were given by a special board established for the purposes of the scheme and was carried out in accordance with guidelines issued by the Minister for Arts, Sport, and Tourism in consultation with the Department of Finance.

⁵⁴ Tax Briefing No. 69 (Mid Shannon Scheme) dated September 2008.

⁵⁵ Finance Act 2010 introduced a further extension to the latest date for submission of applications for approval in principle and to the termination date for incurring qualifying expenditure. The Finance Act changes were subject to commencement by Order of the Minister for Finance. However, as no such Order was made the above dates remain applicable.

Capital allowances were made available in relation to certain registered holiday camps and other tourism infrastructure facilities. The nature of the tourism infrastructure buildings and structures that may have qualified under the scheme were as set out in the guidelines. Certain buildings such as those that facilitate gaming or gambling were specifically excluded from the scheme, as were licensed premises (but not restaurants). Also, tourism facilities (other than qualifying holiday camps) that already qualify for capital allowances such as hotels, guesthouses, holiday hostels and caravan and camping sites were excluded. However, other accommodation facilities that were provided as part of a qualifying tourism project may have qualified for relief but qualifying expenditure on such accommodation facilities could not be more than 50 per cent of the overall expenditure on the project or could not be more than the expenditure on the non-accommodation facilities in the project.

Capital Allowances⁵⁶

Relief⁵⁷ was made available over 7 years for qualifying construction and refurbishment expenditure incurred in the qualifying period, at the rate of 15 per cent per annum in years 1 to 6 and at the rate of 10 per cent in year 7. In the case of refurbishment, the qualifying expenditure must have exceeded 20 per cent of the market value of the property before work commenced. In the case of the qualifying mid-Shannon areas of Clare and Tipperary only 80 per cent of construction and refurbishment expenditure could qualify for relief. There is a 15-year holding period in order to avoid a clawback of allowances given. Existing restrictions on the sideways set-off of excess capital allowances against non-rental income for passive investors apply as does the restriction on the use of specified reliefs by high-income individuals which is effective from 1 January 2007.

The scheme was commenced by way of order of the Minister for Finance (S.I. No. 159 of 2008) with effect from 1 June 2008.

⁵⁶ Property developers or connected persons may not avail of the capital allowances under the scheme. Tax and duty Manual [Part 09-01-05](#) has details on this restriction. Also no capital allowances where **any** State grant or any other grant assistance received. Scheme must comply with EU National regional aid guidelines/map. Persons who received other aid, which the EU declared was illegal, are also excluded.

⁵⁷ The €31,750 annual limit (under section 409A) on the sideways set-off of capital allowances applies to expenditure incurred by passive investors. In the case of a registered holiday camp, allowances are ring-fenced for passive investors to rental income by virtue of section 409B.

Description of Qualifying mid-Shannon Areas

COUNTY
<p>Clare</p> <p>The District Electoral Divisions of Ayle, Ballynahinch, Boherglass, Caherhurley, Cappaghabaun, Carrowbaun, Cloonusker, Coolreagh, Corlea, Derrynagittagh, Drummaan, Fahymore, Feakle, Inishcaltra North, Inishcaltra South, Killaloe, Killokennedy, Killuran, Kilseily, Lackareagh, Loughrea, Mountshannon, O'Briensbridge, Ogonnelloe and Scarriff.</p>
<p>Galway</p> <p>The District Electoral Divisions of Abbeygormacan, Abbeyville, Balinasloe Rural, Ballinasloe Urban, Ballyglass, Ballynagar, Bracklagh, Clonfert, Clontuskert, Coos, Derrew, Drumkeary, Drummin, Eyrecourt, Kellysgrove, Killimor (Portumna rural area), Kilmacshane, Kilmalinoge, Kilquain, Kiltormer, Kylemore, Laurencetown, Leitrim, Lismanny, Loughatorick, Marblehill, Meelick, Moat, Pallas, Portumna, Tiranascragh, Tynagh and Woodford.</p>
<p>Offaly</p> <p>The District Electoral Divisions of Ballycumber, Banagher, Birr Rural, Birr Urban, Broughal, Cloghan, Clonmacnoise, Derryad, Doon, Drumcullen, Eglisk, Ferbane, Gallen, Hinds, Hunston, Killyon, Lumcloon, Lusmagh, Mounterin, Moyclare, Shannonbridge, Shannonharbour, Srah and Tinamuck</p>
<p>Roscommon</p> <p>The District Electoral Divisions of Athleague East, Athleague West, Athlone West Rural, Ballydangan, Ballynamona, Castlesampson, Caltragh, Cams, Carnagh, Carrowreagh, Cloonburren, Cloonown, Crannagh, Creagh, Culliagh, Drumlosh, Dysart, Fuerty, Kilcar, Kiltoom, Lackan, Lecarrow, Lismaha, Moore, Mote, Rockhill, Roscommon Rural, Roscommon Urban, Scregg, Taghmaconnell, Thomastown and Turrock.</p>
<p>Tipperary</p> <p>The District Electoral Divisions of Aglishecloghane, Ardcroney, Ballina, Ballingarry (in Borrisokane rural area), Ballygibbon, Ballylusky, Ballymackey, Ballynaclogh, Birdhill, Borrisokane, Burgesbeg, Carrig, Carrigatogher, Castletown, Cloghprior, Clohaskin, Cloughjordan, Derrycastle, Finnoe, Graigue (in Borrisokane rural area), Greenhall, Kilbarron, Kilcomenty, Killoscully, Kilkeary, Kilmore, Kilnarath, Knigh, Lackagh, Lorrha East, Lorrha West, Mertonhall, Monsea, Nenagh East Urban, Nenagh Rural, Nenagh West Urban, Newport, Rathcabban, Redwood, Riverstown, Terryglass, Uskane and Youghalarra.</p>

Westmeath

The District Electoral Divisions of Athlone East Rural, Athlone East Urban, Athlone West Urban, Ardnagragh, Auburn, Ballymore, Bellanalack, Carn, Castledaly, Doonis, Drumraney, Glassan, Killinure, Moate, Mount Temple, Moydrum, Muckanagh, Noughaval, Templepatrick, Tubbrit, Umma and Winetown