Retirement relief and life interests

Part 19-03-10

This document should be read in conjunction with section 577A of the Taxes Consolidation Act 1997

Document last reviewed December 2019

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Executive summary

This section provides relief from the capital gains tax liability which would accrue to a trustee of settled property, where a person entitled to a life interest in the property relinquishes that life interest. The relief given is the retirement relief which would have been given to the person entitled to the life interest if that person had owned the property absolutely since the commencement of the life interest.

10.1 Capital distribution

Section 577A provides relief from the capital gains tax liability which would accrue to a trustee of settled property, where a person entitled to a life interest in the property relinquishes that life interest.

10.2 Retirement relief

The relief given is the retirement relief (see Tax and Duty Manual Part 19-06-03, “Disposals of business or farm on ‘retirement’”) which would have been given to the person entitled to the life interest if that person had owned the property absolutely since the commencement of the life interest.