

## CAPITAL GAINS TAX

Individuals resident or ordinarily resident in Ireland are liable to capital gains tax on worldwide disposals. Individuals resident or ordinarily resident, but not domiciled, in Ireland are liable on gains arising on the disposal of assets situated in Ireland and on all other foreign gains to the extent that those gains are remitted to Ireland. Individuals neither resident nor ordinarily resident are liable on gains made on the disposal of certain “specified” assets.

### Relief for inflation (indexation)

In arriving at the chargeable gain on the disposal of an asset held for over twelve months, the allowable cost is to be adjusted for inflation based on the consumer price index. Indexation relief applies for the period of ownership of the asset but only up to 31 December 2002.

### Losses

Losses are set off against chargeable gains arising in the same year. Unused losses may be carried forward indefinitely. Gains on development land may only be offset by losses on development land. Inflation relief may not operate to convert a monetary gain into an allowable loss or to increase a monetary loss.

### Rate

The current capital gains tax rate is 25%, which applies to disposals on or after 8 April 2009. The rate of capital gains tax prior to that is 22%.

### Exemptions and relief's

The following exemptions and relief's are available:

- annual exemption €1,270. For married couples the exemption is €1,270 each (non-transferable)
- the gain on the disposal of an individual's principal private residence; certain restrictions apply where the residence has development potential
- the gain on the disposal of a dwelling home occupied rent free by a dependent relative
- the gain on sale of Irish government securities, excluding the accrued interest portion, where the security has been held for less than two years. The accrued interest portion is charged to income tax
- retirement relief for an individual aged 55 years or more on disposal of business assets owned for ten years or more. The relief is limited to proceeds of €750,000 where the disposal is not to a child of the individual. A disposal of a business by a qualifying individual to a child is exempt from capital gains tax regardless of the consideration received. For the purpose of this exemption, a “child” includes a nephew or niece who has worked in the business substantially on a full-time basis for the period of five years ending with the
- disposal, or a child of a deceased child. An individual is not in fact required to retire in order to avail of this relief.
- the gain on the transfer of a site from a parent to a child provided it is for the construction of the child's principal private residence and the market value of the site does not exceed €500,000.

- exemption from capital gains tax for Irish companies making disposals from substantial holdings in trading companies located in the EU or countries with which Ireland has concluded a double taxation treaty, subject to certain conditions.

**Individuals / Companies on development land**

- 31 October 2009 - payment of CGT for disposals made from 1 January 2009 to 30 September 2009
- 31 January 2010 - payment of CGT for disposals made from 1 October 2009 to 31 December 2009
- 31 October 2009 - filing of 2008 return of income (including gains)

For disposals of assets other than development land by companies, the preliminary tax payments and filing deadlines are the same as those for a company in relation to its income.