

# Capital gains tax

Individuals resident or ordinarily resident in Ireland are liable to capital gains tax on gains from 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.

Irish resident companies are liable to corporation tax in respect of “chargeable gains” on worldwide disposals while non-resident companies are liable in respect of gains arising from disposals of 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. Indexation factors for disposals in 2009 are as follows:

Year expenditure incurred	Factor	Year expenditure incurred	Factor
1974/75	7.528	1988/89	1.553
1975/76	6.080	1989/90	1.503
1976/77	5.238	1990/91	1.442
1977/78	4.490	1991/92	1.406
1978/79	4.148	1992/93	1.356
1979/80	3.742	1993/94	1.331
1980/81	3.240	1994/95	1.309
1981/82	2.678	1995/96	1.277
1982/83	2.253	1996/97	1.251
1983/84	2.003	1997/98	1.232
1984/85	1.819	1998/99	1.212
1985/86	1.713	1999/00	1.193
1986/87	1.637	2000/01	1.144
1987/88	1.583	2001	1.087
		2002 onwards	1.049

## 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 capital gains tax rate is 25% (applicable from 8 April 2009: 22% from 15 October 2008 to 7 April 2009; previously 20%). Lower rates, 15% for a partnership and 12.5% for a company, may apply in relation to deemed chargeable gains arising on the receipt of a “carried interest” being a share of profits in certain venture funds engaged in research, development or innovation activities.

## Exemptions and reliefs

The following exemptions and reliefs 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
- disposals of individual works of art which are valued at not less than €31,740 when loaned to an approved gallery or museum for public display for a minimum period of six years
- retirement relief for an individual aged 55 years or more on disposal of business assets owned for ten years or more (which can also include assets held personally but used in the trade). This 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

## Self assessment - payment and returns

### Individuals

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

### Companies

- The payment dates for capital gains tax in respect of gains arising to companies from disposals of development land are the same as the capital gains tax payment dates for individuals
- For disposals of assets other than development land by companies, the payment and filing deadlines are as set out in page 3 (see "Corporation tax: Self assessment - payment and returns")

### Planning tip!

Remember the new CGT payment date of 15 December 2009.

### Planning tip!

Don't overlook the annual exemptions; you may be able to utilise these to realise some tax-free gains.

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