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TAX & BUSINESS SOLUTIONS

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The future for property reliefs

Finance Act 2012 provided clarity in relation to the future use of property reliefs. Broadly, the position remains unchanged for Section 23 type reliefs. For other property reliefs, guillotine provisions apply such that they may not be utilised beyond the end of the tax year in which the tax life of the property expires (or beyond 31 December 2014 if tax life has ended prior to that). The restrictions are not as onerous as the initial proposed changes. It is worth noting that:-

- In many instances, the tax life is a significantly longer period than the period over which allowances are available. For example, in the case of private hospitals and rural renewal buildings, the tax life extends to 15 years and 25 years respectively.
- The guillotine provisions do not apply to unutilised capital allowances being carried forward solely as a result of the operation of the High Earner Restriction.

It is important to track how allowances and losses have been utilised given the various rules which apply. This is likely to be an area of increased Revenue scrutiny going forward.

Capital Gains Tax Relief – Finance Act 2012

Finance Act 2012 introduced a measure of CGT relief in relation to gains on properties purchased from Budget day to 31 December 2013. Broadly, where properties are held for a 7 year period, any gain arising is not liable to Capital Gains Tax. This applies not only to Irish property but to property located in an EEA country.

This paves the way for, potentially, tax free investment opportunities in respect of UK property.

It is worth noting that in the recent UK budget, proposals were put forward for a consultation process in relation to the introduction of CGT on UK residential property. However, it is unlikely that CGT would be introduced in the context of commercial property due to the adverse impact this could have on UK inward investments.

R&D Tax Credits

Finance Act 2012 greatly broadens the scope for companies in the SME sector to claim R&D tax credits. Essentially the first €100k of qualifying R&D spend in a particular year qualifies for credit.

R&D is broadly defined and does not, for example, need to relate to a patented product or indeed does not need to relate to R&D which is successful. It is worth reviewing any expenditure in this area in the context of the new R&D credit regime.

Jobbridge – National Internship Scheme

Given that wage costs represent a significant element of cost for businesses, the National Internship Scheme known as Jobbridge should be borne in mind. This facilitates a 6 month or 9 month internship opportunity for employers at nil cost.

Voluntary PRSI Contributions

For those who are no longer in the workforce due to family circumstances, travel, etc, it is worthwhile to consider becoming a 'voluntary contributor' for PRSI purposes to preserve continuity of your Irish PRSI record. This could enhance entitlement to, for example, old age pension in the future.

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