FINANCE BILL 2013

INTRODUCTION

The Finance Bill 2013 was published on 13 February 2013, giving legislative effect to the provisions announced in the December Budget. In addition, it introduces a number of new measures – both incentives and anti-avoidance.

The key measures in the Bill are:-

· The introduction of a Real Estate Investment Trust (REIT) regime.

· Measures aimed at benefitting the SME sector (the 10 Point Plan).

· Changes to the tax regime applying to the film industry.

· Simplification of the mechanism for claiming tax relief for charitable donations.

· A 'Living City' relief, targeted specifically at Georgian properties.

The introduction of a REIT regime is to be welcomed in the context of increasing the attractiveness of Irish property investment.
It is hoped that this, together with other measures introduced last year, should assist in rekindling activity in the property sector.

The importance of assisting the SME sector cannot be under-estimated. It is the biggest employer, and the engine for future growth.

The Government has recognised the importance of the sector with the introduction of a focussed ten-point, business-friendly plan.

Whilst there has been a significant erosion of tax-free thresholds and increases in Capital Acquisition Tax rates over the last number of years, there are still a number of valuable reliefs which facilitate inter-generational transfers of businesses and farms. It is also to be welcomed that many of the valuable Capital Tax reliefs remain in place (e.g. retirement relief), once again demonstrating the commitment of the Government to the real economy.

PROPERTY

Real Estate Investment Trust (REIT)

The Bill provides for the introduction of REITs. This is a welcome development, not so much from the viewpoint of taxation but more as a commercial incentive measure, with a view to restarting the property market. The introduction of REITs should be seen as a continuation of incentive measures which have been introduced in recent years, to include the reduction of rates of commercial stamp duty from 6% to 2%, the reduction in residential stamp duty from 9% to 1% / 2%, and the introduction of a Capital Gains Tax holiday.

The key features of a REIT is as follows:-

· The REIT must derive 75% of its total income from the property rental business. It can have other residual income but the tax exemption only applies to income and chargeable gains derived from the property rental business.

· In order to maintain its status as a REIT, the company must distribute 85% of its property income by way of dividend to its shareholders, and provided that this distribution target is satisfied, then the REIT is exempt from tax on income and chargeable gains related to its property business.

· Certain administrative tax requirements will continue to apply to REITS. For example, dividends paid by the REIT will be subject to dividend withholding tax, and any dividends received by the shareholders will be subject to the normal income tax rules.

· In addition to the criterion as outlined above, there are

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numerous other conditions set out in legislation in relation to tax residence, place of incorporation, stock market listing, that need to be satisfied.

- Additionally, the legislation sets out minimum income to financing costs ratios, as well as setting out specific rules in relation to the development of property assets by the REIT, and the treatment applying in the context of surplus funds held as a consequence of the disposal of a property. Furthermore, there are anti-avoidance rules aimed at ensuring that assets cannot be transferred to a REIT environment, without crystallising a charge to Capital Gains Tax.
- In the context of the shareholder of a REIT, any property income dividend received from the REIT is subject to tax under Case IV of Schedule D. Additionally, certain onerous tax rules apply where the REIT pays a dividend to an individual controlling more than 10% of the share capital of a REIT.
- The tax treatment applied is to the detriment of the REIT rather than the individual shareholder.

In general, the legislation is clearly drafted in a manner so as to provide a means for retail investors to invest in the property market without having to take on the commercial and financial burdens associated with direct property ownership.

Living City Initiative

Tax-based property reliefs have been a feature of our tax law for over 30 years. Over the years, any new reliefs introduced have become more and more targeted (e.g. Living over the Shop scheme). In more recent years, there have been virtually no new reliefs. This Bill includes a new relief in respect of expenditure incurred in Georgian properties.

The relief applies exclusively for owner-occupier residential purposes and it also applies in the context of the refurbishment of certain commercial properties. In due course, the areas that will qualify for relief will be described by order of the Minister for Finance. A scheme commencement date will be announced by the Minister and the scheme will run for a period of 5 years from that date.

In the context of the residential relief, relief will only be available where the qualifying expenditure is at least equal to 10% of the market value of the building immediately before the work was undertaken. The individual owner-occupier will then be entitled to claim relief in respect of the qualifying expenditure over a 10 year period at a rate of 10% per annum.

In the context of the refurbishment of commercial properties, relief will be available in respect of qualifying expenditure at the rate of 15% per annum in years 1 to 6, and 10% in year 7. No balancing charge will arise where the disposal of a property takes place more than 7 years after the qualifying premises was first used subsequent to the incurring of qualifying expenditure. As with the residential relief, the expenditure incurred must at least equal 10% of the market value of the building or structure immediately before that expenditure was incurred.

Finally, in the context of an individual claiming relief, the High Earner restrictions will apply to this relief.

In general, the High Earner's restriction has the effect of limiting the amount of specified reliefs claimable by an individual to €80k per annum. Care will need to be exercised in relation to this aspect of the relief as an individual availing of Section 481 Film Relief or relief under an EIIS investment would likely be precluded from the benefit of this relief.

Stamp Duty

The Bill deletes certain stamp duty provisions that were introduced in 2008 but never enacted, and replaced these deleted provisions with three new provisions, as follows:-

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- A charge to stamp duty will also arise where the owner of land enters into an agreement with another person under which that person is allowed to carry out development on the land and 25% or more of the market value of the land is paid to the landowner.
- This provision has been introduced to deal with structures whereby builders avoided a charge to stamp duty on the acquisition of land for residential development, whereby matters could be structured in a way such that a single charge to stamp duty arose on the conveyance of site from the original landowner to the ultimate house purchaser.
- Finally, an agreement for lease for a period of more than 35 years will be liable to stamp duty as if it were an actual lease, and the consideration provided for in the agreement where

25% or more of the consideration has been paid.

The above changes apply to instruments executed on or after 13 February 2013. However, stamp duty will not arise in the three situations outlined above in circumstances where the instrument is executed on or after 13 February 2013, on foot of a binding contract entered into before that date.

Foreign Losses

The Bill introduces the provisions which, effectively, 'ring fence' the utilisation of foreign rental losses. The existing legislation relating to Case III or foreign income, sets out that all foreign income is deemed to be from a 'single source'.

Therefore, arguably, all losses from various categories of foreign income sources could be pooled. The amendment introduced in the Bill clarifies the position in that losses arising from foreign rental income may not be utilised to shelter, for example, income arising from other foreign non-property investments.

Debt Forgiveness - Land Dealing Activity

The Bill contains provisions relating to the release of debt in the context of individuals involved in land dealing and developing activity. In broad terms, the release of debt where the money was borrowed for the purchase or development of land held as trading stock shall be treated as a trading receipt arising in the tax year in which the debt is released.

In their notes Revenue set out that 'release' means any form of debt forgiveness, formal or informal, including that associated with limited or non-recourse loans and the discharge of debt in the context of bankruptcy or insolvency. Therefore, for example, if a bank enforces its charge over property (in a case where there is recourse only to that property) and the sale proceeds are insufficient to discharge the full amount owing, it would appear from the guidance notes that the Revenue deem the remaining amount of the debt to be released and, therefore, come within the scope of the new provisions.

Restriction of Land Dealing and Development Losses

In addition, the Bill has introduced certain restrictions in terms of losses arising to individuals from land dealing and development activities.

Loss relief claims will not be allowed where:

- The losses have arisen due to interest costs accrued in relation to the purchase/development of the land, or unrealised losses on the write-down of land values, for example, accounting write-downs.
- Losses arising on the sale of land to 'connected' persons.
- Less than 50% of the individual's total income for the tax year and the previous two tax years derives from dealing in and developing land. It is worth noting that for the purposes of determining an individual's total income, it is income for USC purposes which is taken into account. Therefore, this is taxable trading income before deductions for items such as capital allowances, pension contributions, etc.
- The new rules take effect from 13 February 2013. Overall, therefore, the amendments restrict the ability of individuals involved in land dealing activities to shelter other income with trading losses arising from their land dealing activity. Interestingly, the debt release and loss relief provisions apply to individuals only, and not to companies.

Individuals

Remittance Basis

The Bill introduces some anti-avoidance measures in relation to the remittance basis for income tax and capital gains.

It provides that in a case where income or gains which arise outside of Ireland and would have been liable to the remittance basis, are transferred by an individual to their spouse, or civil partner, to the extent that the income or gains are brought back to Ireland by that spouse or civil partner, they are deemed to be remittances of the original income and gains.

Heretofore, in certain circumstances, following a transfer of the funds outside of Ireland, they were deemed to have changed their character and, therefore, no longer fell within the remittance rules.

Universal Social Charge (USC)

The Bill gives effect to the Budget Day announcement that individuals with an income of at least €60k who are aged over 70, or are Medical Card holders under 70, will pay an additional 3% USC on income.

The Bill also provides that any funds which are accessed from AVC contributions are not liable to USC. In addition, it has been announced that such withdrawals will not be liable to PRSI. Therefore, income tax at

marginal rates will apply.

In a case where a balancing charge arises, and such capital allowances would have been deductible for USC purposes, then the balancing charge is liable to USC. This will arise mainly in the context of capital allowances claimed on buildings used for the purposes of a trade or profession.

Tuition Fees

It is proposed to increase the income tax relief for third level tuition fees to the following levels:

Relief continues to be available at the standard 20% tax rate.

Tax year	Full-time Courses	Part-time Courses
2013	€2,500	€1,250
2014	€2,750	€1,375
2015	€3,000	€1,500

Charitable Donations

The Bill has introduced a new simplified scheme of tax relief in respect of donations to approved bodies (i.e. charities and educational bodies). In the context of donations made by individuals, the nature of the relief that will be granted in future will be the same, irrespective of whether the individual is an employee or self-employed.

The new regime is probably best explained by way of an example. Where an individual makes a donation of €1,000 to an approved body, then this amount is grossed-up at the specified rate (31%), thereby giving rise to a gross donation of €1,449. Provided the donor pays income tax of at least €49, then the approved body is deemed to have received gross income of €1,449, which was subject to a deduction of income tax at 31%, thereby giving rise to a net receipt of €1,000. The €449 becomes reclaimable by the approved body.

The section introduces an annual limit in respect of all donations made by an individual. The relief will only apply in respect of donations made by an individual not exceeding €1m per annum, or 10% of the individual's total income, whichever is the lower. Any payments over and above this amount will not qualify for relief. It should be noted that the rules in relation to donations to approved bodies by companies remain unchanged, with a corporate donor being entitled to claim a tax deduction.

As a welcome development, charitable donations are no longer taken into account for the purposes of calculating High Earner restrictions.

Finally, some welcome administrative changes have been introduced, including the concept of an 'enduring certificate'. Essentially, where an individual makes annual donations to a charity, the need to complete an annual certificate can be replaced by an enduring certificate which remains valid for a period of 5 years.

The new rules apply in respect of donations made on or after 1 January 2013.

Deposit Interest Retention Tax (DIRT)

The Bill provides for an increase from 1 January 2013 of the rate of DIRT from 30% to 33%.

Irish Heritage Trust

Currently, tax law allows for tax relief for donations of heritage property to the Irish Heritage Trust or the Commissioners of Public Works. The tax relief available for such donations is being reduced from 80% to 50% of the market value of the property donated. Additionally, the relief is being amended to permit a donation of certain accompanying buildings in conjunction with the donation of heritage gardens. The acceptance of a donation of land to provide parking facilities, or access to a heritage property, will also be permitted where deemed necessary by the Irish Heritage Trust or Commissioners of Public Works.

Double Taxation Relief

The Bill introduced a welcome amendment which provides for a credit for any unrelieved foreign tax against Universal Social Charge on foreign income. Additionally, a further extension has been introduced to provide additional credit relief on tax and foreign dividends. The additional credit is available in the context of a dividend received by an Irish company from a company resident in an EU/EEA Treaty Partner country. The additional credit applies in a situation where the dividend received from that company includes dividend income received from a third country. The total credit,

including this new additional credit, cannot exceed the Corporation Tax attributable to the income.
The additional credit will not be eligible for pooling of credit for foreign tax or for carry forward.

Personal Insolvency Act 2012

The Bill introduced measures to deal with issues arising from Debt Settlement Arrangements (DSA), or Personal Insolvency Arrangements (PIA) which are provided for under the Personal Insolvency Act 2012. The key changes introduced in the Bill are as follows:

- The transfer of property under a DSA or a PIA to an insolvency practitioner to be held on trust will not give rise to Capital Gains Tax.
- Any transfer of property will not trigger a balancing event, or clawback of capital allowances, and the individual debt will remain liable to tax in respect of rental income.
- The write-off of any debt will not give rise to gift or inheritance tax issues.
- Any gain arising on the ultimate sale of the assets by the personal insolvency practitioner will be liable to Capital Gains Tax in the normal manner. Any gain arising is calculated by reference to the original acquisition date and base cost of the asset to the individual.

Employers

Revenue Job Assist

The Bill provides for the cessation of the Revenue Job Assist scheme as announced by the Minister on Budget Day. Currently, provided the relevant conditions are satisfied, the employee gets additional tax credits and the employer is allowed a double deduction for salary costs.
The cessation of the scheme comes into effect on a date appointed by the Minister for Finance.

Maternity Benefit

The Bill confirms that with effect from 1 July 2013, Maternity benefits (to include adoptive benefit and health and safety benefit) will be liable to tax. Such payments will be regarded as employment income and, therefore, the employer is liable to account for tax under the PAYE system.

The Department of Social Protection will notify employers of the amount which is liable to PAYE, similar to what they currently do in respect of sickness benefit.

Foreign Earnings Deduction

The Bill extends the Foreign Earnings Deduction which was introduced in last year's Finance Act to a number of other countries, to include Egypt, Algeria, Senegal, Tanzania, Kenya, Ghana and the Congo.

This relief essentially applies where an employee spends at least 60 days in the relevant countries in the performance of the duties of his or her employment. Interestingly, the 60-day requirement must apply in a continuous 12-month period (as opposed to being in the tax year).

This relief is a valuable incentive for Irish companies expanding into these countries and is a mechanism to incentivise key employees developing markets in these regions.

Benefit-in-Kind

The Bill gives legislative effect to the Budget Day announcement that the rate of interest applying in respect of calculating the Benefit-in-Kind on preferential loans is to be decreased in the context of home loans from 5% to 4%, but increased in the context of all other loans from 12.5% to 13.5%.

There were other miscellaneous amendments, including extending the definition of employee to include an office holder, for example, a company director.

Therefore, this change serves to ensure that Benefit-in-Kind applies to directorships, as well as other employment arrangements.

Termination Payments

The Bill provides that Top Slicing Relief will no longer be available to individuals who are in receipt of ex gratia lump sums in excess of €200k. Essentially, Top Slicing Relief serves to reduce the overall effective tax rate on any taxable portion of an ex gratia lump sum to the average effective tax rate applying in the prior three-year period. Typically, this served to reduce the tax rate applying to the taxable portion of the lump sum well below the marginal tax rate of 41%

The €200k limit on tax-free termination payments is extended to include payments on account of injury or disability. Any excess will be taxed in full via the PAYE system.

Heretofore, it was possible for all or part of a termination payment to be exempt from tax where the employee had foreign service in their employment. The Bill provides for this relief known as Foreign Service Relief to be abolished.

Overall, these changes, taken together with the abolition of the

employer rebate for statutory redundancy payments, limit the scope of employers to provide for redundancy situations in a tax-effective manner.

Tax Treatment of Loans from Employee Benefit Schemes

Anti-avoidance legislation has been introduced to counter arrangements whereby employees receive loans and other assets from trusts typically located outside of Ireland, with no charge to tax arising. Essentially, the measures introduced seek to ensure that any such benefits are now fully liable to tax. It is worth noting, however, that genuine Employee Benefit Trusts or, indeed, any other employee schemes involving trusts, such as Approved Profit Sharing Schemes, Employee Share Ownership Trusts, or Occupational Pension Schemes are not impacted by these anti-avoidance provisions.

Business Tax

Venture Fund Managers

The Bill relaxes the conditions and extends the scope of the special 15% / 12.5% rate of tax applying to gains arising to certain venture fund managers. In broad terms, this incentive applies to carried interest received from funds involved in research and development or innovation activities. In broad terms, the key changes introduced are as follows:

- Previously, the incentive applied only to start-up businesses which had commenced on or after 1 January 2009. The Bill proposes that it would no longer be limited to investment in companies in a start-up phase.
- The investment holding period has been reduced from 6 years to 3 years.
- The Bill extends the carried interest relief currently available to companies and partnerships, to individual venture fund managers.

Film Relief

The Bill has introduced some fundamental changes to Film Relief (Section 481).

The changes, as contained in the Bill, will apply from a day to be appointed by the Minister for Finance.

The Bill has extended the availability of Film Relief to 31 December 2020, although this extension is dependent on EU approval.

More significantly, however, the Bill has set out the proposed rules in relation to the nature of the relief to be granted in the future. In the first instance, relief will no longer be available to individual investors but rather will be available to the producer company by way of a credit relief. The tax credit will be granted at a rate of 32% on the lowest of the following three amounts:-

- The eligible expenditure amount;
- 80% of the total cost of production of the film;
- €50 M

The tax credit will reduce the corporation tax for the qualifying period, in respect of which the return filing date immediately precedes the application for a film certificate. Where the amount of the tax credit exceeds the tax liability for the qualifying period, then any excess will be repaid by Revenue to the producer company

The removal of the individual film investor relief is an unwelcome development as Section 481 shelters were one of the very few remaining tax shelters available to individuals.

Employment and Investment Incentive Scheme (EIIS)

The application of the EIIS relief has been extended to include the operation or management of hotels, guesthouses, self-catering accommodation, where certain conditions are satisfied. This change comes into effect as and from 1 January 2013.

Additionally, the EIIS relief is being extended for 7 years, to 31 December 2020, although this amendment is contingent upon EU approval.

Research and Development Credit

As announced in the Budget, the Bill provides for an increase from 100 k to 200 k in respect of development activities excluded from the incremental base of calculation.

In addition, the Bill amends the incentive introduced in Finance Act 2012 for employees involved in R & D activity by reducing from 75% to 50%, the minimum amount of time that the employee must spend on R & D activity. This reduces the bar in order for employers to be able to incentivise key employees. Both of these amendments are to be welcomed and should be seen as a positive change in terms of improving the attractiveness of the country as a location for FDI.

Withholding Tax and Interest

The Bill amends the rules in relation to the requirement to deduct Withholding Tax from payments of

annual interest. The Bill provides for an exemption for the requirement to withhold tax on interest payments where the payment is made to an approved pension scheme.

The second amendment is a technical amendment designed to continue the Withholding Tax exemption which applies to securities issued by a company that previously held a licence under the IFCSC or Shannon licensed regime.

Pensions

Pre-Retirement Access to Additional Voluntary Pension Contributions (AVCs)

In line with the Budget Day announcement, the Bill provides for individuals to take an early withdrawal from AVC pension funds (to include PRSA AVC contributions). The rules relating to the provision are as follows:

- The withdrawal must be made in a period of 3 years, commencing with the date of the passing of the Finance Act 2013.
- The administrator is obliged to deduct tax under PAYE in relation to any withdrawals.
- USC and PRSI will not apply to the withdrawals, however, they will be liable to tax at the individual's marginal tax rate.

The attractiveness of the withdrawal option will be dependent on the particular circumstances of the individual. In broad terms, the following considerations would need to be taken into account:-

- Taking funds now which are taxable at 41% vs. leaving funds to grow in a gross roll-up environment;
- Whether tax relief was obtained at the individual's marginal tax rate in relation to contributions made;
- The current value of the fund, given investment performances etc. Taking funds early could deprive the individual of potential upside future gains, depending on the nature of the investments included in the fund.
- By reducing the value of the fund is the individual reducing their ability to take tax free cash on retirement? Clearly, it provides a mechanism for individuals to obtain a cash flow advantage. However, given that the withdrawals are taxed at the marginal tax rate, it is important to take other considerations, outlined above, into account in assessing the merits, or otherwise, of taking the withdrawal.

ARF/PRSA funds passing to children on death

The bill extends the exemption from inheritance tax which applies on the transfer of assets from an ARF to children over age 21 to apply also to 'vested' PRSAs. Whilst such transfers will be exempt from inheritance tax, they are, however, liable to income tax at a 30% rate. Essentially, this brings the transfer of vested PRSAs in line with the treatment afforded to ARFs.

Farming

Farm Restructuring

The Bill contains provisions giving effect to the announcements made on Budget Day to allow for restructuring of farm holdings without triggering capital gains tax. There are a number of conditions to be satisfied, including the following:

- The restructuring must be certified by Teagasc.
- The first sale, purchase, or exchange of farm lands must take place during the period from 1 January 2013 to 31 December 2015, with the subsequent sale or purchase being within 2 years of the transaction.
- There is a 5-year holding period in order to avoid a clawback of the relief (with a carve-out in the context of a disposal being as a result of a compulsory purchase order).
- The relief applies to restructuring of farm land and does not include farm houses.

Interestingly, a farmer is defined for the purposes of the relief, as an individual who spends not less than 50% of his normal working time involved in farming activities. Therefore, the relief extends to non-full-time farmers.

This relief becomes effective on the issuing of a Commencement Order by the Minister for Finance once approval has been obtained in accordance with EU State Aid rules.

Stock Relief

A number of changes are proposed in relation to farmer taxation which had been flagged by the Minister in his Budget.

Firstly, the general scheme of stock relief (i.e. 25% relief) for farmers is extended for a further three years to 31 December 2015. This change is subject to a commencement order from the Minister for Finance.

Additionally, a number of amendments have been introduced in relation to the special scheme (i.e. 100%) stock relief for certain young trained farmers. These changes are listed below and, again, are subject

to a commencement order from the Minister for Finance.

1. Individuals seeking to qualify for the 100% stock relief for the first time in 2012 or any subsequent year of assessment, will, as part of the qualification process, be required to submit a business plan to Teagasc, unless such a business plan has already been submitted for any other purpose.
2. The 100% scheme of stock relief for certain young trained farmers is extended for 3 years to 31 December 2015.
3. The amount of stock relief (under the 100% stock relief scheme) which can be received by a qualifying farmer who first qualifies in the year 2012, or subsequent year, is limited to €40k in a single year, and €70k in aggregate over the course of the scheme (i.e. 4 years).

Capital Tax

As announced in the Budget, the rate of capital gains tax (CGT) and capital acquisitions tax (CAT) has increased from 30% to 33%, effective from 6 December 2012.

In addition, the tax-free CAT thresholds were reduced by 10%. This brings the parent-child threshold to €225k. Whilst the decrease may appear modest, the overall reduction in tax-free thresholds is significant, given that the parent-child threshold in early 2009 was €542k.

Therefore this brings a significant additional amount of wealth within the CAT net. It is important therefore that where possible there is optimal utilisation of reliefs such as business and agricultural relief so as to ensure tax efficient transfers to the next generation.

Retirement Relief

The Finance Act 2012 introduced a €3m cap in respect of capital gains tax retirement relief for individuals aged 66 or over, who pass farms/ businesses to their children. This change is due to take effect from 1 January 2014. The current Bill clarifies that full relief is available where the consideration is less than €3m and also clarifies that the €3m exemption is a lifetime exemption.

For those aged between 55 and 66, there is currently no cap in place. Therefore, the fact that these changes are due to take effect from next year, provides a window of opportunity for those who are of a mind-set to transfer businesses or farms to the next generation.

Discretionary Trust Tax

Interest on late payment of discretionary trust tax will apply from the valuation date, both in the case of the initial discretionary trust tax charge and subsequent annual charges. The change to the interest regime applies to inheritance taken as a discretionary trust on or after the date of the passing of the Finance Act (early April 2013).

A four-year time limit also applies to repayment claims. Both of these changes bring CAT in line with the rules relating to income tax.

The bill extends the exemption for certain life assurance policies, to include policies know as Capital Redemption Policies issued by life assurance companies. The bill extends this exemption which applies where both the disponer and the donee or successor, are both non-Irish domiciled and non-Irish resident.

VAT

Receivers and Liquidators

The Bill provides clarification in relation to the VAT obligations for Receivers and Liquidators, and implements some of the proposals set out in the Department of Finance consultation on the tax treatment of receiverships. It is regrettable, however, that the Bill does not contain any provision to provide clarity on direct tax matters, for example, income tax and corporation tax, for Receivers and Liquidators. It had been indicated that such changes would be included in the Finance Bill, if possible. There is, therefore, continued uncertainty for Liquidators and Receivers in relation to the practicalities in relation to accounting for these taxes.

Cash Receipts Basis

In order to minimise cash flow difficulties for those in the SME sector, with effect from 1 May 2013, the threshold for using the cast receipts' basis of accounting for VAT will be increased from €1m to €1.25m.

Flat Rate Farmer Relief

The farmer's flat rate has been reduced from 5.2% to 4.8%, with effect from 1 January 2013, as announced on Budget Day.

There are a number of other miscellaneous VAT changes in order to bring the legislation in line with EU Directives.

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