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CAPITAL GAINS TAX

Capital Gains Tax is a tax charged on the net capital gain or profit made on the disposal of any asset. It is payable by the person making the disposal. The net gain or profit is the difference between the price you paid for the asset and the price you sold it for having deducted allowable expenses incurred in the enhancement of the asset and the incidental costs of acquisition and sale.

An asset is not just something you own outright, it maybe an intangible asset, for example, goodwill in a company. Disposing of an asset does not just refer to the sale of an asset for money. It includes also any transfer of ownership by way of exchange or gift.

All persons who are resident or ordinarily resident in the state for a year of assessment are liable to Capital Gains Tax in respect of chargeable gains accruing in that year on the disposal of assets, wherever the assets are situated. The charge extends to individuals, companies, trustees and other bodies of persons. Individuals resident or ordinarily resident, but not domiciled, in the State are chargeable to tax on gains on the disposal of chargeable assets located within the State and the United Kingdom together with gains on worldwide assets to the extent that such gains are remitted to Ireland. Non-resident persons are also chargeable to tax on gains on assets within the State.

Where there is a loss on a disposal it will normally be allowable if a gain on the same transaction would have been chargeable. Allowable losses are set against the chargeable gains of the same year and if the losses exceed the gains, the excess may be carried forward against gains of later years.

Where assets pass on death there is no charge to Capital Gains Tax. The person acquiring the assets is treated, in relation to subsequent disposals of those assets, as if they had been acquired at their market value at the date of death or if the date of death took place before the 6th of April 1974 being the date of the introduction of Capital Gains Tax the assets are deemed to have been acquired at the market value as at the 6th of April 1974.

Various exemptions and reliefs from Capital Gains Tax are available. The first €1,270.00 of taxable gains by an individual in a tax year is exempt. In the case of a married couple this exemption is available to each spouse but is not transferable. In addition, gains realised on the following are not taxable:-

- Irish Government Securities including Land Bonds, Prize Bonds, Saving Certificates and bonuses payable under the National Instalment Savings Scheme.
- Securities of Local Authorities, certain states sponsored bodies and the European Union.
- Futures contracts based on Government & other securities that are not chargeable assets for the purposes of Capital Gains Tax.
- Life Assurance Policies and Contracts for deferred annuities unless purchased from another person.
- Chattels sold for €2,540.00 or less.
- Wasting assets such as private motor cars, animals etc.
- Winnings from betting, lotteries and sweepstakes.
- Gains accruing to superannuation funds, charities and certain bodies such as local authorities and trade unions.
- A gain on a dwellinghouse (including grounds of up to 1 acre) where the house has been used as the individual's only or main residence (or under certain conditions as the sole residence of an dependent relative) during the individual's period of ownership.

CGT RATE

The Capital Gains Tax rate is currently 33% and this rate applies in respect of disposals made after the 5th of December 2012.

April 2009 (Revised November 2018) Wolfe & Co. Solicitors
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