

Changes made in making a return and paying Capital Acquisitions Tax.

If you have received a gift or inheritance then you are responsible for paying any Capital Acquisitions Tax that is due.

You must make a tax return if the total value of gifts and inheritances you have received, in one of the group thresholds A, B or C, since 5th December 1991, is more than 80% of the tax-free threshold for that group.

Gifts or Inheritance with a valuation date before 14th June 2010.

You must complete the tax return and pay the tax within 4 months of the valuation date. You do this by completing Form IT 38. If the tax is not paid within 4 months, interest is charged.

Gifts or Inheritance with a valuation date on or after 14th June 2010.

Gifts or Inheritance with a valuation date on or after the 14th June 2010 will have a new fixed CAT pay and file date. All gifts and inheritance with a valuation date in the 12 month period ending on the 31st August must be paid and filed by 31st October. This means, if the valuation date is between 1st January and 31st August, you must complete the tax return and pay the tax on or before 31st October in **that year**. If the valuation date is between 1st September and 31st December you must complete the tax return and pay the tax on or before 31st October in the **following year**.

There is a surcharge for late pay and file of CAT. The surcharge is based on a percentage of the total tax payable for the year the return is late and graded according to the length of the delay. However, there is an overall cap on the level of the surcharge which is calculated as follows:

- 5% surcharge to a maximum of €12,695, if you complete the tax return and pay the tax within 2 months of the pay and file date.
- 10% surcharge up to a maximum of €3,485, if you do not complete the tax return and pay the tax within 2 months of the pay and file date.

Gift and Inheritance tax returns must be made electronically using Revenue Online Service, however there are some exceptions. A new paper gift and inheritance tax return (Form IT38s), will be available but can only be used by you, the taxpayer, if you meet the following criteria:

- You are not claiming any relief, exemption or credit, apart from small gift exemption.
- The benefit taken is an absolute interest (complete ownership) without conditions or restrictions.
- The property included in the return was taken from only one disponer (the deceased person) and is not part of a larger benefit.

In special circumstance it is possible to pay the tax by 5 annual instalments. This applies to any property where the beneficiary does not have full and complete ownership. It also applies if the benefit is full and complete ownership of the following:

- Property which cannot be moved or
- Property which can be moved and is agricultural or business property.

Revenue can consider allowing a postponement of tax due if there is hardship involved.

For more information on Capital Acquisitions Tax contact Orchid Accountants.

Disclaimer:

The object of this article is to provide useful tips in relation to Irish Tax Regulations, accordingly it cannot be regarded as a definitive guide and no liability can be accepted in respect of decisions taken in reliance on the information herein contained.