

## **CAPITAL GAINS TAX**

Capital gains tax is a tax on a capital gain arising on the disposal of assets owned by you. At its simplest, deducting the price you paid for an asset when you acquired it from the sale proceeds when you dispose of it gives you the chargeable capital gain.

In calculating the amount of tax payable, deductions are allowable for incidental costs of acquisition, such as solicitor's fees, stamp duty etc. and incidental costs of disposal such as, solicitors/auctioneers fees etc. In addition, where an asset was acquired before 2003, inflation relief may be available, effectively adjusting the cost in line with a published inflation factor.

## **CAPITAL GAINS TAX RATES**

The standard rate of CGT is 25%. (This rate was introduced on April 8th 2009)

Previous rates:

- 22% for disposals between October 14<sup>th</sup> 2008 and April 7<sup>th</sup> 2009.
- 20% for disposals prior to October 14<sup>th</sup> 2008.

Exceptionally, a rate of 40% applies on disposals of certain foreign life assurance policies and units in offshore funds.

## **PAYMENT DATES FOR CGT**

**For 2003 to 2008** the tax year is divided into two periods:

- An 'initial period' from 1 January to 30 September
- A 'later period' from 1 October to 31 December.

For disposals in the initial period CGT payments are due by 31 October in the same tax year. CGT for disposals in the later period are due by 31 January in the following tax year.

**For 2009 and subsequent years** the tax year is divided into a revised set of two periods:

- An 'initial period' from 1 January to 30 November
- A 'later period' from 1 December to 31 December.

For disposals in the initial period CGT payments are due by 15 December in the same tax year. CGT for disposals in the later period are due by 31 January in the following tax year.

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.