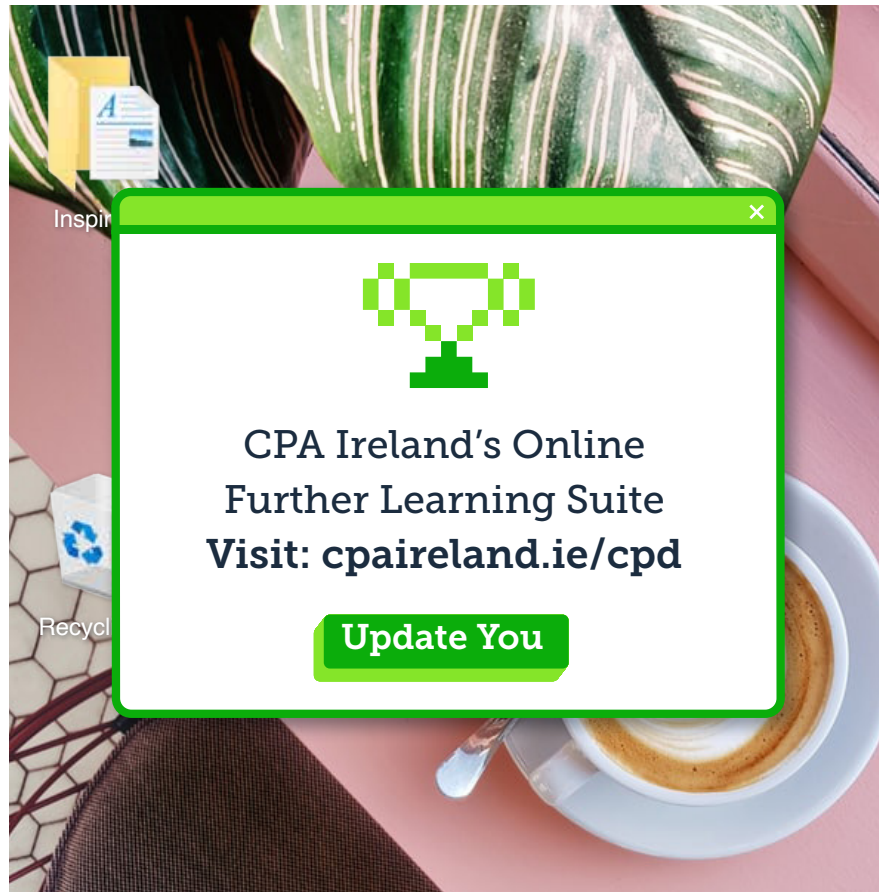


Taxation News



Temporary Income Tax relief for the self-employed

The Revenue Commissioners have recently published Tax and Duty Manual, Part 12-01-03 – Loss relief for self-employed individuals adversely impacted by Covid-19 restrictions, to provide guidance on the temporary income tax measures provided for in Section 10 (Covid-19) (No 2) Act 2020 to assist self-employed individuals adversely impacted by Covid-19.

Under Section 10

- Self-employed individuals can claim to have their 2020 losses and certain unused capital allowances carried back and deducted from their profits for the year of assessment 2019. The total amount that may be carried back is limited to €25,000; and Self-employed individuals can accelerate the above relief through making an interim claim based on the estimated amount of relief available to them

The new Tax and Duty manual provides guidance on the operation of the measures outlined above, including the procedures for making a claim

- Interim claims are initially made through 'MyEnquiries' by submitting a letter the template for which is included in Appendix 1 of the new Tax and Duty

Manual. Once the interim claim is received, relief due will be given by amending the Form 11 tax return for 2019;

- Interim claims can be revised upwards or downwards as the year progresses. A final claim for relief must be included by the income tax filing date for the relevant year of assessment.

For example, where the interim claim relates to the year of assessment 2020, a corresponding final claim for relief must be included in the Form 11 for 2020 which is due 31st October 2021;

- A practical and proportionate approach to quantifying relief should be adopted by individuals. A suggested method for estimating relevant losses and allowances is included in the Tax and Duty Manual; and
- A taxpayer must be fully tax compliant in order to make an interim claim, meaning that they must have complied with all of its obligations under tax legislation in relation to the filing of returns and payment of taxes.

Individuals who qualify for 'debt warehousing' or who have phased payment arrangement in place will be regarded as being tax compliant.

source: www.revenue.ie

Corporation Tax - Accelerated loss relief for companies adversely impacted by Covid-19

Section 396D Taxes Consolidation Act 1997 (TCA 1997), as inserted by Section 11 Financial Provisions (Covid-19) (No 2) Act 2020 provides for a temporary acceleration of Corporation Tax loss relief for accounting periods affected by the Covid-19 pandemic. It allows companies to

- To estimate their trading losses for certain accounting periods; and
- To carry back up to 50% of those losses against chargeable profits of the preceding accounting period on an accelerated basis.

Usually a claim for carry back loss relief can only be made after the end of an accounting period in which the loss is incurred and following the filing of a tax return for that period. However,

Section 396D TCA 1997, now allows for accelerated loss relief through allowing companies to make interim claims.

In order to be eligible to make an interim claim must have incurred or expect to incur a trading loss in the period 1st March 2020 to 31st December 2020. In addition, a company must be tax compliant, meaning that it must have complied with all of its obligations under tax legislation in relation to the filing of returns and payment of taxes.

Companies who qualify for 'debt warehousing' or who have phased payment arrangement in place will be regarded as being tax compliant.

Temporary procedures for the submission of interim claims are set out in a new Tax and Duty Manual, Part 12-03-05 – Corporation Tax: Accelerated loss relief for companies adversely impacted by Covid-19

restrictions.

In order to submit an interim claim

- A company must have filed its CT1 for the preceding accounting period;
- The claim for accelerated loss relief can be made through amending the CT1 for the preceding accounting period through ROS; and
- A company must notify Revenue that the claim is an interim claim for the purposes of Section 396D TCA 1997. This is done through entering a note in the additional notes section of the CT1 at the time of making the claim. A template note has been included in appendix 1 to the Tax and Duty Manual, Part 12-03-05.

Further guidance on the acceleration of corporate tax loss relief is provided in the Tax and Duty manual which can be accessed at www.revenue.ie.

Source: www.revenue.ie

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