



Business Relief from Capital Acquisitions Tax - LIFE ADVISORY SERVICES

For gifts and inheritances taken on or after 23rd January 1997, the taxable value of “relevant business property” may be reduced by 90% where certain conditions are met. The definition of “relevant business property” includes unquoted shares and securities of Irish incorporated companies subject to certain conditions.

To avail of this relief certain conditions must be met by both the company and the recipient of the gift or inheritance. Broadly the conditions are as follows:

The Company

The company’s business must not consist wholly or mainly of any of the following excluded activities - dealing in currencies, securities, stocks or shares, land or buildings, or the making or holding of investments.

The Beneficiary – the person receiving the gift or inheritance

For the relief to apply the beneficiary must meet one of the following ownership / control tests:

- i) The shares themselves or together with other shares in the company held in the absolute beneficial ownership of the beneficiary, give the beneficiary control of 25% of the voting power over all matters relating to the company,
or
- ii) the beneficiary controls the company or the company is controlled by the beneficiary and his / her relatives*,
or
- iii) the beneficiary holds at least 10% of the issued capital of the company and has worked full time in the company for 5 years prior to the gift / inheritance.

* Relatives of a person include his / her spouse or civil partner, children, mother, father, aunt / uncle and any children, grandchildren of any of the foregoing. In addition, all spouses or civil partners of relatives are included for the purposes of determining control.

Control includes having over 50% of the voting power, or owning more than 50% of the shares or being in a position to control the board of directors.

General

The information above has concentrated on the conditions that apply to the business and the beneficiary in order to qualify for Business Relief. There are some other general conditions worth noting:

Disposer – the person providing the gift or leaving the inheritance

The property must have been owned by the disposer for a period of 5 years prior to a gift or 2 years in the case of an inheritance.

Clawback of Relief

If within 6 years of the gift or inheritance the business ceases to qualify or if the property is sold or compulsorily acquired and not replaced within one year with other business property, the relief will be clawed back.

We advise that your client seeks professional tax and legal advice as the information given is a guideline only and does not take into account your client’s particular circumstances.

CONTACT US

E-MAIL: advisoryservices@irishlife.ie

WEBSITE: www.bline.ie

WRITE TO: Irish Life, Lower Abbey Street, Dublin 1

Irish Life Assurance plc is regulated by the Central Bank of Ireland.

Irish Life Assurance plc, Registered in Ireland number 152576, Vat number 9F55923G.

LAS (08/15)

Please Note: Every effort has been made to ensure that the information in this publication is accurate at the time of going to press. Irish Life Assurance plc accepts no responsibility for any liability incurred or loss suffered as a consequence of relying on any matter published in or omitted from this publication. This is not a customer document and is intended for Financial Advisors only.

