

Adjustment of allowable expenditure by reference to consumer price index. CGT(A)A78 s3, s16 and Sch1 par1;
S.I. No. 157 of 1997 556.—(1) In this section—

“the consumer price index number” means the All Items Consumer Price Index Number compiled by the Central Statistics Office;

“the consumer price index number relevant to any year of assessment” means the consumer price index number at the mid-February before the commencement of that year expressed on the basis that the consumer price index at mid-November, 1968, was 100.

(2) (a) For the purposes of computing the chargeable gain accruing to a person on the disposal of an asset, each sum (in this section referred to as “deductible expenditure”) allowable as a deduction from the consideration for the disposal under paragraphs (a) and (b) of section 552 (1) shall be adjusted by multiplying it by the figure (in this section referred to as “the multiplier”) specified in subsection (5) or determined under subsection (6), as the case may be.

(b) This subsection shall not apply in relation to deductible expenditure where the person making the disposal had incurred the expenditure in the period of 12 months ending on the date of the disposal.

(3) For the purposes of the Capital Gains Tax Acts, it shall be assumed that an asset held by a person on the 6th day of April, 1974, was sold and immediately reacquired by such person on that date, and there shall be deemed to have been given by such person as consideration for the reacquisition an amount equal to the market value of the asset at that date.

(4) Subsections (2) and (3) shall not apply in relation to the disposal of an asset if as a consequence of the application of those subsections—

(a) a gain would accrue on that disposal to the person making the disposal and either a smaller gain or a loss would so accrue if those subsections did not apply, or

(b) a loss would so accrue and either a smaller loss or a gain would accrue if those subsections did not apply,

and accordingly, in a case to which paragraph (a) or (b) applies, the amount of the gain or loss accruing on the disposal shall be computed without regard to subsections (2) and (3); but, in a case where this subsection would otherwise substitute a loss for a gain or a gain for a loss, it shall be assumed in relation to the disposal that the relevant asset was acquired by the owner for a consideration such that neither a gain nor a loss accrued to the owner on making the disposal.

(5) In relation to the disposal of an asset made in the year 1997-98, the multiplier shall be the figure mentioned in column (2) of the Table to this subsection opposite the mention in column (1) of that Table of the year of assessment in which the deductible expenditure was incurred.

TABLE

Year of assessment in which deductible expenditure incurred											
Multiplier											
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1974-75	6.112										
1975-76	4.936	1976-77	4.253	1977-78	3.646	1978-79	3.368	1979-80	3.039	1980-81	2.631
1981-82	2.174	1982-83	1.829	1983-84	1.627	1984-85	1.477	1985-86	1.390	1986-87	1.330
1987-88	1.285	1988-89	1.261	1989-90	1.221	1990-91	1.171	1991-92	1.142	1992-93	1.101
1993-94	1.081	1994-95	1.063	1995-96	1.037	1996-97	1.016				

(6) (a) The Revenue Commissioners shall make regulations specifying the multipliers, determined in accordance with paragraph (b), in relation to the disposal of an asset made in the year 1998-99 and shall make corresponding regulations in relation to the disposal of an asset made in each subsequent year of assessment.

(b) The multiplier, in relation to the disposal of an asset made in the year 1998-99 or any subsequent year of assessment, shall be the quotient, rounded up to 3 decimal places, obtainable by dividing the consumer price index number relevant to the year of assessment in which the disposal is made by the consumer price index number relevant to the year of assessment in which the deductible expenditure was incurred.

(7) Every regulation made under this section shall be laid before Dáil Éireann as soon as may be after it is made and, if a resolution annulling the regulation is passed by Dáil Éireann within the next 21 days on which Dáil Éireann has sat after the regulation is laid before it, the regulation shall be annulled accordingly, but without prejudice to the validity of anything previously done thereunder.

(8) A capital sum which under section 536 (1)(a) is to be deducted from any expenditure allowable as a deduction in computing a gain on the disposal of an asset shall be deducted from the sum applied in restoring the asset before subsection (2) is applied to the residue, if any, of that sum.

(9) An amount determined in accordance with subsection (3) in respect of an asset shall be reduced by any expenditure within section 565 which relates to the asset and which was incurred before the 6th day of April, 1974, and subsection (2) shall apply to the residue of that amount.