Number 30 *of* 2018

Finance Act 2018

Number 30 *of* 2018

FINANCE ACT 2018

CONTENTS

PART 1

UNIVERSAL SOCIAL CHARGE, INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 1

Interpretation

ACTS REFERRED TO

Capital Acquisitions Tax Consolidation Act 2003 (No. 1)
Child Care Act 1991 (No. 17)
Childcare Support Act 2018 (No. 11)
Companies Act 2014 (No. 38)
Electricity Regulation Act 1999 (No. 23)
Finance Act 1992 (No. 9)
Finance Act 1998 (No. 3)
Finance Act 1999 (No. 2)
Finance Act 2001 (No. 7)
Finance Act 2002 (No. 5)
Finance Act 2005 (No. 5)
Finance Act 2011 (No. 6)
Finance Act 2017 (No. 41)
Forestry Act 1988 (No. 26)
Harbours Act 1996 (No. 11)
Housing (Private Rented Dwellings) Act 1982 (No. 6)
Insurance (Amendment) Act 2018 (No. 21)
Insurance Act 1964 (No. 18)
Interpretation Act 2005 (No. 23)
Ministers and Secretaries (Amendment) Act 2011 (No. 10)
Public Service Pay and Pensions Act 2017 (No. 34)
Road Safety Authority (Commercial Vehicle Roadworthiness) Act 2012 (No. 16)
Social Welfare Consolidation Act 2005 (No. 26)
Stamp Duties Consolidation Act 1999 (No. 31)
Taxes Consolidation Act 1997 (No. 39)
Tourist Traffic Acts 1939 to 2003
Value-Added Tax Consolidation Act 2010 (No. 31)

Number 30 *of* 2018

FINANCE ACT 2018

An Act to provide for the imposition, repeal, remission, alteration and regulation of taxation, of stamp duties and of duties relating to excise and otherwise to make further provision in connection with finance including the regulation of customs.

[19*th December*, 2018]

Be it enacted by the Oireachtas as follows:

PART 1

Universal Social Charge, Income Tax, Corporation Tax and Capital Gains Tax

Chapter 1

Interpretation

Interpretation (*Part 1*)

1. In this Part "Principal Act" means the Taxes Consolidation Act 1997.

Chapter 2

Universal Social Charge

Amendment of section 531AN of Principal Act (rate of charge)

2. (1) Section 531AN of the Principal Act is amended—

(a) in subsection (3), by substituting "€19,874" for "€19,372", and

(b) by substituting the following Table for the Table to that section:

"TABLE

PART 1

Part of aggregate income (1)	Rate of universal social charge (2)
The first €12,012	0.5 per cent

The next €7,862	2 per cent
The next €50,170	4.5 per cent
The remainder	8 per cent

PART 2

Part of aggregate income (1)	Rate of universal social charge (2)
The first €12,012	0.5 per cent
The remainder	2 per cent

".

(2) *Subsection (1)* applies for the year of assessment 2019 and each subsequent year of assessment.

CHAPTER 3

Income Tax

Amendment of section 15 of Principal Act (rate of charge)

3. As respects the year of assessment 2019 and subsequent years of assessment section 15 of the Principal Act is amended—

(a) in subsection (3)(i), by substituting "€26,300" for "€25,550", and

(b) by substituting the following Table for the Table to that section:

"TABLE

PART 1

Part of taxable income (1)	Rate of tax (2)	Description of rate (3)
The first €35,300	20 per cent	the standard rate
The remainder	40 per cent	the higher rate

PART 2

Part of taxable income (1)	Rate of tax (2)	Description of rate (3)
The first €39,300	20 per cent	the standard rate
The remainder	40 per cent	the higher rate

PART 3

Part of taxable income (1)	Rate of tax (2)	Description of rate (3)

The first €44,300	20 per cent	the standard rate
The remainder	40 per cent	the higher rate

".

Amendment of section 472AB of Principal Act (earned income tax credit)

4. (1) Section 472AB of the Principal Act is amended in subsection (2)—

(a) in paragraph (a), by substituting "€1,350" for "€1,150", and

(b) in paragraph (b), by substituting "€1,350" for "€1,150".

(2) *Subsection (1)* applies for the year of assessment 2019 and each subsequent year of assessment.

Amendment of section 466A of Principal Act (home carer tax credit)

5. (1) Section 466A of the Principal Act is amended in subsection (2) by substituting "€1,500" for "€1,200".

(2) *Subsection (1)* applies for the year of assessment 2019 and each subsequent year of assessment.

Amendment of section 191 of Principal Act (taxation treatment of Hepatitis C compensation payments)

6. (1) Section 191 of the Principal Act is amended—

(a) in subsection (1), by inserting the following definitions:

" 'comparable overseas scheme' means a scheme, located in a Member State of the European Economic Area (other than the State), whose purpose is to compensate individuals who have been diagnosed positive for Hepatitis C or HIV resulting from the use of blood products;

'eligible person' means—

(a) a person referred to in subsection (1) of section 4 of the Act, in respect of matters referred to in that section,

(b) a person referred to in any Regulations made under section 9 of the Act, in respect of matters referred to in those Regulations, or

(c) a person eligible to receive a payment from a comparable overseas scheme;",

(b) by substituting the following for subsection (2):

"(2) This section shall apply to any payment in respect of compensation—

(a) by the Tribunal in accordance with the Act,

(b) following the institution by or on behalf of a person of a civil

action for damages in respect of personal injury, or

(c) by a comparable overseas scheme,

to an eligible person.",

and

(c) in subsection (3)(b), by inserting "or a comparable overseas scheme" after "the Tribunal".

(2) *Subsection (1)* shall come into operation on 1 January 2019.

Exemption of certain childcare support payments

7. Chapter 1 of Part 7 of the Principal Act is amended by inserting the following section after section 194A:

"Exemption of certain childcare support payments

194AA. (1) In this section—

'cohabitant' has the same meaning as it has in Part 44B;

'eligible child' means a child in respect of whom a qualifying payment or a relevant payment is made;

'Minister' means the Minister for Children and Youth Affairs;

'qualifying payment' means a payment made under section 15 of the Childcare Support Act 2018;

'relevant payment' means a payment made by or on behalf of the Minister under any of the following childcare support programmes or schemes:

(a) Community Childcare Subvention;

(b) Community Childcare Subvention Plus;

(c) Community Childcare Subvention Resettlement;

(d) Community Childcare Subvention Resettlement (Transitional);

(e) Community Childcare Subvention Universal;

(f) Training and Employment Childcare.

(2) A qualifying payment shall be exempt from income tax and shall not be reckoned in computing income of the parent or guardian, or the cohabitant of the parent or guardian, of an eligible child for the purposes of the Income Tax Acts.

(3) A relevant payment made on or after 1 January 2019 shall be exempt from income tax and shall not be reckoned in computing income of the parent or guardian, or the cohabitant of the parent or guardian, of the eligible child for the purposes of the Income Tax Acts.

(4) A relevant payment made before 1 January 2019 shall be treated as if it was exempt from income tax in the year of assessment to which it relates and shall not be reckoned in computing income of the parent or guardian, or the cohabitant of the parent or guardian, of the eligible child for the purposes of the Income Tax Acts.".

Certain benefits in kind: members of the Permanent Defence Force

8. (1) Chapter 3 of Part 5 of the Principal Act is amended by inserting the following section after section 120A:

"Certain benefits in kind: members of Permanent Defence Force

120B.(1) Notwithstanding section 118, section 112 shall not apply in relation to any expense incurred by or on behalf of the Minister for Defence—

(a) in or in connection with the provision of living accommodation to a member of the Permanent Defence Force on land occupied by, used by, or under the control (whether temporarily or otherwise) of the Permanent Defence Force, or

(b) in or in connection with the provision of health care to a member of the Permanent Defence Force.

(2) In this section—

'health care' means prevention, diagnosis, alleviation or treatment of an ailment, injury, infirmity, defect or disability, and includes care received by a woman in respect of a pregnancy, but does not include—

(a) routine ophthalmic treatment, or

(b) cosmetic surgery or similar procedures, unless the surgery or procedure is necessary to ameliorate a physical deformity arising from, or directly related to, a congenital abnormality, a personal injury or a disfiguring disease;

'routine ophthalmic treatment' means the provision and repairing of spectacles or contact lenses.".

(2) *Subsection (1)* shall apply for the year of assessment 2018 and each subsequent year of assessment.

Benefit in kind: relief relating to electric vehicles

9. Part 5 of the Principal Act is amended—

(a) in section 121(2)(b)—

(i) in subparagraph (ii), by substituting "running the car," for "running the car, and",

(ii) in subparagraph (iii)(II), by substituting "31 December 2018," for "31 December 2018.", and

(iii) by inserting the following subparagraphs after subparagraph (iii):

"(iv) notwithstanding subparagraph (ii), where a car made available during the period 1 January 2019 to 31 December 2021 is an electric vehicle and the original market value of the car does not exceed €50,000, no amount shall be treated as emoluments of the employment,

(v) notwithstanding subparagraph (ii), where—

(I) a car made available to an employee during the period 1 January 2019 to 31 December 2020 is an electric vehicle,

(II) the original market value of the car exceeds €50,000, and

(III) the car was first made available to the employee during the period 10 October 2017 to 9 October 2018,

no amount shall be treated as emoluments of the employment, and

(vi) where a car made available during the period 1 January 2019 to 31 December 2021 is an electric vehicle and the original market value of the car exceeds €50,000, the cash equivalent of the benefit of the car ascertained under subsection (3)(a) or (4)(a), as the case may be, shall be computed on the original market value of the car reduced by €50,000.".

and

(b) in section 121A(2)(b)—

(i) in subparagraph (ii), by substituting "running the van," for "running the van, and",

(ii) in subparagraph (iii)(II), by substituting "31 December 2018," for "31 December 2018.", and

(iii) by inserting the following subparagraphs after subparagraph (iii):

"(iv) notwithstanding subparagraph (ii), where a van made available during the period 1 January 2019 to 31 December 2021 is an electric vehicle and the original market value of the van does not exceed €50,000, no amount shall be treated as emoluments of the employment,

(v) notwithstanding subparagraph (ii), where—

(I) a van made available to an employee during the period 1 January 2019 to 31 December 2020 is an electric vehicle,

(II) the original market value of the van exceeds €50,000, and

(III) the van was first made available to the employee during the period 10 October 2017 to 9 October 2018,

no amount shall be treated as emoluments of the employment, and

(vi) where a van made available during the period 1 January 2019 to 31 December 2021 is an electric vehicle and the original market value of the van exceeds €50,000, the cash equivalent of the benefit of the van ascertained under subsection (3) shall be computed on the original market value of the van reduced by €50,000.".

Amendment of section 985A of Principal Act (application of section 985 to certain perquisites, etc.)

10. Section 985A of the Principal Act is amended in subsection (1)(a)(iii) by substituting "section 112A or 112AA" for "section 112A".

Amendment of section 128F of Principal Act (key employee engagement programme)

11. (1) Section 128F of the Principal Act is amended—

(a) in subsection (1), in the definition of "qualifying share option", by substituting the following paragraph for paragraph (d):

"(d) the total market value of all shares, in respect of which qualifying share options have been granted by the qualifying company to an employee or director, does not exceed—

(i) €100,000 in any one year of assessment,

(ii) €300,000 in all years of assessment, or

(iii) the amount of annual emoluments of the qualifying individual in the year of assessment in which the qualifying share option is granted,",

and

(b) in subsection (8), by substituting "The Revenue Commissioners may publish the following information in relation to all qualifying companies:" for all of the words from and including "A qualifying company" down to and including "all qualifying companies:".

(2) *Subsection (1)(a)* shall come into operation on such day as the Minister for Finance may appoint by order.

Retirement benefits

12. (1) The Principal Act is amended by inserting the following section after section 790C:

"Relief for additional superannuation contribution under Public Service Pay and Pensions Act 2017

790CA. Any additional superannuation contribution payable under the Public

Service Pay and Pensions Act 2017 by a public servant (within the meaning of that Act) shall, in assessing income tax under Schedule E, be allowed to be deducted as an expense incurred in the year in which the contribution is paid.".

(2) *Subsection (1)* applies for the year of assessment 2019 and each subsequent year of assessment.

Amendment of section 126 of Principal Act (tax treatment of certain benefits payable under Social Welfare Acts)

13. Section 126 of the Principal Act is amended—

(a) by substituting the following for subsection (1):

"(1) In this section—

'the Acts' means the Social Welfare Acts;

'the Act of 2005' means the Social Welfare Consolidation Act 2005.",

(b) by inserting the following after subsection (6):

"(6A) A payment which is—

(a) described in column (1) of the Table to this section,

(b) paid on the basis specified in column (2) of that Table, and

(c) made by the Minister for Employment Affairs and Social Protection to an individual on or after 1 January 2019,

shall be exempt from income tax and shall not be reckoned in computing income for the purposes of the Income Tax Acts.

(6B) A payment which—

(a) is described in column (1) of the Table to this section,

(b) is paid on the basis specified in column (2) of that Table, and

(c) was made by the Minister for Employment Affairs and Social Protection to an individual before 1 January 2019,

shall be treated as if it was exempt from income tax in the year of assessment to which it relates and shall not be reckoned in computing income for the purposes of the Income Tax Acts.",

(c) by deleting subsection (7), and

(d) by inserting the following Table to the section:

"TABLE

Description of payment (1)	Basis on which payment is made (2)
Basic supplementary welfare allowance	Section 189 of the Act of 2005

Back to education allowance	A payment made under a scheme administered by the Minister for Employment Affairs and Social Protection and known as 'Back to education allowance'
Back to work enterprise allowance	A payment made under a scheme administered by the Minister for Employment Affairs and Social Protection and known as 'Back to work enterprise allowance'
Back to school clothing and footwear allowance	A payment made under a scheme administered by the Minister for Employment Affairs and Social Protection and known as 'Back to school clothing and footwear allowance'
Carer's support grant	Section 225 of the Act of 2005
Constant attendance allowance	Section 78 of the Act of 2005
Death benefit – funeral expenses	Section 84 of the Act of 2005
Death benefit – orphans	Section 83 of the Act of 2005
Direct provision allowance	A payment made under a scheme administered by the Minister for Employment Affairs and Social Protection and known as 'Direct provision allowance'
Disability allowance	Section 210 of the Act of 2005
Disablement gratuity	Section 75(8) of the Act of 2005
Domiciliary care allowance	Section 186F of the Act of 2005
Exceptional needs payment	Section 201 of the Act of 2005
Farm assist	Section 214 of the Act of 2005
Fuel allowance	A payment made under a scheme administered by the Minister for Employment Affairs and Social Protection and known as 'Fuel allowance'
Guardian's payment (contributory)	Section 130 of the Act of 2005
Guardian's payment (non-contributory)	Section 168 of the Act of 2005
Household benefit package	A payment made under a scheme administered by the Minister for Employment Affairs and Social Protection and known as 'Household benefit package'

Humanitarian assistance payment	A payment made under a scheme administered by the Minister for Employment Affairs and Social Protection and known as 'Humanitarian assistance payment'
Jobseeker's allowance	Section 141 of the Act of 2005
Jobseeker's transitional payment	Section 148A of the Act of 2005
Medical care	Section 86 of the Act of 2005
Part-time job incentive scheme	A payment made under a scheme administered by the Minister for Employment Affairs and Social Protection and known as 'Part-time job incentive scheme'
Rent allowance	Section 23 of the Housing (Private Rented Dwellings) Act 1982
Supplementary welfare allowance	Section 198 of the Act of 2005
Telephone support allowance	A payment made under a scheme administered by the Minister for Employment Affairs and Social Protection and known as 'Telephone support allowance'
Training support grant	A payment made under a scheme administered by the Minister for Employment Affairs and Social Protection and known as 'Training support grant'
Urgent needs payment	Section 202 of the Act of 2005
Widowed or surviving civil partner grant	Section 137 of the Act of 2005
Working family payment	Section 228 of the Act of 2005
Youth employment support scheme	A payment made under a scheme administered by the Minister for Employment Affairs and Social Protection and known as 'Youth employment support scheme'

".

Relief arising in special circumstances

14. (1) The Principal Act is amended by inserting the following after section 480A:

"Relief arising in special circumstances

480B. (1) Subject to subsection (12), this section applies where emoluments—

(a) which are chargeable to income tax under subsection (3) of section 112, and

(b) from which income tax has been deducted in accordance with the

provisions of Chapter 4 of Part 42 and any regulations made thereunder,

are paid on 31 December in a tax year or, if that year is a leap year, on 30 or 31 December in that year (referred to in this section as the 'relevant date') to an individual who is paid weekly or fortnightly.

(2) Subject to subsections (4) and (5), a reduction, deduction or tax credit provided for under a provision specified in subsection (3) which is applicable to the individual concerned shall be increased by—

(a) one fifty-second of the amount of the reduction, deduction or tax credit, as the case may be, where the individual is paid weekly and is so paid on the relevant date, or

(b) one twenty-sixth of the amount of the reduction, deduction or tax credit, as the case may be, where the individual is paid fortnightly and is so paid on the relevant date.

(3) The provisions referred to in subsection (2) are sections 461, 461A, 462B, 463, 464, 465, 466, 466A, 468, 470(2), 472, 472AB, 472B and 472BA.

(4) Where the emoluments paid to the individual concerned on the relevant date are less than the amount calculated as follows—

$$A + B$$

where—

A is the amount by which the reductions and deductions applicable to the individual concerned are increased in accordance with paragraph (a) or (b) of subsection (2), as the case may be, and

B is the amount by which the tax credits applicable to the individual concerned are increased in accordance with paragraph (a) or (b) of subsection (2), as the case may be, divided by the standard rate of tax for the tax year,

the amount of the increase effected by subsection (2) shall be an amount equal to the amount of the emoluments paid to the individual concerned on the relevant date.

(5) Where the individual concerned is paid weekly and fortnightly on a relevant date in a tax year, the amount of the increase effected by subsection (2) shall be the greater of the increase resulting from—

(a) the application of subsections (2) and (4) to the weekly payment only, and

(b) the application of subsections (2) and (4) to the fortnightly payment only.

(6) Subject to subsections (8) and (9), the part of taxable income specified

in the first row of column (1) of Parts 1, 2 and 3 of the Table to section 15 shall be increased by—

(a) one fifty-second of the amount specified, where the individual concerned is paid weekly and is so paid on the relevant date, or

(b) one twenty-sixth of the amount specified, where the individual concerned is paid fortnightly and is so paid on the relevant date.

(7) Subject to subsections (8) and (9), where—

(a) subsection (3) of section 15 applies, and

(b) this section applies both in respect of—

(i) emoluments paid to the individual concerned which are charged to tax for a year of assessment in accordance with section 1017 or 1031C, and

(ii) emoluments paid to the spouse or civil partner of the individual referred to in subparagraph (i),

the amount specified in subparagraph (i) of section 15(3) shall be increased by—

(I) one fifty-second of the amount specified, where the spouse or civil partner of the individual referred to in subparagraph (i) is paid weekly and is so paid on the relevant date, or

(II) one twenty-sixth of the amount specified, where the spouse or civil partner of the individual referred to in subparagraph (i) is paid fortnightly and is so paid on the relevant date.

(8) Where the emoluments paid to the individual concerned on the relevant date are less than the amount calculated as follows—

$$A + B$$

where—

A is the amount by which the part of taxable income specified in the first row of column (1) of Part 1, 2 or 3, as the case may be, of the Table to section 15 is increased in accordance with subsection (6), and

B is the amount, if any, by which the amount specified in subparagraph (i) of section 15(3) is increased in accordance with subsection (7),

the aggregate amount of the increase to the part of taxable income specified in the first row of column (1) of Part 1, 2 or 3, as the case may be, of the Table to section 15 effected by the application of subsection (6) and, to the extent that it is applicable, subsection (7), shall be an amount equal to the amount of the emoluments paid to the individual concerned on the relevant date.

(9) Where the individual concerned or their spouse or civil partner is, or both the individual and their spouse or civil partner are, paid weekly and fortnightly on a relevant date in a tax year, the amount of the increase effected by the application of subsections (6), (7) and (8) shall be the greatest of the amounts which result from the application of those subsections to each of the possible permutations of only one of the two payments to the individual or their spouse or civil partner, as the case may be, being taken into account for the purpose of calculating the increase effected by the application of those subsections.

(10) Subject to subsection (11), where section 188 applies, the specified amount (within the meaning of that section) shall be increased by—

(a) one fifty-second of the specified amount, where the individual concerned is paid weekly and is so paid on the relevant date, or

(b) one twenty-sixth of the specified amount, where the individual concerned is paid fortnightly and is so paid on the relevant date,

but the amount of any such increase shall not exceed the amount of the emoluments paid to the individual on the relevant date.

(11) Where the individual concerned is paid weekly and fortnightly on a relevant date in a tax year, the amount of the increase effected by subsection (10) shall be the greater of the increase resulting from—

(a) the application of that subsection to the weekly payment only, and

(b) the application of that subsection to the fortnightly payment only.

(12) This section shall not apply where—

(a) the normal day on which emoluments are paid to the individual concerned during a tax year changes either during that year or the preceding year, or

(b) a payment of emoluments occurs on a relevant date and that date is not the normal day on which emoluments are paid to the individual concerned.

(13) A reference in subsection (12) to the normal day is a reference to the day during the weekly or fortnightly cycle, as the case may be, on which emoluments are paid to the individual concerned.".

(2) *Subsection (1)* applies for the year of assessment 2018 and each subsequent year of assessment.

Amendment of section 825C of Principal Act (special assignee relief programme)

15. Section 825C of the Principal Act is amended—

(a) in subsection (2A)(e), by substituting "within 90 days" for "within 30 days", and

(b) in subsection (2B)(b)(i), by substituting for "but in respect of the tax years 2012, 2013 and 2014 where this amount exceeds €500,000, "A" shall be €500,000, and" the following:

"but—

(A) in respect of the tax years 2012, 2013 and 2014 where this amount exceeds €500,000, 'A' shall be €500,000,

(B) in respect of the tax years 2019 and 2020, in the case of a relevant employee who first arrives in the State on or after 1 January 2019 for the purposes set out in subsection (2A)(b), where this amount exceeds €1,000,000, 'A' shall be €1,000,000, and

(C) in respect of the tax year 2020, in the case of a relevant employee who first arrives in the State on or before 31 December 2018 for the purposes set out in subsection (2A)(b), where this amount exceeds €1,000,000, 'A' shall be €1,000,000,

and".

Chapter 4

Income Tax, Corporation Tax and Capital Gains Tax

Taxation of payments under Magdalen Restorative Justice Ex-Gratia Scheme

16. (1) Section 205A of the Principal Act is amended—

(a) in subsection (1) by substituting the following for the definition of "relevant payment":

" 'relevant payment' means—

(a) a payment or payments made, directly or indirectly, to a relevant individual by or on behalf of the Minister for Justice and Equality pursuant to the Magdalen Restorative Justice Ex-Gratia Scheme (that is to say the Scheme administered, under that title, by the Minister for Justice and Equality in furtherance of decisions of the Government of 5 November 2013 and 28 May 2018, respectively),

(b) an amount equal to the State Pension (Contributory) as set out in column 2 of Part 1 of Schedule 2 to the Social Welfare Consolidation Act 2005 paid to a relevant individual,

(c) an amount equal to the State Pension (Non-Contributory) as set out in Part 3 of the Social Welfare Consolidation Act 2005 paid to a relevant individual, and

(d) any payment, other than a payment referred to in paragraphs (a) to (c), made, directly or indirectly, by or on behalf of the Minister for

Employment Affairs and Social Protection to a relevant individual, by virtue of that individual being a relevant individual." ,

and

(b) by substituting the following for subsections (2) and (3):

"(2) Income that—

(a) consists of a relevant payment, or

(b) arises to a person to or in respect of whom a relevant payment is made, from the investment in whole or in part of such a payment or of the income derived from such a payment, being income consisting of dividends or other income which but for this section would be chargeable to tax under Schedule C or under Case III, IV (by virtue of section 59, 745 or 747E) or V of Schedule D or under Schedule F,

shall be exempt from income tax and shall not be reckoned in computing total income for the purposes of the Income Tax Acts.

(3) Gains that accrue to a person, to or in respect of whom a relevant payment is made, from the disposal of—

(a) assets acquired with such a payment,

(b) assets acquired with income exempted from income tax under subsection (2), or

(c) assets acquired directly or indirectly with the proceeds from the disposal of assets referred to in paragraph (a) or (b),

shall not be chargeable gains for the purposes of the Capital Gains Tax Acts.

(4) For the purposes of computing whether by virtue of this section a gain is, in whole or in part, a chargeable gain, or whether income is, in whole or in part, exempt from income tax, all such apportionments shall be made as are, in the circumstances, just and reasonable.".

(2) Part 8 of the Principal Act is amended—

(a) in section 256(1) by inserting the following after the definition of "PRSA provider"—

(i) " 'relevant amount' means any amount of income referred to in section 205A(2) and any amount of gains referred to in section 205A(3);", and

(ii) by inserting the following after subsection (1B) of section 256—

"(1C) A deposit shall be a deposit to which this subsection refers as respects any year of assessment if—

(a) the deposit is solely in respect of a relevant amount,

(b) a declaration of the kind mentioned in section 263D has been made to the Revenue Commissioners, and

(c) a notification of the kind mentioned in section 263E has been issued by the Revenue Commissioners to the relevant deposit taker that the deposit is not a relevant deposit.",

(b) in section 261B by substituting "subsection (1A), (1B), or (1C) of section 256" for "subsection (1A) or (1B) of section 256" in each place where it occurs,

(c) by inserting the following after section 263C:

"Declarations to the Revenue Commissioners in relation to relevant amounts

263D. The declaration referred to in section 256(1C) is a declaration in writing to the Revenue Commissioners which—

(a) is made by the person (in this section referred to as the 'declarer') to whom any interest on the deposit in respect of which the declaration is made is payable by the relevant deposit taker and is signed by the declarer,

(b) is made in such form as may be prescribed, authorised or approved by the Revenue Commissioners,

(c) declares that at the time the declaration is made that the deposit is solely in respect of a relevant amount,

(d) contains as respects the person—

(i) the name and address of the person,

(ii) the person's PPS Number (within the meaning of section 891B),

(iii) the name and address of the deposit taker (including the name and address of the branch of the deposit taker, if any) who holds the deposit in respect of which the declaration is made, and

(iv) the account number or membership number, as the case may be, of the deposit in respect of which the declaration is made,

and

(e) contains such other information as the Revenue Commissioners may reasonably require for the purposes of this Chapter.

Notification by the Revenue Commissioners relating to deposits of relevant amounts

263E. (1)The notification referred to in section 256(1C) is a notification—

(a) in writing by the Revenue Commissioners to a relevant deposit taker confirming that the account identified in the notification is to be treated as not being a relevant deposit unless and until the notification is cancelled in accordance with subsection (2),

(b) which contains as respects the person beneficially entitled to the interest in relation to the deposit mentioned in paragraph (a)—

(i) the name and address of the person,

(ii) the person's PPS Number (within the meaning of section 891B), and

(iii) the account number of the deposit,

and

(c) which contains such information as the Revenue Commissioners may reasonably decide for the purposes of this Chapter.

(2) The Revenue Commissioners may at any time cancel the notification and give notice in writing to that effect to the relevant deposit taker and the person mentioned in subsection (1)(b). Where at any time the Revenue Commissioners have so notified the deposit taker, the deposit shall not be a deposit to which this section applies from that time.",

and

(d) in section 267(3) by substituting "section 189(2), section 189A(4), section 192(2) or section 205A(2)" for "section 189(2), section 189A(4) or section 192(2)".

(3) Chapter 5 of Part 26 of the Principal Act is amended in section 730GA by substituting "section 189, 189A, 192 or 205A" for "section 189, 189A or 192".

(4) Chapter 1A of Part 27 of the Principal Act is amended in section 739G(2)(j) by substituting "section 189, 189A, 192 or 205A" for "section 189, 189A or 192".

(5) (a) *Subsection (1)* shall be deemed to have come into operation on 1 August 2013.

(b) As respects income or gains to which *subsection (1)(b)* applies for the years of assessment 2013 and 2014, section 865(4) of the Principal Act shall apply as if the reference in that subsection to the making of a claim within 4 years after the end of the chargeable period to which the claim relates were a reference to the making of a claim within 4 years after the end of the chargeable period ending on 31 December 2015.

Amendment of section 285A of, and Schedule 4A to, Principal Act (acceleration of wear and tear allowances for certain energy-efficient equipment)

17. (1) Section 285A of the Principal Act is amended—

(a) by substituting the following for subsection (1):

"(1) In this section—

'energy-efficiency criteria' has the meaning given to it by subsection (4);

'energy-efficient equipment' means equipment complying with the energy-efficiency criteria and named on the specified list;

‘relevant period’ means the period commencing on the date of the making of the Taxes Consolidation Act 1997 (Accelerated Capital Allowances for Energy Efficient Equipment) Order 2008 (S.I. No. 399 of 2008) and ending on 31 December 2020;

‘SEAI’ means Sustainable Energy Ireland – The Sustainable Energy Authority of Ireland;

‘specified list’ has the meaning given to it by subsection (2A);

‘Table’ means the Table in Schedule 4A.”,

(b) in subsection (2), by inserting “which at the time it is so provided is unused and not second-hand” after “that person”,

(c) by inserting the following subsection after subsection (2):

“(2A) (a) Subject to subsection (3), SEAI shall establish and maintain a list of energy-efficient equipment (in this section referred to as the ‘specified list’).

(b) SEAI shall publish the specified list on the website of SEAI and by such other means as SEAI considers appropriate.

(c) SEAI shall amend the specified list, as necessary, to keep it current by adding thereto or deleting therefrom, as the case may be, and when any such amendment is made to the specified list, SEAI shall publish the amended specified list in accordance with paragraph (b).”,

(d) by substituting the following for subsection (4):

“(4) For the purposes of this section, the Minister for Communications, Climate Action and Environment, after consultation with and with the approval of the Minister for Finance, shall make an order stating the criteria (in this section referred to as the ‘energy-efficiency criteria’) relating to—

(a) the minimum levels of efficiency, performance, speed, storage or efficacy to be met, and

(b) the specific certifications and standards to be complied with or tested, or both, as the case may be,

for each class of technology specified in column (1) of the Table.”,

(e) in subsection (7), by substituting the following for paragraph (b):

“(b) Where—

(i) expenditure on equipment is incurred on or after 31 January 2008 but before the date of the making of the Taxes Consolidation Act 1997 (Accelerated Capital Allowances for Energy Efficient Equipment) Order 2008 (S.I. No. 399 of 2008), and

(ii) that equipment would have qualified as energy-efficient equipment under this section had the order referred to in subparagraph (i) been made at the time the expenditure was incurred,

then this section shall apply as if the order referred to in subparagraph (i) had been made at that time.",

and

(f) in subsection (9), by substituting "Minister for Communications, Climate Action and Environment" for "Minister for Communications, Energy and Natural Resources".

(2) Schedule 4A to the Principal Act is amended in column (2) of the Table in that Schedule by deleting "and that meet specified efficiency criteria" in each place.

Acceleration of wear and tear allowances for gas vehicles and refuelling equipment

18. Chapter 2 of Part 9 of the Principal Act is amended by inserting the following after section 285B:

"Acceleration of wear and tear allowances for gas vehicles and refuelling equipment

285C. (1) In this section—

'biogas' means gas produced from biomass;

'biomass' means the biodegradable fraction of—

(a) products, waste and residues from agriculture, forestry and related industries including, in respect of agriculture, vegetal and animal substances, and

(b) industrial and municipal waste;

'CN code' means a Community subdivision to the combined nomenclature of the European Communities referred to in Article 1 of Council Regulation (EEC) No. 2658/87 of 23 July 1987[1] as amended by Commission Regulation (EC) No. 2031/2001 of 6 August 2001[2];

'compressed natural gas' means petroleum gases and other gaseous hydrocarbons in gaseous state falling within CN code 2711 21 00;

'gas refuelling station' means a premises, or part of a premises, at which gaseous fuel is supplied to a gas vehicle;

'gas vehicle' means a mechanically propelled road vehicle in the engine of which gaseous fuel is used for combustion;

'gaseous fuel' means compressed natural gas, liquefied natural gas or biogas;

1 OJ No. L256, 7.9.1987, p.1
2 OJ No. L279, 23.10.2001, p.1

'liquefied natural gas' means petroleum gases and other gaseous hydrocarbons in liquefied state falling within CN code 2711 11 00;

'qualifying expenditure' means capital expenditure incurred during the relevant period on the provision of—

(a) qualifying refuelling equipment, or

(b) qualifying vehicles;

'qualifying refuelling equipment' means refuelling equipment, which is unused and not second-hand, installed at a gas refuelling station;

'qualifying vehicle' means a gas vehicle, which is—

(a) constructed or adapted for—

(i) the conveyance of goods or burden of any description,

(ii) the haulage by road of other vehicles, or

(iii) the carriage of passengers,

(b) unused and not second-hand, and

(c) either—

(i) not commonly used as a private vehicle and unsuitable to be so used, or

(ii) provided or hired, wholly or mainly, for the purpose of hire to or the carriage of members of the public in the ordinary course of trade;

'refuelling equipment' means—

(a) a storage tank for gaseous fuel,

(b) a compressor, pump, control or meter used for the purposes of refuelling gas vehicles, or

(c) equipment for supplying gaseous fuel to the fuel tank of a gas vehicle;

'relevant period' means the period commencing on 1 January 2019 and ending on 31 December 2021.

(2) Where a person has incurred qualifying expenditure for the purposes of a trade carried on by that person, and for any chargeable period a wear and tear allowance is to be made under section 284 in respect of qualifying refuelling equipment or a qualifying vehicle to which that qualifying expenditure relates, subsection (2) of that section shall apply as if the reference in paragraph (ad) of that subsection to 12.5 per cent were a reference to 100 per cent.

(3) Subsection (2) shall not apply where an allowance on account of the wear and tear of the qualifying refuelling equipment or qualifying

vehicle concerned is made in accordance with—

(a) section 284(2)(a)(ii), as applied by section 286(2), or

(b) section 284(2)(ad), as applied by section 285A(2).".

Amendment of Parts 9 and 36 of, and Schedule 25B to, Principal Act (capital allowances for equipment and buildings used for the purposes of providing childcare services or a fitness centre to employees)

19. (1) Chapter 2 of Part 9 of the Principal Act is amended by inserting the following after section 285A—

"Acceleration of wear and tear allowances for childcare and fitness centre equipment

285B. (1) In this section—

'qualifying expenditure' means capital expenditure incurred on qualifying machinery or plant by a person carrying on a trade;

'qualifying machinery or plant' means machinery or plant in use in a qualifying premises;

'qualifying premises' has the same meaning as it has in section 843B.

(2) Where a person has incurred qualifying expenditure, and for any chargeable period a wear and tear allowance is to be made under section 284, subsection (2) of that section shall apply as if the reference in paragraph (ad) of that subsection to 12.5 per cent were a reference to 100 per cent.".

(2) (a) Part 36 of the Principal Act is amended by inserting the following after section 843A—

"Capital allowances for buildings used for the purposes of providing childcare services or a fitness centre to employees

843B. (1) In this section—

'childcare services' means any form of childminding services or supervised activities to care for children, whether or not provided on a regular basis, in respect of which it can be shown that the applicable requirements of the Child Care Act 1991 (Early Years Services) Regulations 2016 (S.I. No. 221 of 2016) have been complied with;

'construction' has the same meaning as it has in section 270;

'fitness centre' means a gymnasium used exclusively in providing a range of facilities designed to improve and maintain the physical fitness and health of participants;

'qualifying expenditure' means expenditure incurred by an employer, carrying on a trade or a profession, on the construction of a qualifying premises;

'qualifying premises' means a building or structure which is in use for the purposes of providing childcare services or the facilities of a fitness centre to employees of the employer, referred to in the immediately preceding definition, which is not accessible nor available for use by the general public and, where that employer is a company, where the employees are employees of that company or of a company connected with that company.

(2) The provisions of the Tax Acts relating to the making of allowances or charges in respect of capital expenditure incurred on the construction of an industrial building or structure shall, notwithstanding anything to the contrary in those provisions, apply in relation to qualifying expenditure on a qualifying premises—

(a) as if the qualifying premises were, at all times at which it is a qualifying premises, a building or structure in respect of which an allowance is to be made for the purposes of income tax or corporation tax, as the case may be, under Chapter 1 of Part 9 by reason of its use for the purpose specified in section 268(1)(a), and

(b) where any activity carried on in the qualifying premises is not a trade, as if (for the purposes only of the making of allowances and charges by virtue of paragraph (a)), it were a trade.

(3) In relation to qualifying expenditure incurred on a qualifying premises, section 272 shall apply as if—

(a) in subsection (3)(a)(ii) of that section the reference to 4 per cent were a reference to 15 per cent, and

(b) in subsection (4)(a) of that section the following were substituted for subparagraph (ii):

'(ii) where capital expenditure on the construction of the building or structure is incurred, 7 years beginning with the time when the building or structure was first used subsequent to the incurring of that expenditure.'.

(4) Notwithstanding section 274(1), no balancing allowance or balancing charge shall be made in relation to a qualifying premises by reason of any event, referred to in that section, which occurs more than 7 years after the qualifying premises was first used subsequent to the incurring of the qualifying expenditure on the construction of the qualifying premises.

(5) Where relief is given by virtue of this section in relation to qualifying expenditure incurred on the construction of a building or structure, relief shall not be given in respect of that expenditure under any other provision of the Tax Acts.

(6) A person shall not be entitled to allowances under this section while that person is regarded as an undertaking in difficulty for the purposes

of the Commission Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty[3].".

(b) Schedule 25B to the Principal Act is amended by inserting the following after the matter set out opposite reference number 50:

"

50A.	Section 843B (capital allowances for buildings used for the purposes of providing childcare services or a fitness centre to employees)	An amount equal to— (a) the aggregate amount of allowances (including balancing allowances) made to the individual under Chapter 1 of Part 9 as that Chapter is applied by section 843B, including any such allowances or part of any allowances made to the individual for a previous tax year and carried forward from that previous tax year in accordance with Part 9, or (b) where full effect has not been given in respect of that aggregate for that tax year, the part of that aggregate to which full effect has been given for that tax year in accordance with section 278 and section 304 or 305, as the case may be, or any of those sections as applied or modified by any other provision of the Tax Acts.

".

(3) Section 12 of the Finance Act 2017 is repealed.

Amendment of section 438A of Principal Act (extension of section 438 to loans by companies controlled by close companies)

20. (1) Section 438A of the Principal Act is amended by—

(a) substituting the following for subsection (1):

"(1) In this section—

3 OJ No. C249, 31.7.2014, p.1

'loan' includes advance;

'relevant arrangement' means any arrangement, the main purpose, or one of the main purposes, of which is to avoid or reduce a charge to tax under section 438.",

and

(b) inserting the following after subsection (3):

"(3A) Where a participator, or an associate of a participator, in a close company is party to any relevant arrangement, as a result of which a loan is made to a participator, or an associate of a participator, which, apart from this section, does not give rise to a charge under subsection (1) of section 438, that section shall apply as if the loan had been made by the close company to such participator, or such associate of a participator, as the case may be.".

(2) *Subsection (1)* shall apply to a relevant arrangement that is entered into on or after 18 October 2018.

Amendment of Part 23 of Principal Act (farming and market gardening)

21. Part 23 of the Principal Act is amended—

(a) in section 657—

(i) in subsection (1), by deleting the definitions of "an individual to whom subsection (1) applies", "company" and "director",

(ii) by deleting subsections (2) and (3),

(iii) in subsection (4)(a), by deleting "other than an individual to whom subsection (1) applies,", and

(iv) in subsection (6), by substituting the following paragraph for paragraph (b):

"(b) This subsection shall not apply for any year of assessment in which the individual is not chargeable to tax on profits or gains from farming.",

(b) in section 666(4)—

(i) in paragraph (a), by substituting "31 December 2021" for "31 December 2018", and

(ii) in paragraph (b), by substituting "year 2021" for "year 2018",

(c) in section 667B—

(i) in subsection (5)(b), by substituting "31 December 2021" for "31 December 2018",

(ii) in subsection (5A)(b), by substituting "Subject to subsection (5B), where" for "Where",

(iii) by inserting the following subsection after subsection (5A):

"(5B) The aggregate amount of relief, within the meaning of subsection (5A), granted to a qualifying farmer under this section, section 667D and section 81AA of the Stamp Duties Consolidation Act 1999 shall not exceed the limit of €70,000 as provided for by Article 18 of Commission Regulation (EU) No. 702/2014 of 25 June 2014[4] or that Regulation as may be revised from time to time.",

and

(iv) in subsection (7), by substituting "microenterprise or small enterprise in Article 2 of Annex I to Commission Regulation (EU) No. 702/2014 of 25 June 2014 or that Regulation as may be revised from time to time" for " 'small and medium-sized enterprises' in Article 2 of Commission Regulation (EC) No. 1857/2006 of 15 December 2006",

(d) in section 667C—

(i) in subsection (2)(b), by substituting "2021" for "2018" in each place,

(ii) in subsection (4), by substituting "31 December 2021" for "31 December 2018", and

(iii) in subsection (4A)(a)(vi), by substituting "subsection (1A)(b)(v)(II)(A)" for "subsection (1A)(c)",

and

(e) in section 667D—

(i) in subsection (2)(e), by substituting "agreement under subsection (2)(d)" for "partnership agreement", and

(ii) by inserting the following subsection after subsection (7):

"(8) (a) In this subsection—

'relevant tax' means any income tax or universal social charge;

'relief' means an amount equivalent to an amount determined by the formula—

$$A - B$$

where—

A is the amount of relevant tax that would be payable by a partner in a succession farm partnership for a year of assessment in which a succession tax credit is claimed by the partner, computed as if this section did not apply, and

B is the amount of relevant tax payable by the partner for that year of assessment.

4 OJ No. L193, 1.7.2014, p.1

(b) The aggregate amount of relief granted to a person under this section, section 667B and section 81AA of the Stamp Duties Consolidation Act 1999 shall not exceed the limit of €70,000 as provided for by Article 18 of Commission Regulation (EU) No. 702/2014 of 25 June 2014 or that Regulation as may be revised from time to time.".

Amendment of section 486C of Principal Act (relief from tax for certain start-up companies)

22. Section 486C of the Principal Act is amended in subsection (2)(a) by substituting "31 December 2021" for "31 December 2018".

Amendment of section 97 of Principal Act (computational rules and allowable deductions)

23. (1) Section 97 of the Principal Act is amended by substituting the following for subsection (2J):

"(2J) (a) Notwithstanding subsection (2), but subject to the other provisions of this section (including paragraphs (b) and (c) of this subsection), the deduction authorised by subsection (2)(e) shall not exceed—

(i) 75 per cent of the deduction that would, but for this subsection, be authorised by subsection (2)(e) in respect of interest accrued on or after 7 April 2009 up to and including 31 December 2016,

(ii) 80 per cent of the deduction that would, but for this subsection, be authorised by subsection (2)(e) in respect of interest accrued on or after 1 January 2017 up to and including 31 December 2017, and

(iii) 85 per cent of the deduction that would, but for this subsection, be authorised by subsection (2)(e) in respect of interest accrued on or after 1 January 2018 up to and including 31 December 2018,

on borrowed money employed in the purchase, improvement or repair of a premises which, at the time the interest accrues, is a residential premises.

(b) For the purposes of paragraph (a)—

(i) borrowed money employed on the construction of a residential premises on land in which the person chargeable has an estate or interest shall, together with any borrowed money which that person employed in the acquisition of such land, be deemed to be borrowed money employed in the purchase of a residential premises,

(ii) where a premises consists in part of residential premises and in part of premises which are not residential premises, paragraph

(a) shall apply to the interest accrued on the part of the borrowed money employed in the purchase, improvement or repair of the premises that is attributable, on a just and reasonable basis, to residential premises, and

(iii) the interest on borrowed money referred to in paragraph (a) shall be treated as accruing from day to day.

(c) This subsection shall not apply in respect of interest accrued on or after 1 January 2019.".

(2) *Subsection (1)* shall come into operation on 1 January 2019.

Amendment of section 216A of Principal Act (rent-a-room relief)

24. (1) Section 216A of the Principal Act is amended by inserting the following subsection after subsection (3B):

"(3C) (a) In this subsection, 'relevant person' means a person who is resident or ordinarily resident in the State and is incapacitated by reason of mental or physical infirmity.

(b) Subject to paragraph (c), subsection (2) shall not apply for a year of assessment to that part of the relevant sums arising to an individual in respect of the use by a person for the purposes of residential accommodation of a room or rooms in a qualifying residence where the person uses the room or rooms for a period which does not exceed 28 consecutive days.

(c) Paragraph (b) shall not apply where the person using the room or rooms concerned—

(i) is a relevant person,

(ii) uses the room or rooms for a minimum of 4 consecutive days per week for not less than 4 consecutive weeks, or

(iii) is receiving full-time or part-time instruction at a university, college, school or other educational establishment in the State.

(d) Where—

(i) the period for which a room or rooms in a qualifying residence is or are used by a person for the purposes of residential accommodation does not exceed 28 consecutive days, and

(ii) the individual to whom relevant sums have arisen in respect of that use claims that subparagraph (i), (ii) or (iii) of paragraph (c) applies,

the Revenue Commissioners may require the individual to provide proof supporting such claim.".

(2) *Subsection (1)* applies for the year of assessment 2019 and each subsequent year of

assessment.

Relief for investment in corporate trades

25. (1) The Principal Act is amended by substituting the following for Part 16:

"PART 16
Relief for Investment in Corporate Trades

Chapter 1

Interpretation (Part 16)

Interpretation

488. (1) In this Part—

'associate' has the same meaning in relation to a person as it has by virtue of subsection (3) of section 433 in relation to a participator;

'company' means a body corporate;

'compliance period' means the pre-investment period and the relevant period;

'control' shall be construed in accordance with subsections (2) to (6) of section 432;

'director' shall be construed in accordance with section 433(4);

'emoluments' has the same meaning as in section 983;

'General Block Exemption Regulation' means Commission Regulation (EU) No. 651/2014 of 17 June 2014[5];

'innovation' means process innovation or organisational innovation;

'market value' shall be construed in accordance with section 548;

'organisational innovation' means the implementation of a new organisational method in an undertaking's business practices, workplace organisation or external relations, other than—

(a) changes that are based on organisational methods already in use in the undertaking,

(b) changes in management strategy, mergers and acquisitions, or

(c) any of the following—

(i) ceasing to use a process,

(ii) simple capital replacement or extension,

(iii) changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes, or

5 OJ No. L187, 26.6.2014, p. 43

(iv) trading of new or significantly improved products;

'PPS Number' has the meaning assigned to it in section 891B(1);

'pre-investment period', in relation to relief in respect of any eligible shares issued by a company, means the period beginning 2 years before the shares were issued, or if later, beginning on the date the first company in the RICT group was incorporated and ending immediately before the subscription for eligible shares;

'process innovation' means the implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment or software), other than—

(a) minor changes or improvements,

(b) increases in production or service capabilities through the addition of manufacturing or logistical systems which are very similar to those already in use, or

(c) any of the following—

(i) ceasing to use a process,

(ii) simple capital replacement or extension,

(iii) changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes, or

(iv) trading of new or significantly improved products;

'qualifying new venture' means a venture consisting of relevant trading activities which are set up and commenced by a new company other than—

(a) activities which were previously carried on by another person and to which the company has succeeded, or

(b) a venture, the activities of which were previously carried on as part of another person's trade or profession;

'relevant period', in relation to relief in respect of any eligible shares issued by a company, means the period beginning on the date on which the shares were issued and ending 4 years after that date;

'relief' means a deduction from total income granted under this Part, and includes relief granted on a share issue at any time after 6 April 1984 (and the foregoing reference to this Part includes this Part as it stood enacted at any time before the commencement of *section 23* of the *Finance Act 2018* or, as the case may be, the commencement of section 33(1)(a) of the Finance Act 2011) and subsection (2) supplements this definition;

'R&D+I' means research and development activities (within the meaning of section 766) and innovation.

(2) In this Part a reference to relief under this Part is a reference to, as the case may be—

(a) relief as provided under this Part as it operates by virtue of section 502 or, where the context admits, as it operates by virtue of section 503 or, as appropriate, section 507, or

(b) relief as provided under all of those sections.

(3) References in this Part to a disposal of shares include references to a disposal of an interest or right in or over the shares, and an individual shall be treated for the purposes of this Part as disposing of any shares which the individual is treated by virtue of section 587 as exchanging for other shares.

(4) References in this Part to the reduction of any amount include references to its reduction to nil.

(5) A word or expression that is used in this Part and is also used in the General Block Exemption Regulation shall have the meaning in this Part that it has in that Regulation.

Chapter 2

Qualifying companies

Interpretation (Chapter 2)

489. In this Part—

'EEA Agreement' means the Agreement on the European Economic Area signed at Oporto on 2 May 1992, as adjusted by the Protocol signed at Brussels on 17 March 1993;

'EEA State' means a state which is a contracting party to the EEA Agreement;

'financial activities' means the provision of, and all matters relating to the provision of, financing or refinancing facilities by any means which involves, or has an effect equivalent to, the extension of credit;

'financial assets' includes shares, gilts, bonds, foreign currencies and all kinds of futures, options and currency and interest rate swaps, and similar instruments, including commodity futures and commodity options, invoices and all types of receivables, obligations evidencing debt (including loans and deposits), leases and loan and lease portfolios, bills of exchange, acceptance credits and all other documents of title relating to the movement of goods, commercial paper, promissory notes and all other kinds of negotiable or transferable instruments;

'financing or refinancing facilities' includes—

(a) loans, mortgages, leasing, lease rental and hire-purchase, and all similar arrangements,

(b) equity or other investment,

(c) the factoring of debts and the discounting of bills, invoices and promissory notes, and all similar instruments, and

(d) the underwriting of debt instruments and all other kinds of financial securities;

'linked businesses' means two or more businesses that are regarded as linked enterprises, within the meaning of Annex 1 of the General Block Exemption Regulation;

'partner businesses' means two or more businesses that are regarded as partner enterprises, within the meaning of Annex 1 of the General Block Exemption Regulation;

'qualifying subsidiary', in relation to a company, means a subsidiary of that company of a kind which a company may have by virtue of section 492;

'relevant trading activities' means activities carried on in the course of a trade the profits or gains of which are charged to tax under Case I of Schedule D, excluding activities related to—

(a) adventures or concerns in the nature of trade,

(b) dealing in commodities or futures or in shares, securities or other financial assets,

(c) financing activities,

(d) the provision of professional services (within the meaning of section 128F(1)),

(e) dealing in or developing land,

(f) the occupation of woodlands within the meaning of section 232,

(g) operating or managing hotels, guest houses, self catering accommodation or comparable establishments or managing property used as an hotel, guest house, self catering accommodation or comparable establishment, except where such activity is a tourist traffic undertaking (within the meaning of section 491),

(h) operations carried on in the coal industry or in the steel and shipbuilding sectors, and

(i) the production of a film (within the meaning of section 481);

'RICT group' means the company concerned (that is to say the company referred to in the provision concerned of this Part), its partner businesses

and linked businesses, and references to a RICT group shall be taken to refer to any RICT group of which the company is part, and—

(a) for the purposes of section 496(5), includes any company that was, at any time, part of a RICT group with the qualifying company or its qualifying subsidiaries but has since been disposed of,

(b) for the purposes of sections 500, 508P and 508R, includes any company which is at any point during the compliance period a subsidiary of the qualifying company, whether it becomes a subsidiary before, during or after—

(i) the year of assessment in respect of which the individual concerned claims relief and whether or not it is such a subsidiary while he or she is a partner, director or employee, or has an interest in the capital of the company, mentioned in section 500(2)(b), or

(ii) the individual concerned receives any value from it;

'SME' means a RICT group that would fall within the SME category of Annex 1 of the General Block Exemption Regulation;

'unlisted', in respect of a company, means a company none of whose shares, stock or debentures (within the meaning of section 2 of the Companies Act 2014) are listed in the official list of a stock exchange, or quoted on an unlisted securities market of a stock exchange other than—

(a) on the market known as the Enterprise Securities Market of the Irish Stock Exchange, or

(b) on any similar or corresponding market of the stock exchange—

(i) in a Member State, or

(ii) in an EEA state other than the State.

Qualifying companies

490. (1) In this Part, a company shall be a qualifying company if it is incorporated in the State or in another EEA State and, in either case, complies with this section and section 491.

(2) At the time the eligible shares are issued—

(a) the RICT group shall—

(i) be an SME, and

(ii) not be an undertaking in difficulty,

(b) each company in the RICT group shall—

(i) be unlisted, and no arrangements shall be in existence at that time in relation to the company becoming a listed company, and

(ii) not be subject to an outstanding recovery order following a

previous decision of the Commission that declared an aid illegal and incompatible with the internal market,

and

(c) the company shall hold a tax clearance certificate within the meaning of section 1095.

(3) Throughout the relevant period—

(a) the company shall—

(i) be resident in the State, or resident in an EEA State other than the State and carry on, or intend to carry on, relevant trading activities from a fixed place of business in the State, and

(ii) not at any time—

(I) control (or together with any person connected with it control) another company other than a qualifying subsidiary, or

(II) be under the control of another company (or of another company and any person connected with that other company), unless such control is exercised by the National Asset Management Agency, or by a company referred to in section 616(1)(g),

and no arrangements shall be in existence at any time in that period by virtue of which the company could fall within clause (I) or (II),

(b) no company in the RICT group shall have any part of its issued shares not fully paid up.

(4) (a) The company shall be—

(i) a company which exists wholly for the purpose of carrying on relevant trading activities, or

(ii) a company whose business consists wholly of—

(I) the holding of shares or securities of, or the making of loans to, one or more qualifying subsidiaries of the company, or

(II) both the holding of such shares or securities or the making of such loans and the carrying on of relevant trading activities where relevant trading activities are carried on from a fixed place of business in the State.

(b) Where a company raises any amount through the issue of eligible shares for the purposes of raising money for relevant trading activities which are being carried on by a qualifying subsidiary or which such a qualifying subsidiary intends to carry on, the amount so raised shall be used for the purpose of acquiring eligible shares

in the qualifying subsidiary and for no other purpose.

(5) Subject to subsection (6), a company shall be regarded as having ceased to comply with this section if, before the end of the relevant period, a resolution is passed, or an order is made, for the winding up of the company (or, in the case of a winding up otherwise than under the Companies Act 2014, any other act is done for the like purpose) or the company is dissolved without winding up.

(6) A company shall not be regarded as ceasing to comply with this section by reason only of the fact that it is wound up or dissolved without winding up if—

(a) it is shown that the winding up or dissolution is for *bona fide* commercial reasons and not part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax, and

(b) the company's net assets, if any, are distributed to its members before the end of the relevant period or, in the case of a winding up, the end (if later) of 3 years from the commencement of the winding up.

Qualifying companies (supplemental)

491. (1) (a) In this subsection 'internationally traded financial services' means the services specified in the Schedule to the Industrial Development (Service Industries) Order 2010 (S.I. No. 81 of 2010) other than those falling within the meaning of paragraph (b) or (c) of the definition of 'relevant trading activities'.

(b) A company whose relevant trading activities includes internationally traded financial services shall not be a qualifying company unless a certificate has been provided to it by Enterprise Ireland to the effect that, in the opinion of Enterprise Ireland, the company's activities are of a kind specified in the Schedule to the Industrial Development (Service Industries) Order 2010 (S.I. No. 81 of 2010).

(2) (a) In this subsection 'tourist traffic undertaking' means—

(i) the operation of tourist accommodation facilities for which the National Tourism Development Authority maintains a register in accordance with the Tourist Traffic Acts 1939 to 2003,

(ii) the operation of such other classes of facilities as may be approved of for the purpose of the relief by the Minister for Finance, in consultation with the Minister for Transport, Tourism and Sport, on the recommendation of the National Tourism Development Authority in accordance with specific codes of standards laid down by it, or

(iii) the promotion outside the State of—

(I) one or more tourist accommodation facilities for which the National Tourism Development Authority maintains a register in accordance with the Tourist Traffic Acts 1939 to 2003, or

(II) any of the facilities mentioned in subparagraph (ii).

(b) A company whose relevant trading activities includes one or more tourist traffic undertakings shall not be a qualifying company unless it has submitted to, and has had approved of by, the National Tourism Development Authority a 3 year development and marketing plan in respect of that undertaking or those undertakings, as the case may be, being a plan primarily designed and formulated to increase tourist traffic and revenue from outside the State.

(c) In considering whether to approve of such a plan, the National Tourism Development Authority shall have regard only to such guidelines in relation to such approval as may from time to time be agreed, with the consent of the Minister for Finance, between it and the Minister for Transport, Tourism and Sport, and those guidelines may, without prejudice to the generality of the foregoing, set out—

(i) the extent to which the company's interests in land and buildings may form part of its total assets,

(ii) specific requirements which have to be met in order to comply with the objective mentioned in paragraph (b), and

(iii) the extent to which the money raised through the issue of eligible shares should be used in promoting outside the State the undertaking or undertakings, as the case may be.

(3) (a) In this subsection—

'energy from renewable sources' means energy from renewable non-fossil sources, that is to say wind, solar, aerothermal, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases and includes the development of any facilities for the storage of energy from renewable sources;

'green energy activities' means activities undertaken with a view to producing energy from renewable sources;

'grid connection agreement' means an agreement with the transmission system operator or distribution system operator (both within the meaning of the Electricity Regulation Act 1999), or an offer from the transmission system operator or distribution system operator to enter into an agreement for connection to, or use of, the transmission or distribution system.

(b) For the purposes of this Part, a company carrying on green energy

activities shall be deemed to have commenced relevant trading activities when it has made an application for a grid connection agreement.

Qualifying subsidiaries

492. (1) In this Part, a qualifying subsidiary is one that—

(a) satisfies the conditions set out in subsection (2) and, except where provided in subsection (3), they continue to be so satisfied until the end of the relevant period, and

(b) is a company—

(i) to which section 490(3)(a)(i) relates, or

(ii) which exists solely for the purpose of carrying on any trade which consists solely of any one or more of the following relevant trading activities—

(I) the purchase of goods or materials for use by the qualifying company or its subsidiaries,

(II) the sale of goods or materials produced by the qualifying company or its subsidiaries, or

(III) the rendering of services to or on behalf of the qualifying company or its subsidiaries.

(2) The conditions referred to in subsection (1)(a) are—

(a) that the subsidiary is a 51 per cent subsidiary of the qualifying company,

(b) that no other person has control of the subsidiary, and

(c) that no arrangements are in existence by virtue of which the conditions specified in paragraphs (a) and (b) could cease to be satisfied.

(3) A company shall not be regarded as ceasing to be a qualifying subsidiary by reason only of the fact that it is wound up or dissolved without winding up if—

(a) it is shown that the winding up or dissolution is for *bona fide* commercial reasons and not part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax, and

(b) the company's net assets, if any, are distributed to its members before the end of the relevant period or, in the case of a winding up, the end (if later) of 3 years from the commencement of the winding up.

Chapter 3

Qualifying investments

Interpretation (Chapter 3)

493. In this Chapter—

'business plan' means a written business plan which contains details of product, sales and profitability development, establishing ex-ante financial viability and which includes both quantitative and qualitative details of the activities the investment is sought to support;

'expansion risk finance investment' means the issue of eligible shares to fund entering a new product on the market or entering a new geographic market;

'follow-on risk finance investment' means the issue of eligible shares subsequent to an initial risk finance investment or an expansion risk finance investment;

'initial risk finance investment' means the first issue of eligible shares other than an expansion risk finance investment.

Eligible shares

494. (1) In this Part 'eligible shares' means new shares forming part of a company's share capital and which comply with this section.

(2) Shares subscribed for, issued to, held by or disposed of for an individual by a nominee, shall be treated for the purposes of this Part as subscribed for, issued to, held by or disposed of by that individual where the nominee has complied with the requirements of sections 892 and 894 in respect of those shares.

(3) The shares, other than where relief under section 507 is claimed, may—

(a) carry a right to preferential rights to a dividend or to repayment of capital on a winding up, and

(b) be redeemable.

Anti-avoidance: eligible shares

495. (1) In this section 'distribution' has the same meaning as in the Corporation Tax Acts.

(2) For the purposes of this section, an amount specified or implied shall include an amount specified or implied in a foreign currency.

(3) This section applies to shares in a company where any agreement, arrangement or understanding exists which could reasonably be considered to substantially reduce the risk that the person beneficially owning those shares—

(a) might, at or after a time specified in or implied by that agreement, arrangement or understanding, be unable to realise directly or indirectly in money or money's worth an amount so specified or implied, other than a distribution, in respect of those shares, or

(b) might not receive an amount so specified or implied of distributions in respect of those shares.

(4) The reference in this section to the person beneficially owning shares shall be deemed to be a reference to both that person and any person connected with that person.

(5) Relief from income tax shall not be allowed under this Part in respect of the amount subscribed for any shares to which this section applies.

(6) Without prejudice to the generality of subsection (3), such agreements, arrangements or understandings may include—

(a) the rights associated with the shares as set out in the company's constitution other than those permitted under section 494(3),

(b) the terms of any shareholders agreement, or

(c) any other agreement, arrangement or understanding with any member of the RICT group or any person connected with any member of the RICT group, including but not limited to—

(i) personal guarantees from existing shareholders that the investor will be able to dispose of the shares after the relevant period, or

(ii) rights over the assets of the qualifying company or its qualifying subsidiaries, in the event that the investor is not able to dispose of the shares after the relevant period.

Qualifying investment (company perspective)

496. (1) In this Part, an investment shall be a qualifying investment where—

(a) an individual subscribes for eligible shares in a qualifying company, and

(b) the company employs the amount subscribed wholly or mainly for a qualifying purpose within the relevant period, and

(c) the investment complies with this section.

(2) In this Part, a qualifying purpose—

(a) includes employing the amounts in the qualifying company, or a qualifying subsidiary following an investment under section 490(4)(b)—

(i) for the purposes of carrying on relevant trading activities, or

(ii) in the case of a company which has not commenced to trade, for the purpose of carrying on R&D+I which is connected with and

undertaken with a view to the carrying on of relevant trading activities,

where the use of the money will contribute directly to the creation or maintenance of employment in the company, and

(b) does not include employing the amounts on the acquisition (other than by way of subscription pursuant to section 490(4)(b)), directly or indirectly, of—

(i) an interest in another company such that that company becomes a qualifying subsidiary,

(ii) a further interest in a qualifying subsidiary, or

(iii) a trade.

(3) If only a portion of the amount subscribed is employed wholly or mainly for a qualifying purpose then references to a qualifying investment shall be read as referring to the corresponding proportion of that investment.

(4) An investment shall not be a qualifying investment unless it is based on a business plan.

(5) An initial risk finance investment shall only be a qualifying investment where the RICT group which issues the eligible shares made its first commercial sale less than 7 years prior to the initial risk finance investment.

(6) An expansion risk finance investment shall only be a qualifying investment where, based on a business plan prepared in view of entering a new product or geographical market, the amount to be raised through the issue of those shares is greater than 50 per cent of the RICT group's average annual turnover in the preceding 5 years.

(7) A follow-on risk finance investment shall only be a qualifying investment where—

(a) the initial risk finance investment, or expansion risk finance investment, as the case may be, involved the issue of eligible shares on or after 6 April 1984 in respect of which relief was available under this Part, and

(b) the possibility of the first-mentioned investment was foreseen in the business plan upon which the initial risk finance investment, or expansion risk finance investment, as the case may be, was based.

Limits on amounts a qualifying company can raise

497. (1) For the purpose of this section—

(a) account shall not be taken of any amount subscribed for eligible shares by a person other than an individual who qualifies for relief,

(b) eligible shares includes any shares issued on or after 6 April 1984 in respect of which relief was available under this Part (including this Part as it stood enacted at any time before the commencement of *section 23* of the *Finance Act 2018* or, as the case may be, the commencement of section 33(1)(a) of the Finance Act 2011), and

(c) account shall be taken of any amount subscribed for eligible shares in a company which was, at any time, part of a RICT group with the qualifying company, but no account shall be taken of amounts so raised once that company was no longer part of that RICT group.

(2) The maximum amount which a RICT group may raise through the issue of eligible shares is—

(a) €5,000,000 in any 12 month period, and

(b) €15,000,000 in total in respect of the issue of eligible shares.

(3) Where a member of the RICT group raises any amount through the issue of eligible shares (in this section referred to as the 'relevant issue') in excess of the amount specified in subsection (2)(a), the excess over that amount determined by the formula—

$$A - B$$

where—

A is €5,000,000,

and

B is the lesser of—

(a) the amount represented by A in the formula, and

(b) the aggregate of—

(i) the amount to be raised through the relevant issue, and

(ii) the amount or amounts, if any, raised through the issue of eligible shares other than the relevant issue, within the period of 12 months ending with the date of that relevant issue, by the members of the RICT group,

shall not be a qualifying investment.

(4) Where a member of the RICT group raises any amount through the issue of eligible shares (in this section referred to as the 'relevant issue') in excess of the amount specified in subsection (2)(b), the excess over that amount determined by the formula—

$$A - B$$

where—

A is €15,000,000,

and

B is the lesser of—

(a) the amount represented by A in the formula, and

(b) an amount equal to the aggregate of all amounts raised by the members of the RICT group through the issue of eligible shares at any time before the relevant issue,

shall not be a qualifying investment.

(5) Where, as a consequence of subsection (3) or (4), the giving of relief would be precluded on claims in respect of shares issued to 2 or more individuals, the available relief shall be divided between them respectively in proportion to the amounts which have been subscribed by them for the shares to which their claims relate and which apart from this section would be eligible for relief.

Qualifying investment (investor perspective)

498. (1) Subject to section 598J(1), a subscription for eligible shares by an individual in a qualifying company of less than €250 in a year of assessment shall not be a qualifying investment.

(2) In the case of an individual who is a married person assessed to tax for a year of assessment in accordance with section 1017, or a nominated civil partner assessed to tax for a year of assessment in accordance with section 1031C, any amount subscribed by the individual's spouse or civil partner for eligible shares issued to that spouse or civil partner in that year of assessment by the company shall be deemed to have been subscribed by the individual for eligible shares issued to the individual by the company.

Anti-avoidance: qualifying investment (investor perspective)

499. (1)(a) For the purposes of this Part, an investment shall not be a qualifying investment in respect of an individual to whom this subsection applies where at any time in the compliance period the company or any of its qualifying subsidiaries—

(i) begins to carry on a business previously carried on at any time in that period otherwise than by the company or any of its qualifying subsidiaries, or

(ii) acquires the whole or greater part of the assets used for the purposes of a business previously so carried on.

(b) This subsection applies to an individual where—

(i) any person or group of persons to whom an interest amounting in the aggregate to more than a 50 per cent share in the business (as previously carried on) belonged at any time in the compliance period is a person or a group of persons to whom such an interest in the business carried on by the company, or

any of its subsidiaries, belongs or has at any such time belonged, or

(ii) any person or group of persons who controls or at any such time has controlled the company is a person or a group of persons who at any such time controlled another company which previously carried on the business,

and the individual is that person or one of those persons.

(2) An individual is not entitled to relief in respect of any shares in a company where—

(a) the company comes to acquire all of the issued share capital of another company at any time in the compliance period, and

(b) any person or group of persons who controls or has at any such time controlled the company is a person or a group of persons who at any such time controlled that other company,

and the individual is that person or one of those persons.

(3) For the purposes of subsection (1)(b)—

(a) the person or persons to whom a business belongs and, where a business belongs to 2 or more persons, their respective shares in that business shall be determined in accordance with paragraphs (a) and (b) of subsection (1), and subsections (2) and (3), of section 400, and

(b) any interest, rights or powers of a person who is an associate of another person shall be treated as those of that other person.

Chapter 4

Employment investment incentive

Qualifying investors

500. (1) In this Part, a qualifying investor is an individual who subscribes on his or her own behalf for eligible shares in a qualifying company and complies with this section.

(2) (a) An individual shall not be a qualifying investor if at any time in the compliance period he or she is connected, as determined in accordance with this section and section 501, with the company.

(b) In this Part, an individual shall be connected with a company if the individual or an associate of the individual—

(i) is a partner of the company, or any company in the RICT group,

(ii) subject to subsection (3), is a director or employee of the company, or any company in the RICT group, or

(iii) subject to subsection (5), has an interest in the capital of the

company, or any company in the RICT group.

(3) Subsection (2)(b)(ii) shall only apply if the individual or the individual's associate (or a partnership of which the individual or the individual's associate is a member) receives a payment from a company in the RICT group during the relevant period, other than—

(a) any payment or reimbursement of travelling or other expenses wholly, exclusively and necessarily incurred by the individual or the individual's associate in the performance of the duties of the individual or of the associate, as the case may be, as such director or employee,

(b) any interest which represents no more than a reasonable commercial return on money lent to a company in the RICT group,

(c) any dividend or other distribution paid or made by a company in the RICT group which does not exceed a normal return on the investment,

(d) any payment for the supply of goods in the course of a trade or business, which does not exceed their market value, and

(e) any reasonable and necessary remuneration which—

(i) (I) is paid for services rendered to a member of the RICT group in the course of a trade or profession, not being secretarial or managerial services or services of a kind provided by any company in the RICT group, and

(II) is taken into account in computing the profits or gains of the trade or profession under Case I or II of Schedule D or would be so taken into account if it fell in a period on the basis of which those profits or gains are assessed under that Schedule,

or

(ii) in a case where the individual is a director or an employee of a company in the RICT group and is not otherwise connected with any company in the RICT group, is paid for services rendered to the company of which the individual is a director or an employee, in the course of the directorship or the employment.

(4) Subsection (3) shall apply to payments—

(a) which a person is entitled to receive in respect of the relevant period as it applies to payments made in that period, or

(b) made to the individual indirectly or to the individual's order or for the individual's benefit.

(5) (a) Subject to subsection (6), for the purposes of this section, an individual shall have an interest in the capital of a company in the

RICT group if that individual, or that individual's associate, directly or indirectly possesses or is entitled to acquire—

(i) any of the issued share capital of any such company,

(ii) any of the loan capital of any such company,

(iii) any of the voting power in any such company, or

(iv) rights to the assets on a winding up of any such company.

(b) For the purposes of paragraph (a)(ii) and section 505(4)(b)(ii), the loan capital of a company shall be treated as including any debt incurred by the company—

(i) for any money borrowed or capital assets acquired by the company,

(ii) for any right to receive income created in favour of the company, or

(iii) for consideration the value of which to the company was (at the time when the debt was incurred) substantially less than the amount of the debt (including any premium on the debt),

but shall not include a debt incurred by the company by overdrawing an account with a person carrying on a business of banking if the debt arose in the ordinary course of that business.

(c) (i) For the purposes of paragraph (a)(iv), an individual shall have a right to the assets on a winding up if that individual, or an associate of the individual, has rights as would, in the event of the winding up of a company or in other circumstances, entitle the individual to receive any of the assets of the company which would at that time be available for distribution to equity holders of the company, and for the purposes of this subsection—

(I) the persons who are equity holders of the company, and

(II) the percentage of the assets of the company to which the individual would be entitled,

shall be determined in accordance with sections 413 and 415, with references in section 415 to the first company being construed as references to an equity holder and references to a winding up being construed as including references to any other circumstances in which assets of the company are available for distribution to its equity holders.

(ii) In applying sections 413 and 415 in determining the percentage of share capital or other amount which a shareholder beneficially owns or is beneficially entitled to under subparagraph (i), no regard shall be had to the provisions of section 411(1)(c).

(d) (i) For the purposes of this section, an individual shall have an interest in the capital of the company if he or she has control of it within the meaning of section 11.

(ii) For the purposes of this section, an individual shall be treated as having an interest in the capital of the company if he or she has at any time in the compliance period had control, within the meaning of section 11, of another company which has since that time and before the end of the relevant period become a subsidiary of the company.

(6) For the purposes of subsection (5), no account shall be taken of—

(a) shares in the company concerned which are held by the individual concerned, or an associate of that individual, where—

(i) that individual or that associate, as the case may be, was entitled to relief under this Part in respect of the acquisition of those shares, and

(ii) that individual, or a person connected with that individual, does not at any time in the compliance period control the company concerned,

or

(b) shares subscribed for upon the formation of the company concerned where—

(i) the company has issued no shares other than those subscribed for on formation, and

(ii) the company has not yet commenced carrying on, or made preparations for the carrying on of, any trade or business.

(7) For the purposes of this section an individual shall be treated as entitled to acquire anything which he or she is entitled to acquire at a future date or will at a future date be entitled to acquire, and there shall be attributed to any person any rights or powers of any other person who is an associate of that person.

Anti-avoidance: qualifying investors

501. Where an individual subscribes for shares in a company with which the individual is not connected, then he or she shall nevertheless be treated as connected with it if he or she subscribes for the shares as part of any arrangement which provides for another person to subscribe for shares in another company with which the individual or any other individual who is a party to the arrangement is connected.

The relief (Chapter 4)

502. (1) In this section—

'basic pay rate', in relation to a qualifying employee of a qualifying

company, or a qualifying subsidiary as the case may be, means the employee's emoluments (other than non-pecuniary emoluments) per hour from the company in respect of an employment held with the company;

'employment relevant number' means the total number of qualifying employees in receipt of emoluments from the qualifying company, or a qualifying subsidiary as the case may be, in the year of assessment in which, in relation to a subscription for eligible shares, a subsequent period ends;

'employment threshold number' means the total number of qualifying employees in receipt of emoluments from the qualifying company, or a qualifying subsidiary as the case may be, in the year of assessment preceding the year of assessment in which the subscription for eligible shares was made;

'qualifying employee', in relation to a qualifying company, or a qualifying subsidiary as the case may be, means an employee (within the meaning of section 983), other than a director, of that company—

(a) who throughout his or her period of employment with that company is employed by that company for at least 30 hours duration per week, and

(b) his or her employment is capable of lasting at least 12 months;

'relevant amount' means total emoluments (other than non-pecuniary emoluments) paid by a qualifying company, or a qualifying subsidiary as the case may be, to qualifying employees as referred to in the definition of 'employment relevant number', in the year of assessment in which, in relation to a subscription for eligible shares, a subsequent period ends;

'threshold amount' means the total of the emoluments (other than non-pecuniary emoluments) paid by a qualifying company, or a qualifying subsidiary as the case may be, to the qualifying employees referred to in the definition of 'employment threshold number', in the year of assessment preceding the year of assessment in which the subscription for eligible shares was made but where there was a general reduction in the basic pay rate of qualifying employees then the threshold amount shall be reduced accordingly;

'subsequent period' means the period beginning on the date on which the shares were issued and ending 3 years after that date.

(2) A qualifying investor who makes a qualifying investment in a qualifying company shall be entitled, subject to this section, to relief for—

(a) thirty fortieths of the amount subscribed, which shall be given, subject to section 508J(4), as a deduction from his or her total

income for the year of assessment in which the shares are issued, and

(b) subject to subsection (4), ten fortieths of the amount subscribed, which shall be given as a deduction from his or her total income for the year of assessment following the year of assessment in which the subsequent period ends.

(3) In a year of assessment the maximum qualifying investment in respect of which an investor may claim relief under this Part is €150,000.

(4) An amount shall not be given as a deduction under subsection (2)(b) unless in relation to a qualifying company and its qualifying subsidiaries—

(a) (i) the employment relevant number exceeds the employment threshold number by at least one qualifying employee, and

(ii) the relevant amount exceeds the threshold amount by at least the total emoluments of one qualifying employee in the year of assessment in which the subsequent period ends,

or

(b) the amount of expenditure on R&D+I incurred in the year of assessment in which the subsequent period ends exceeds the amount of expenditure on R&D+I incurred in the year of assessment prior to the year of assessment in which the subscription for eligible shares was made.

The relief: start-up capital incentive

503. (1) Section 500(5) shall not apply in respect of associates of an investor if the company and the investment comply with this section.

(2) At the time the shares concerned were issued—

(a) the qualifying company shall—

(i) be a micro-enterprise, within the meaning of Annex 1 of the General Block Exemption Regulation, and

(ii) exist solely for the purpose of carrying on a qualifying new venture,

(b) the qualifying company shall not—

(i) have commenced carrying on, or made preparations for the carrying on of, any trade or business more than 7 years prior to the share issue date, or

(ii) have any partner business or linked business.

(3) The maximum amount which a qualifying company may raise, in respect of which relief is only available pursuant to this section, is €500,000 in total in respect of the issue of eligible shares on or after 6

April 1984 (including relief granted under this Part as it stood enacted at any time before the commencement of *section 23* of the *Finance Act 2018* or, as the case may be, the commencement of section 33(1)(a) of the Finance Act 2011) and section 497 shall apply with any necessary modifications.

Chapter 5

Start-up relief for entrepreneurs (SURE)

Interpretation (Chapter 5)

504. In this Chapter—

'employment period' means, as respects a relevant employment, the period beginning on the date on which the shares are issued or, if later, the date on which the employment commences and ending 12 months after that date;

'full-time employee' and 'full-time director' in relation to a company, mean an employee or director, as the case may be, who is required to devote substantially the whole of his or her time to the service of the company;

'relevant employment', in relation to a specified individual, means employment throughout the employment period by the company in which the specified individual makes a relevant investment (being that individual's first such investment in that company) and where the specified individual is a full-time employee or full-time director of the company;

'relevant investment', in relation to a specified individual, means the amount or the aggregate of the amounts of the qualifying investments made in a year of assessment by the specified individual for eligible shares in a qualifying company;

'specified individual' has the meaning assigned to it by section 505;

'specified period' means, as respects a specified individual, the period beginning on the date on which the shares are issued and ending either one year after that date or, where the company was not at that date carrying on relevant trading activities, one year after the date on which it subsequently began to carry on such activities.

Specified individuals

505. (1) In this Part, a specified individual is an individual who subscribes on his or her own behalf for eligible shares in a qualifying company and complies with this section.

(2) The individual, in each of the 3 years of assessment preceding the year of assessment that precedes the year of assessment in which that individual makes a relevant investment (being that individual's first such investment), shall not have been in receipt of income chargeable

to tax otherwise than under—

(a) Schedule E, or

(b) Case III of Schedule D in respect of profits or gains from an office or employment held or exercised outside the State,

in excess of the lesser of—

(i) the aggregate of the amounts, if any, of that individual's income chargeable to tax under Schedule E and under Case III of Schedule D in respect of the profits or gains referred to in paragraphs (a) and (b), and

(ii) €50,000.

(3) (a) The individual shall throughout the specified period possess at least 15 per cent of the issued ordinary share capital of the company in which that individual makes a relevant investment.

(b) An individual shall not be regarded as having ceased to comply with this subsection merely by reason of the fact that the company in which the individual makes a relevant investment is wound up, or dissolved without winding up, before the end of the relevant period but only if it is shown that the winding up or dissolution is for *bona fide* commercial reasons and is not part of a scheme or arrangement the main purpose or one of the main purposes of which was the avoidance of tax.

(4) (a) For the purposes of paragraph (b) and subsections (5) and (6), 'specified date', in relation to a relevant investment in a company, means—

(i) where the investment consists of the subscription of only one amount for eligible shares, the date of that subscription, or

(ii) where that investment consists of the subscription of more than one amount for eligible shares, the date of the last such subscription.

(b) Subject to subsections (5) and (6), the individual at the specified date, in relation to that individual's first relevant investment in a company, or within the period of 12 months immediately preceding that date, either directly or indirectly, shall not possess or have possessed, or shall not be or have been entitled to acquire, more than 15 per cent of—

(i) the issued ordinary share capital,

(ii) the loan capital (within the meaning of section 500(5)(b)) and the issued share capital, or

(iii) the voting power,

of any company other than—

(I) the company in which that individual makes that relevant investment, or

(II) a company to which subsection (5) applies.

(5) This subsection applies to a company which during a period of 3 years ending on the specified date in relation to an individual's first relevant investment in a company—

(a) was not entitled to any assets, other than cash on hand or a sum of money on deposit (within the meaning of section 895) not exceeding €130,

(b) did not carry on a trade, profession, business or other activity including the making of investments, and

(c) did not pay charges on income within the meaning of section 243.

(6) (a) For the purposes of paragraph (b) 'accounting period' means an accounting period determined in accordance with section 27.

(b) A company shall be regarded as a company which carries on wholly or mainly relevant trading activities referred to in paragraph (c)(i) only if in each of the 3 accounting periods referred to in paragraph (c)(ii) the total amount receivable from sales made or services rendered in the course of such activities is not less than 75 per cent of the total amount receivable by the company from all sales made and services rendered in the course of tourist traffic undertaking and 90 per cent of the total amount receivable by the company from all sales made and services rendered in the course of other relevant trading activities.

(c) An individual shall not be regarded as failing to satisfy the requirements of subsection (4) merely by reason of the fact that the individual does not satisfy those requirements in relation to only one company (other than the company in which the individual makes his or her first relevant investment or a company to which subsection (5) applies)—

(i) which exists wholly or mainly for the purpose of carrying on relevant trading activities, and

(ii) where the total amount receivable by that company from sales made and services rendered in the course of that company's relevant trading activities did not exceed €127,000 in each of that company's 3 accounting periods immediately preceding the accounting period of that company in which the specified date occurs in relation to that individual's first relevant investment.

Anti-avoidance: qualifying company (SURE)

506. (1) A company shall not be a qualifying company for the purposes of

relief under this Chapter if, in the case of a company in which a relevant investment is made by a specified individual (being that individual's first such investment in that company), any transaction in the relevant period between the company and another company (being the immediate former employer of the individual), or a company which controls or is under the control of that other company, is otherwise than by means of a transaction at arm's length, or if—

(a) (i) an individual has acquired a controlling interest in the company's trade after 5 April 1984, and

(ii) at any time in the compliance period the individual has or has had a controlling interest in another trade,

and

(b) the trade carried on by the company or a substantial part of that trade—

(i) is concerned with the same or similar types of property or parts of property or provides the same or similar services or facilities as the other trade, or

(ii) serves substantially the same or similar outlets or markets as the other trade.

(2) For the purposes of this section, a person has a controlling interest in a trade—

(a) in the case of a trade carried on by a company, if—

(i) such person controls the company,

(ii) the company is a close company for the purposes of the Corporation Tax Acts and such person or an associate of such person is a director of the company and the beneficial owner of, or able directly or through the medium of other companies or by any other indirect means to control, more than 30 per cent of the ordinary share capital of the company, or

(iii) not less than 50 per cent of the trade could, in accordance with section 400(2), be regarded as belonging to such person,

or

(b) in any other case, if such person is entitled to not less than 50 per cent of the assets used for, or the income arising from, the trade.

(3) For the purposes of subsection (2), there shall be attributed to any person any rights or powers of any other person who is an associate of that person.

(4) In subsection (1), references to a company's trade include references to the trade of any of its subsidiaries.

The relief (Chapter 5)

507. (1) Notwithstanding section 502, a specified individual who makes a relevant investment in a qualifying company, the activities of which constitute a qualifying new venture, shall be entitled, subject to subsections (2) and (3), to relief in respect of that relevant investment, which shall be given as a deduction from his or her total income for the year of assessment in which the shares are issued.

(2) In a year of assessment, the maximum relevant investment in respect of which a specified person can make a claim under subsection (1) is €100,000.

(3) (a) Subject to this subsection, a specified individual may, in relation to a relevant investment made by such individual (being that individual's first such investment), elect by notice in writing to a Revenue officer to have the relief due given as a deduction from such individual's total income for any one of the 6 years of assessment immediately before the year of assessment in which the eligible shares in respect of that investment are issued which such individual nominates for the purpose, instead of (as provided for in subsection (1)) as a deduction from the specified individual's total income for the year of assessment in which the shares are issued, and accordingly, subject to subsection (2) and paragraphs (c) and (d), for the purpose of granting such relief (but for no other purpose of this Part) the shares shall be deemed to have been issued in the year of assessment so nominated.

(b) Where the specified individual makes a subsequent relevant investment (being that individual's second such investment)—

(i) in the same company as such individual's first such investment, and

(ii) within either the year of assessment following the end of the year of assessment in which such individual's first such investment was made or the year of assessment subsequent to that year,

then, the specified individual may, in relation to such individual's second such investment, elect by notice in writing to a Revenue officer to have the relief due given as a deduction from such individual's total income for any one of the 6 years of assessment immediately before the year of assessment in which the eligible shares in respect of such individual's first such investment were issued which such individual nominates for the purpose, instead of (as provided for in subsection (1)) as a deduction from such individual's total income for the year of assessment in which the eligible shares in respect of such individual's second such investment are issued and, accordingly, subject to subsection (2) and paragraphs (c) and (d), for the purpose of granting such relief

(but for no other purpose of this Part) the shares issued in respect of the second such investment shall be deemed to have been issued in the year of assessment so nominated.

(c) Where any of the years of assessment following the year of assessment nominated under paragraph (a) or (b), as the case may be, precede the year of assessment in which the eligible shares in respect of the specified individual's first relevant investment are in fact issued, section 508 shall operate to give relief in such years of assessment as may be nominated by such individual for that purpose.

(d) To the extent that the amount of the relief which would be due in respect of the specified individual's first relevant investment or second relevant investment, as the case may be, has not been given in accordance with paragraphs (a) to (c) it shall, subject to section 508, be given for the year of assessment in which the eligible shares in respect of the first such investment or the second such investment, as the case may be, are in fact issued or, if appropriate, a subsequent year of assessment.

(e) This subsection applies in respect of not more than 2 relevant investments made by a specified individual on or after 2 June 1995.

(f) This subsection applies notwithstanding any limitation in section 865(4) or section 959V(6) on the time within which a claim for a repayment of tax is required to be made, and section 865(6) shall not prevent the Revenue Commissioners from repaying an amount of tax as a consequence of an election made under paragraph (a) or (b) where the specified individual has made a timely claim for relief in accordance with section 508G and a valid claim for a repayment of tax within the meaning of section 865(1)(b).

(4) References in this section to the amount of the relief are references to the amount of the deduction given under subsection (1) or (3), as may be appropriate.

(5) Where a specified individual claims relief under this section, no relief shall be granted to that individual under section 502 in respect of the same qualifying company.

Chapter 6

Administrative requirements and reporting obligations

Carry forward of unused relief

508. (1) Where in a year of assessment an individual—

(a) makes a qualifying investment or has an amount of relief carried forward under this section, in excess of €100,000 in respect of which relief is available under section 507 or €150,000 in any other

case, or

(b) has insufficient total income against which to offset the deductions available under section 502 or section 507, as the case may be,

then the individual may claim to have the amount which was not offset against his or her total income in that year carried forward and, in so far as may be, deducted from his or her total income in subsequent years of assessment.

(2) In a year of assessment, relief shall be given to an individual in the following order:

(a) relief in respect of amounts carried forward from an earlier year of assessment and, in respect of such an amount so carried forward, for an earlier year of assessment in priority to a later year of assessment; and

(b) only thereafter, in respect of any other amount for which relief is to be given in that year of assessment with relief under section 502(2)(b) given in priority to relief under section 502(2)(a).

Statement of qualification by qualifying company

508A. (1) A qualifying company shall issue to a qualifying investor, or managers of a designated fund as the case may be, a statement of qualification in respect of a qualifying investment.

(2) For the purposes of this Part, a 'statement of qualification' is a statement by the company to the effect that—

(a) the company is a qualifying company, and

(b) the investment is a qualifying investment within the meaning of section 496.

(3) The statement of qualification shall also—

(a) contain—

(i) in respect of the company, the company's name, address and tax reference number,

(ii) in respect of the share issue, the date of the share issue, the class of share issued, the amount subscribed and the number of shares issued,

(iii) where the investment is made by an individual, the individual's name, address and PPS Number,

(iv) where the investment is made through a designated fund, the designated fund's name, address and tax reference number,

(v) the date on which 30 per cent of the amount raised has been expended on a qualifying purpose,

(vi) the amount of the investment which qualifies for relief under section 502(2)(a), after any reduction required by section 497 or section 508R, and

(vii) such other information as the Revenue Commissioners may reasonably require,

(b) be in such form as the Revenue Commissioners may direct, and

(c) contain a declaration that it is a 'statement of qualification' made under this section.

(4) A qualifying company may not issue a statement of qualification in respect of a qualifying investment—

(a) until it has spent 30 per cent of the amount raised on a qualifying purpose, or

(b) more than two years after the end of the year of assessment in which the shares were issued.

Statement of qualification (second stage relief) by qualifying company

508B. (1) A qualifying company shall issue to a qualifying investor, or managers of a designated fund as the case may be, a statement of qualification (second stage relief) in respect of a qualifying investment that qualifies for relief under section 502(2)(b).

(2) For the purposes of this Part a 'statement of qualification (second stage relief)' is a statement by the company to the effect that—

(a) the company is a qualifying company,

(b) the investment is a qualifying investment within the meaning of section 496.

(3) The statement of qualification (second stage relief) shall also—

(a) contain—

(i) in respect of the company, the company's name, address and tax reference number,

(ii) in respect of the share issue, the date of the share issue, the class of share issued, the amount subscribed and the number of shares issued,

(iii) where the investment is made by an individual, the individual's name, address and PPS Number,

(iv) where the investment is made through a designated fund, the designated fund's name, address and tax reference number,

(v) confirmation that conditions for relief under section 502(2)(b) have been satisfied,

(vi) the amount of the investment which qualifies for relief under

section 502(2)(b), after any reduction required by section 497 or section 508R, and

(vii) such other information as the Revenue Commissioners may reasonably require,

(b) be in such form as the Revenue Commissioners may direct, and

(c) contain a declaration that it is a 'statement of qualification (second stage relief)' made under this section.

(4) A qualifying company may not issue a statement of qualification (second stage relief) in respect of a qualifying investment—

(a) until the relevant period has ended and it has satisfied the condition set out in section 502(4), or

(b) more than two years after the end of the year of assessment in which the conditions referred to in paragraph (a) were satisfied.

Statement of qualification (SURE) by qualifying company

508C. (1) A qualifying company shall issue to a specified individual a statement of qualification (SURE) in respect of a relevant investment.

(2) For the purposes of this Part a 'statement of qualification (SURE)' is a statement by the company to the effect that the company is a qualifying company.

(3) The statement of qualification (SURE) shall also—

(a) contain—

(i) in respect of the company, the company's name, address and tax reference number,

(ii) in respect of the share issue, the date of share issue, the class of share issued, the amount subscribed and the number of shares issued,

(iii) in respect of the individual, the individual's name, address and PPS Number,

(iv) the date on which 30 per cent of the amount raised has been expended on a qualifying purpose,

(v) the amount of the investment which qualifies for relief under section 507, after any reduction required by section 497 or section 508R, and

(vi) such other information as the Revenue Commissioners may reasonably require,

(b) be in such form as the Revenue Commissioners may direct, and

(c) contain a declaration that it is a 'statement of qualification (SURE)' made under this section.

(4) A qualifying company may not issue a statement of qualification (SURE) in respect of a relevant investment—

(a) until it has spent 30 per cent of the amount raised on a qualifying purpose, or

(b) more than two years after the end of the year of assessment in which the shares were issued.

Confirmation of compliance with certain conditions

508D. (1) Prior to issuing a statement of qualification a company may apply to the Revenue Commissioners for confirmation that the following conditions are satisfied in respect of an investment in eligible shares:

(a) the condition set out in section 490(2)(a)(ii); and

(b) the conditions set out in subsections (4) to (7), as appropriate, of section 496.

(2) The application referred to in subsection (1) shall be a statement made by the company to the Revenue Commissioners and that statement shall—

(a) contain all relevant facts and circumstances, and

(b) be in such form as the Revenue Commissioners direct.

Reporting of relief by qualifying companies

508E. (1) A qualifying company shall include details of the qualifying investment in a return required under Part 41A for the accounting period in which the eligible shares were issued, and the company shall, notwithstanding anything to the contrary in Part 41A or section 1084, be deemed for that accounting period to be a chargeable person for the purposes of Chapter 3 of Part 41A.

(2) A qualifying company shall, within 60 days of the date referred to in section 508A(3)(a)(v) for a qualifying investment, provide to the Revenue Commissioners, through such electronic means as they make available, such information—

(a) as they may require for the purposes of the annual reports required in accordance with Article 11 of the General Block Exemption Regulation, including—

(i) the name of the company,

(ii) the address of the company,

(iii) the Companies Registration Office number of the company,

(iv) the amount of finance raised, and

(v) the date of the share issue and type of relief,

and

(b) as they may require for the administration of relief under this Part, including—

(i) the investor's name, address and PPS Number, and

(ii) the amount of the relevant investment per investor.

(3) Notwithstanding section 851A, the Revenue Commissioners—

(a) may furnish the information obtained in accordance with subsection (2)(a) to the person submitting the annual reports referred to in that subsection, and

(b) shall publish the following information in relation to all qualifying companies:

(i) the name of the company;

(ii) the address of the company;

(iii) the Companies Registration Office number of the company;

(iv) the amount of finance raised;

(v) the date of the share issue and type of relief.

(4) Where a company fails to comply with a requirement to furnish information in accordance with this section, that company shall be liable to a penalty of €2,000 and, if that failure continues after the date on which the return shall be filed under Part 41A, or 30 days, as appropriate, a further penalty of €50 for each day on which the failure so continues.

Claims for relief by qualifying investors

508F. (1) An individual who is a qualifying investor shall not claim relief in respect of a qualifying investment—

(a) under 502(2)(a) until a statement of qualification, or

(b) under 502(2)(b) until a statement of qualification (follow-on relief),

has been received from the company.

(2) A claim for relief under this Part shall include:

(a) the name and tax reference number of the company in which the qualifying investment was made;

(b) the date the qualifying investment was made;

(c) the amount of the qualifying investment;

(d) the date referred to in section 508A(3)(a)(v), or the date the conditions set out in section 508B(4)(a) are satisfied, as the case may be.

Claims for relief by specified individuals

508G. (1) An individual who is a specified individual shall not claim relief in respect of a relevant investment under section 507 until a statement of qualification (SURE) has been received from the company.

(2) A claim for relief under this Part shall include:

(a) the name and tax reference number of the company in which the relevant investment was made;

(b) the date the relevant investment was made;

(c) the amount of the relevant investment;

(d) the date referred to in section 508C(3)(iv).

Chapter 7

Designated funds

Authorised officers

508H. The Revenue Commissioners may nominate in writing a Revenue officer to perform any acts and discharge any functions authorised by this Chapter and section 508D to be performed or discharged by the Revenue Commissioners.

Designated investment funds

508I. (1) The Revenue Commissioners may, if they think fit, having regard to the facts of the particular case and after such consultation, if any, as may seem to them to be necessary with such person or body of persons as in their opinion may be of assistance to them, and subject to such conditions, if any, as they think proper to attach to the designation, designate an investment fund for the purposes of this Part and a fund that for the time being stands so designated is referred to in this Part as a 'designated fund'.

(2) (a) The Revenue Commissioners may, by notice in writing given to the managers of a designated investment fund, withdraw the designation given for the purposes of this section to the fund in accordance with subsection (1) and, on the giving of the notice, the fund ceases to be a designated fund as respects any subscriptions made after the date of the notice referred to in paragraph (b).

(b) Where the Revenue Commissioners withdraw the designation of any fund for the purposes of this section, notice of the withdrawal shall be published as soon as may be in Iris Oifigiúil.

(3) Without prejudice to the generality of subsection (1), the Revenue Commissioners shall designate a fund for the purposes of this Part only if they are satisfied that—

(a) the fund is established under irrevocable trusts for the sole purpose

of investing in qualifying companies, and

(b) under the terms of the trusts it is provided that—

(i) the entire fund is to be invested without undue delay in eligible shares,

(ii) pending investment in eligible shares, any moneys subscribed for the purchase of shares are to be placed on deposit in a separate account with a bank licensed to transact business in the State,

(iii) any amounts received by means of dividends or interest are, subject to a commission in respect of management expenses at a rate not exceeding a rate which shall be specified in the deed of trust under which the fund has been established, to be paid without undue delay to the participants,

(iv) any charges to be made by means of management or other expenses in connection with the establishment, the running, the winding down or the termination of the fund shall be at a rate not exceeding a rate which shall be specified in the deed of trust under which the fund is established,

(v) audited accounts of the fund are submitted annually to the Revenue Commissioners as soon as may be after the end of each period for which accounts of the fund are made up,

(vi) the managers, the trustees of the fund and any of their associates are not for the time being connected either directly or indirectly with any company whose shares comprise part of the fund,

(vii) any discounts on eligible shares received by the trustees or managers of the fund are accepted solely for the benefit of the participants,

(viii) if a limit is placed on the size of the fund or a minimum amount for investment is stipulated, any subscriptions not accepted are to be returned without undue delay, and

(ix) no participant is allowed to have any shares in any company in which the fund has invested transferred into his or her name until 4 years have elapsed from the date of the issue of the shares to the fund.

Relief for investment through designated investment funds

508J. (1) (a) Relief under section 502 shall be given, and section 498(1) shall not apply, in respect of an amount subscribed as nominee for an individual by a person or persons having the management of an investment fund designated by the Revenue Commissioners for the purposes of this Chapter (in this Part referred to as the 'managers of a designated fund') where the amount so subscribed forms part

of the fund.

(b) Except where provided by paragraph (a), relief shall not be given in respect of an amount subscribed as nominee for an individual by a person or persons having the management of an investment fund where the amount so subscribed forms part of the fund.

(2) The managers of a designated fund shall, by 30 June in each year, deliver to the Revenue Commissioners a return of the holdings of eligible shares shown on statements of qualification received by them in the previous year of assessment.

(3) Where an individual claims relief in respect of eligible shares in a company which have been issued to the managers of a designated fund as nominee for the individual, then section 508F(1) applies as if it required the claim for relief to be accompanied by a certificate issued by the managers, in such form as the Revenue Commissioners may authorise, furnishing such information as the Revenue Commissioners may require and certifying that the managers hold statements issued to them by the companies concerned, for the purposes of section 508F(1) in respect of the holdings of eligible shares shown on the managers' certificate.

(4) Where—

(a) relief is due in respect of an amount subscribed as nominee for a qualifying individual by the managers of a designated fund,

(b) the eligible shares in respect of which the amount is subscribed are issued in the year of assessment following the year of assessment in which that amount was subscribed to the designated fund, and

(c) the fund is a closed fund, the closing date for participation in which precedes the making of the first investment,

then the individual may elect by notice in writing to the Revenue Commissioners to have the relief due under section 502(2)(a) given as a deduction from his or her total income for the year of assessment in which the amount was subscribed to the designated fund, instead of (as provided for in section 502(2)(a)) as a deduction from his or her total income for the year of assessment in which the shares are issued.

Chapter 8

Capital gains tax implications

Capital gains tax

508K. (1) The sums allowable as deductions from the consideration in the computation for the purposes of capital gains tax of the gain or loss accruing to an individual on the disposal of shares in respect of which any relief has been given and not withdrawn shall be determined without regard to that relief, except that where those sums exceed the

consideration they shall be reduced by an amount equal to the lesser of—

(a) the amount of that relief, and

(b) the excess,

but this subsection does not apply to a disposal to which section 1028(5) or 1031M(5) relates.

(2) In relation to shares in respect of which relief has been given and not withdrawn, any question—

(a) as to which of any such shares issued to a person at different times a disposal relates, or

(b) whether a disposal relates to such shares or to other shares,

shall for the purposes of capital gains tax be determined as for the purposes of section 508M.

(3) Where an individual holds shares in a company and the relief has been given in respect of some of the shares but not others, then, if there is a reorganisation (within the meaning of section 584) affecting those shares, section 584(3) shall apply separately to the shares in respect of which the relief has been given and to the other shares (so that the shares of each kind shall be treated as a separate holding of original shares and identified with a separate new holding).

(4) There shall be made all such adjustments of capital gains tax, whether by means of assessment or by means of discharge or repayment of tax, as may be required in consequence of the relief being given or withdrawn.

(5) Subject to this section, no account shall be taken of the relief, in so far as it is not withdrawn, in determining whether any sums are excluded by virtue of section 554 from the sums allowable as a deduction in the computation of gains and losses for the purposes of the Capital Gains Tax Acts.

Chapter 9

Anti-avoidance

Prevention of misuse

508L. An individual shall not be entitled to relief in respect of any shares unless—

(a) the raising of risk aid financing by the company, and

(b) the subscription for shares by the individual,

is for *bona fide* commercial purposes and not as part of a scheme or arrangement the main purpose or one of the main purposes of which is the

avoidance of tax.

Chapter 10

Clawback events

Disposals of shares

508M. (1) Where an individual disposes of any eligible shares before the end of the compliance period, then—

(a) where the disposal is otherwise than by means of a bargain made at arm's length, the individual shall not be entitled to any relief in respect of those shares, and

(b) in any other case, the amount of relief to which the individual is entitled in respect of those shares shall be reduced by the amount or value of the consideration which the individual receives for those shares.

(2) Subsection (1) shall not apply—

(a) to a disposal made by a married person to his or her spouse at a time when he or she is treated as living with his or her spouse for income tax purposes in accordance with section 1015, or

(b) to a disposal by a civil partner to the other civil partner at a time when he or she is treated as living with his or her civil partner for income tax purposes in accordance with section 1031A,

but where shares issued to one of them have been transferred to the other by a transaction *inter vivos*—

(i) that subsection shall apply on the disposal of the shares by the transferee to a third person, and

(ii) if at any time the married person ceases to be treated as living with his or her spouse for income tax purposes in accordance with section 1015, or the civil partner ceases to be treated as living with his or her civil partner for income tax purposes in accordance with section 1031A, and any of those shares have not been disposed of by the transferee before that time, any assessment for withdrawing relief in respect of those shares shall be made on the transferee.

(3) Where an individual holds shares of any class in a company and relief has been given in respect of some shares of that class but not others, then any disposal by the individual of shares of that class in the company, not being a disposal to which section 512(2) applies, shall be treated for the purposes of this section and section 508N as relating to those in respect of which relief has been given under this Part rather than to others.

(4) Where relief has been given to an individual in respect of shares of

any class in a company which have been issued to the individual at different times, then any disposal by the individual of shares of that class shall be treated for the purposes of this section and section 508N as relating to those issued earlier rather than to those issued later.

(5) Where shares in respect of which relief was given have by virtue of any such allotment mentioned in subsection (1) of section 584 (not being an allotment for payment) been treated under subsection (3) of that section as the same asset as a new holding, then—

(a) the new holding shall be treated for the purposes of subsection (4) as shares in respect of which the relief has been given, and

(b) a disposal of the whole or part of the new holding shall be treated for the purposes of this section and section 508N as a disposal of the whole or a corresponding part of those shares.

(6) Shares in a company shall not be treated for the purposes of this section and section 508N as being of the same class unless they would be so treated if dealt in on a stock exchange in the State.

Anti-avoidance: disposal of shares

508N. (1) For the purposes of this section, references to an option or an agreement includes references to a right or obligation to acquire or grant an option or enter into an agreement, and references to the exercise of an option includes references to the exercise of an option which may be acquired or granted by the exercise of such a right or under such an obligation.

(2) Where in the compliance period any of the acts described in subsection (3) is, either directly or indirectly, done by an individual, then the individual is not entitled to any relief in respect of the shares to which the relevant option or agreement referred to in that subsection relates.

(3) Each of the following is an act mentioned in subsection (2), namely the individual—

(a) (i) acquires an option where the exercise of the option, either under the terms of the option or under the terms of any arrangement or undertaking subject to which or otherwise in connection with which the option is acquired, would—

(I) bind the person from whom the option was acquired or any other person, or

(II) cause that person or such other person,

to purchase or otherwise acquire any eligible shares for a price which, having regard to the terms of the option or the terms of such arrangement or undertaking and the net effect of those terms considered as a whole, is other than the market value of

the eligible shares at the time the purchase or acquisition is made, or

(ii) enters into an agreement where, either under the terms of the agreement or under the terms of any arrangement or understanding subject to which or otherwise in connection with which the agreement is made, it would—

(I) bind the person with whom the agreement is made or any other person, or

(II) cause that person or such other person, to purchase or otherwise acquire any eligible shares in the manner described in subparagraph (i),

or

(b) (i) grants to any person an option where the exercise of the option, either under the terms of the option or under the terms of any arrangement or understanding subject to which or otherwise in connection with which the option is granted, would bind the individual to dispose, or cause the individual to dispose, of any eligible shares to the person to whom the individual granted the option or any other person for a price which, having regard to the terms of the option or the terms of such arrangement or understanding and the net effect of those terms considered as a whole, is other than the market value of the eligible shares at the time the disposal is made, or

(ii) enters into an agreement where, either under the terms of the agreement or under the terms of any arrangement or understanding subject to which or otherwise in connection with which the agreement is made, it would bind the individual to dispose, or cause the individual to dispose, of any eligible shares to the person with whom the agreement is made or any other person in the manner described in subparagraph (i).

Anti-avoidance: disposal of a qualifying subsidiary

508O. (1) This section applies where before the end of the relevant period for a qualifying investment, a qualifying company disposes of a qualifying subsidiary (including on a winding up or dissolution referred to in section 492(3)), where the amounts raised from the qualifying investment were, in accordance with section 490(4)(b), invested in eligible shares of that qualifying subsidiary, and the amounts raised from that disposal were not returned to the qualifying investors without undue delay.

(2) For the purposes of section 508M, the qualifying investors who made the qualifying investment that was so employed, shall be treated as if, on the date of that disposal, they partially disposed of the shares that they hold in the qualifying company for an amount equal to the portion

(attributable to their shareholding in respect of their eligible shares) of the market value of the qualifying subsidiary on the date it is disposed of, or the amount for which it was disposed if higher.

Anti-avoidance: qualifying investor receiving value from the company

508P. (1) In this section 'ordinary trade debt' means any debt for goods or services supplied in the ordinary course of a trade or business where the credit period given is not longer than that normally given to the customers of the person carrying on the trade or business, and in any event does not exceed 6 months.

(2) In this section—

(a) any reference to a payment or transfer to an individual includes a reference to a payment or transfer made to the individual indirectly or to his or her order or for his or her benefit, and

(b) any reference to an individual includes a reference to an associate of the individual and any reference to the company includes a reference to the RICT group and any person connected with the RICT group.

(3) An individual receives value from a qualifying company where the company—

(a) repays, redeems or purchases any of its share capital or securities which belong to the individual or makes any payment to the individual for giving up his or her right to any of the company's share capital or any security on its cancellation or extinguishment,

(b) repays any debt owed to the individual other than—

(i) an ordinary trade debt incurred by the company, or

(ii) any other debt incurred by the company—

(I) on or after the earliest date on which the individual subscribed for the shares in respect of which the relief is claimed, and

(II) otherwise than in consideration of the extinguishment of a debt incurred before that date,

(c) makes to the individual any payment for giving up his or her right to any debt on its extinguishment other than—

(i) a debt in respect of a payment of the kind mentioned in paragraph (d) or (e) of section 500(3), or

(ii) a debt of the kind mentioned in subparagraph (i) or (ii) of paragraph (b),

(d) releases or waives any liability of the individual to the company or discharges, or undertakes to discharge, any liability of the

individual to a third person, and a company shall be treated as having released or waived a liability where the liability is not discharged by payment within 12 months of the time when it ought to have been discharged by payment,

(e) makes a loan or advance to the individual, and there shall be treated as if it were a loan made by the company to the individual—

(i) the amount of any debt (other than an ordinary trade debt) incurred by the individual to the company, and

(ii) the amount of any debt due from the individual to a third person which has been assigned to the company,

(f) provides a benefit or facility for the individual,

(g) transfers an asset to the individual for no consideration or for consideration less than its market value or acquires an asset from the individual for consideration exceeding its market value, or

(h) makes to the individual any other payment except a payment of the kind mentioned in paragraph (a), (b), (c), (d) or (e) of section 500 (3) or a payment in discharge of an ordinary trade debt.

(4) For the purposes of this section, an individual receives value from the company where the individual receives any payment or asset in a winding up or in connection with a dissolution of the company, being a winding up or dissolution within section 490(6), in respect of shares held by the individual.

(5) For the purposes of this section, an individual receives value from the company where any person, who is treated as connected with the company for the purposes of section 500—

(a) purchases any of its share capital or securities which belong to the individual, or

(b) makes any payment to the individual for giving up any right in relation to any of the company's share capital or securities.

(6) The value received by an individual shall be—

(a) in a case within paragraph (a), (b) or (c) of subsection (3), the amount receivable by the individual or, if greater, the market value of the shares, securities or debt in question,

(b) in a case within subsection (3)(d), the amount of the liability,

(c) in a case within subsection (3)(e), the amount of the loan or advance,

(d) in a case within subsection (3)(f), the cost to the company of providing the benefit or facility less any consideration given for it by the individual,

(e) in a case within subsection (3)(g), the difference between the market value of the asset and the consideration (if any) given for it,

(f) in a case within subsection (3)(h), the amount of the payment,

(g) in a case within subsection (4), the amount of the payment or, as the case may be, the market value of the asset, and

(h) in a case within subsection (5), the amount receivable by the individual or, if greater, the market value of the shares or securities in question.

(7) Where an individual receives value from a company during a compliance period, then the amount of the relief to which that individual is entitled shall be reduced by the value so received.

(8) Where by virtue of this section any relief is withheld or withdrawn in the case of an individual to whom shares in a company have been issued at different times, the relief shall be withheld or withdrawn in respect of shares issued earlier rather than in respect of shares issued later.

Qualification to section 508P for specified persons

508Q. (1) A specified individual shall not have received value from a company by virtue of section 508P(3)(b) where—

(a) the specified individual has made an investment in the company by way of a loan,

(b) the loan is converted into eligible shares within one year of the making of the loan, and

(c) the specified individual provides a statement by a statutory auditor, within the meaning of section 2 of the Companies Act 2014, certifying that, in his or her opinion, the money raised by the company by way of the loan was used, and only used, by it for a qualifying purpose.

(2) Where subsection (1) applies, the conversion of the loan into eligible shares shall, notwithstanding any other provision of this Part, be treated as the making of a relevant investment by the specified individual on the date of the making of the loan.

Value received by persons other than qualifying investors

508R. (1) The relief to which an individual is entitled in respect of any shares in a company shall be reduced in accordance with subsection (2) if at any time in the compliance period—

(a) the company repays, redeems or purchases any of its share capital which belongs to any member other than—

(i) that individual, or

(ii) another individual whose relief is thereby reduced by virtue of

section 508P(3),

or makes any payment to any such member for giving up such member's right to any of the company's share capital on its cancellation or extinguishment, or

(b) a company in the RICT group acquires any of the share capital in the qualifying company from any member other than—

(i) that individual, or

(ii) another individual whose relief is thereby reduced by virtue of section 508P(3),

or makes any payment to any such member for giving up such member's right to any of the qualifying company's share capital on its cancellation or extinguishment.

(2) Where subsection (1) applies, the amount of relief to which an individual is entitled shall be reduced by the amount receivable by the member or, if greater, the nominal value of the share capital in question and, where apart from this subsection, 2 or more individuals would be entitled to relief, the reduction shall be made in proportion to the amounts of relief to which those individuals would have been entitled apart from this subsection.

(3) Where at any time in the compliance period a member of a company receives or is entitled to receive any value from the company within the meaning of this subsection, then, for the purposes of section 500(5) in its application to any subsequent time—

(a) the amount of the company's issued share capital, and

(b) the amount of the part of that capital which consists of the shares relevant to section 500(5) and the amount of the part consisting of the remainder,

shall each be treated as reduced in accordance with subsection (6).

(4) The amount of each of the parts mentioned in subsection (3)(b) shall be treated as equal to such proportion of that amount as the amount subscribed for that part less the relevant value bears to the amount subscribed, and the amount of the issued share capital shall be treated as equal to the sum of the amounts treated under this subsection as the amount of those parts respectively.

(5) In subsection (3)(b), the reference to the part of the capital which consists of the shares relevant to section 500(5) is a reference to the part consisting of shares which (within the meaning of that section) the individual directly or indirectly possesses or is entitled to acquire, and in subsection (4) the 'relevant value', in relation to each of the parts mentioned in that subsection, means the value received by the member or members entitled to the shares of which that part consists.

(6) For the purposes of subsection (3), a member of a company receives or is entitled to receive value from the company within the meaning of that subsection in any case in which an individual would receive value from the company by virtue of paragraph (d), (e), (f), (g) or (h) of section 508P(3) (but treating as excepted from that paragraph (h) all payments made for full consideration), and the value received shall be determined as for the purposes of that section.

(7) For the purposes of subsection (6), a person shall be treated as entitled to receive anything which the person is entitled to receive at a future date or will at a future date be entitled to receive.

(8) Where by virtue of this section any relief is withheld or withdrawn in the case of an individual to whom shares in the company have been issued at different times, the relief shall be withheld or withdrawn in respect of shares issued earlier rather than in respect of shares issued later.

(9) Where during a compliance period in respect of a qualifying investor's investment in a qualifying company, that company redeems shares of any member other than that individual or purchases shares from any member other than that individual (either of which is referred to in this subsection as the 'redemption') then, notwithstanding subsection (1)(a), the relief that individual is entitled to, other than pursuant to section 503 or 507, shall not be reduced where—

(a) the most recent relevant investment, in respect of which a claim for relief under this Part is made, in a company in the RICT group was more than 18 months prior to the date of the redemption, and

(b) there is no relevant investment, in respect of which a claim for relief under this Part is made, in a company in the RICT group within the period of 12 months after the date of the redemption.

Failure to commence a relevant employment (relief under section 508G)

508S. In the case of a claim under 508G before a specified individual commences a relevant employment with the company in which that individual has made a relevant investment (being that individual's first such investment), the relief shall be withdrawn if the specified individual fails to commence such employment—

(a) within the year of assessment in which the investment is made, or

(b) if later, within 6 months of the date of—

(i) where the investment consists of the subscription of only one amount for eligible shares, that subscription, or

(ii) where the investment consists of the subscription of more than one amount for eligible shares, the last such subscription.

Chapter 11

Withdrawing relief

Withdrawing relief - general

508T. (1) Subject to this section and without prejudice to section 959AD, any assessment for withdrawing relief which is made by reason of an event occurring after the date of the claim may be made within 4 years after the end of the year of assessment in which that event occurs, and any additional tax arising shall be due and payable as set out in this Chapter.

(2) No assessment for withdrawing relief in respect of shares issued to any person shall be made by reason of any event occurring after his or her death.

(3) Where a person has, by a disposal or disposals to which section 508M(1)(b) applies, disposed of all the shares issued to the person by a company, no assessment for withdrawing relief in respect of any of those shares shall be made by reason of any subsequent event unless it occurs at a time when the person is connected with the company within the meaning of section 500.

Assessments for withdrawing relief claimed under Chapter 4 - company

508U. (1) Where a statement of qualification issued by a company is incorrect, any relief claimed by an individual in excess of the relief which would have been claimed had a correct statement of qualification been furnished shall be withdrawn by the making of an assessment on the qualifying company to corporation tax under Case IV of Schedule D for the year of assessment for which the relief was given, in an amount equal to 1.2 times the amount in section 508A(3)(a)(vi), or such part of that amount as does not qualify for relief.

(2) (a) This subsection applies where any relief claimed under Chapter 4 is no longer due because within the relevant period—

(i) the company has ceased to be a qualifying company,

(ii) an investment has ceased, or partially ceased, to be a qualifying investment (within the meaning of section 496), or

(iii) the amount of relief available is to be reduced by section 508R.

(b) Where this subsection applies, any relief that has been given which is subsequently found not to have been due, shall be withdrawn by the making of an assessment to corporation tax under Case IV of Schedule D for the year of assessment for which the relief was given, in an amount equal to 1.2 times the amount in section 508A(3)(a)(vi), or such part of that amount as no longer qualifies for relief.

(3) Where a statement of qualification (second stage relief) issued by a

company is incorrect, any relief claimed by an individual in excess of the relief which would have been claimed had a correct statement of qualification (second stage relief) been furnished shall be withdrawn by the making of an assessment on the qualifying company to corporation tax under Case IV of Schedule D for the year of assessment for which the relief was given, in an amount equal to 0.4 times the amount in section 508B(3)(a)(vi), or such part of that amount as does not qualify for relief.

(4) In its application to an assessment made by virtue of this section, section 1080 applies as if the date on which the corporation tax charged by the assessment becomes due and payable were—

(a) in the case of relief withdrawn in accordance with subsection (1), the date referred to in section 508A(3)(a)(ii),

(b) in the case of relief withdrawn in accordance with subsection (2), the date of the event the happening of which causes the relief to be withdrawn, or

(c) in the case of relief withdrawn in accordance with subsection (3), the year of assessment following the year of assessment in which the subsequent period ends.

(5) An amount chargeable to tax under this section shall be treated—

(a) as income against which no loss, deficit, expense or allowance may be set off, and

(b) as not forming part of the income of the company for the purposes of calculating a surcharge under section 440.

Assessments for withdrawing relief under Chapter 4 - investor

508V. (1) This section applies where any relief is claimed under Chapter 4 and the relief—

(a) is subsequently found not to have been due other than in circumstances to which section 508U applies, or

(b) is no longer due because within the relevant period—

(i) the relief is to be withdrawn by virtue of section 495,

(ii) the investment ceases to be a qualifying investment by virtue of section 499,

(iii) the amount of relief is subject to a reduction under Chapter 10 (other than section 508R),

(iv) the relief is withdrawn because of section 508L, or

(v) the investor ceases to be a qualifying investor.

(2) Where any relief is to be withdrawn under this section that relief shall be withdrawn by the making of an assessment on the investor to

income tax under Case IV of Schedule D for the year of assessment for which the relief was given.

(3) In its application to an assessment made by virtue of this section, section 1080 applies as if the date on which the income tax charged by the assessment becomes due and payable were—

(a) in the case of relief withdrawn in accordance with subsection (1)(a), the date on which the relief was claimed,

(b) in the case of relief withdrawn in accordance with subsection (1)(b)(i), the date the agreements, arrangements or understandings were entered into,

(c) in the case of relief withdrawn in accordance with subsection (1)(b)(ii), the date of the event the happening of which causes the relief to be withdrawn,

(d) in the case of relief withdrawn in accordance with subsection (1)(b)(iii), the date of disposal, or the date on which the value was received, as the case may be, or

(e) in the case of relief withdrawn in accordance with subsection (1)(b)(iv)—

(i) in so far as effect has been given to the relief in accordance with regulations under section 986, the 31st day of December in the year of assessment in which effect was so given, and

(ii) in so far as effect has not been so given, the date on which the relief was claimed.

(4) For the purposes of subsection (3), the date on which the relief is claimed is the date on which a repayment of tax for giving effect to the relief was made or, if there was no such repayment, the date on which the claim was made to the Revenue Commissioners.

(5) (a) Where any relief given in respect of shares for which either a married person or his or her spouse has subscribed, and which were issued while the married person was assessed in accordance with section 1017, is to be withdrawn by virtue of a subsequent disposal of those shares by the person who subscribed for them and at the time of the disposal the married person is not so assessable, any assessment for withdrawing that relief shall be made on the person making the disposal and shall be made by reference to the reduction of tax flowing from the amount of the relief regardless of any allocation of that reduction under subsections (2) and (3) of section 1024 or of any allocation of a repayment of income tax under section 1020.

(b) Where any relief given in respect of shares for which either a nominated civil partner or the other civil partner has subscribed,

and which were issued while the nominated civil partner was assessed in accordance with section 1031C, is to be withdrawn by virtue of a subsequent disposal of those shares by the person who subscribed for them and at the time of the disposal the nominated civil partner is not so assessable, any assessment for withdrawing that relief shall be made on the person making the disposal and shall be made by reference to the reduction of tax flowing from the amount of the relief regardless of any allocation of that reduction under subsections (2) and (3) of section 1031I or of any allocation of a repayment of income tax under section 1031E.

(6) Where an individual claimed relief pursuant to section 503 and—

(a) an assessment is made on the company pursuant to section 508U,

(b) the tax payable under that assessment remains unpaid, and

(c) it is reasonable to consider that there were arrangements in place the main purpose, or one of the main purposes, of which was to avoid paying any tax arising on such an assessment,

then, notwithstanding subsection (1)(a) and section 508U, that relief may be withdrawn in accordance with subsection (2).

Assessments for withdrawing relief under Chapter 5

508W. (1)This section applies where any relief claimed under Chapter 5—

(a) is subsequently found not to have been due because—

(i) the company was not a qualifying company,

(ii) the investment was not a relevant investment, or

(iii) the individual was not a specified person,

or

(b) is no longer due because—

(i) the relief is to be withdrawn by virtue of section 495,

(ii) the investment ceases to be a qualifying investment by virtue of section 499,

(iii) the amount of relief is subject to a reduction under Chapter 10,

(iv) the relief is withdrawn because of section 508L,

(v) a specified individual failed or ceased to hold a relevant employment, or

(vi) an individual ceased to be a specified individual.

(2) Where any relief is to be withdrawn under this section that relief shall be withdrawn by the making of an assessment on the investor to income tax under Case IV of Schedule D for the year of assessment for

which the relief was given.

(3) In its application to an assessment made by virtue of this section, section 1080 applies as if the date on which the income tax charged by the assessment becomes due and payable were—

(a) in the case of relief withdrawn in accordance with subsection (1)(a), the date on which the relief was claimed,

(b) in the case of relief withdrawn in accordance with subsection (1)(b)(i), the date the agreements, arrangements or understandings were entered into,

(c) in the case of relief withdrawn in accordance with subsection (1)(b)(ii), the date of the event the happening of which causes the relief to be withdrawn,

(d) in the case of relief withdrawn in accordance with subsection (1)(b)(iii), the date of disposal, or the date on which the value was received, as the case may be,

(e) in the case of relief withdrawn in accordance with subsection (1)(b)(iv)—

(i) in so far as effect has been given to the relief in accordance with regulations made under section 986, the 31st day of December in the year of assessment in which effect was so given, and

(ii) in so far as effect has not been so given, the date on which the relief was claimed,

or

(f) in the case of relief withdrawn in accordance with subparagraph (v) or (vi) of subsection (1)(b), the date of the failure or the cessation, as the case may be.

(4) For the purposes of subsection (3), the date on which the relief is claimed is the date on which a repayment of tax for giving effect to the relief was made or, if there was no such repayment, the date on which the claim was made to the Revenue Commissioners.

Treatment of statement of qualification as a return

508X. (1) Section 1077E shall apply to statements made under Chapter 6, and the following provisions shall apply:

(a) in subsections (2) and (5) of section 1077E, the provision to an investor of—

(i) a statement of qualification,

(ii) a statement of qualification (follow-on relief), or

(iii) a statement of qualification (SURE),

shall be treated as the making or delivery of a return by the company;

(b) for the purposes of subsections (4) and (7) of section 1077E—

(i) 25 per cent of the amount referred to in subsections (1) and (3) of section 508U shall be treated as an amount calculated under section 1077E(11);

(ii) where an assessment is made pursuant to section 508W(1)(a)(i), the amount calculated in accordance with section 1077E(11) shall be treated as a tax liability of the company which provided the statement to the specified individual;

and

(c) subsection (11) of section 1077E shall have effect as if—

(i) references to 'the person concerned' were references to 'the qualifying investor' or 'specified individual', as the case may be, and

(ii) references to 'that person' were references to 'the company which provided the statement to the investor'.

(2) For the purposes of section 1086, where an assessment is made pursuant to section 508W(1)(a)(i)—

(a) any interest arising under section 1080 shall be treated as interest payable by, and

(b) the amount calculated under subsection (1)(b)(ii) shall be treated as a tax liability of,

the company which provided the statement to the specified individual.

Information

508Y. (1) The Revenue Commissioners may require the qualifying company to provide to them such evidence as they consider necessary and may consult with such persons or body of persons as in their opinion may be of assistance to them, to enable them to verify that the conditions necessary for the claiming and granting of the relief have been satisfied.

(2) Where an event occurs by reason of which any relief in respect of any shares in a company is to be withdrawn—

(a) the company,

(b) any person connected with the company who has knowledge of that matter, and

(c) where the investment was made through a designated fund, the managers of the designated fund who have knowledge of the matter,

shall within 60 days of the event or, in the case of a person falling within paragraph (b), of that person coming to know of the matter, give a notice in writing to a Revenue officer containing particulars of the event.

(3) Where relief is claimed in respect of shares in a company and a Revenue officer has reason to believe that it may not be due by reason of any arrangement or scheme mentioned in section 490(6), 492, 495, 501 or 508L, the officer may by notice in writing require any person concerned to furnish him or her within such time (not being less than 60 days) as may be specified in the notice with—

(a) a declaration in writing stating whether or not, according to the information which that person has or can reasonably obtain, any such arrangement or scheme exists or has existed, and

(b) such other information as the officer may reasonably require for the purposes of the provision in question and as that person has or can reasonably obtain.

(4) References in subsection (3) to the person concerned are, in relation to sections 501 and 508L, references to the claimant and, in relation to sections 490(6), 492, 501 and 508L, references to the company and any person controlling the company.

(5) Where relief has been given in respect of shares in a company—

(a) any person who receives from the company any payment or asset which may constitute value received (by that person or another) for the purposes of section 508P or 508R(3), and

(b) any person on whose behalf such a payment or asset is received,

shall, if so required by a Revenue officer, state whether the payment or asset received by that person or on that person's behalf is received on behalf of any person other than that person and, if so, the name and address of that other person.

(6) Where relief has been claimed in respect of shares in a company, any person who holds or has held shares in the company and any person on whose behalf any such shares are or were held shall, if so required by a Revenue officer, state whether the shares which are or were held by that person or on that person's behalf are or were held on behalf of any person other than that person and, if so, the name and address of that other person.

(7) No obligation as to secrecy imposed by statute or otherwise shall preclude a Revenue officer from disclosing to a company that relief has been given or claimed in respect of a particular number or proportion of its shares.

Chapter 12

Application of this Part

Application of this Part

508Z. (1) Relief under this Part shall apply only to eligible shares which are issued on or before 31 December 2021.

(2) Relief cannot be carried forward, under section 508, into any year of assessment subsequent to the year of assessment 2021.".

(2) The Principal Act is amended—

(a) in section 128F(1), in the definition of "financial activities", by substituting "section 489" for "section 488",

(b) in section 479(5) by substituting "section 508M" for "section 498 but without regard to the reference in subsection (4) (as amended by the Finance Act 1998) of that section to subsection (3) of this section",

(c) in section 591(1) by deleting " 'eligible shares' and 'ordinary shares' have the same meanings respectively as in section 488;" and inserting the following definitions:

" 'eligible shares' means new ordinary shares which carry no present or future preferential right to dividends or to a company's assets on its winding up and no present or future preferential right to be redeemed;

'ordinary shares' means shares forming part of a company's ordinary share capital;",

(d) in section 597A(1), in the definition of "relevant trading activities", by substituting "section 489" for "section 488",

(e) in section 458, in Part 1 of the Table—

(i) by substituting "section 502" for "section 489", and

(ii) by substituting "section 507" for "section 493",

(f) in section 737(9)(c) by substituting "section 508I" for "section 508",

(g) in section 838(5)(a)—

(i) by substituting "section 591(1)" for "section 488", and

(ii) by substituting "section 490" for "section 495",

(h) by deleting Schedule 10, and

(i) in Schedule 29—

(i) in Column 1, by inserting the following after "section 531AF":

"Section 508A

Section 508B

Section 508C",

and

(ii) in Column 2, by deleting—

"section 503(3) and (4) (as substituted by section 33 of the Finance Act 2011)

section 505(3) and (4) (before the coming into operation of section 33 of the Finance Act 2011)".

(3) *Subsection (1)* and *paragraphs (h)* and *(i)* of *subsection (2)* shall have effect as respects shares issued on or after 1 January 2019.

CHAPTER 5

Corporation Tax

Amendments relating to relief for investment in films

26. (1) Section 481 of the Principal Act is amended—

(a) in subsection (1)—

(i) by inserting the following definitions—

" 'assisted region' means an area specified in paragraph (1) of the Annex to the Commission Decision C(2014) 3153;

'certificate' means a certificate issued by the Minister under subsection (2);

'eligible expenditure' means the portion of the total cost of production of a qualifying film that is expended on the production of the film in the State—

(a) directly by the qualifying company concerned on the employment of eligible individuals, in so far as those individuals exercise their employment in the production of the film, and

(b) directly or indirectly by the qualifying company concerned, on the provision of certain goods, services and facilities,

as set out in regulations made under subsection (2E);

'Rescuing & Restructuring Guidelines' means the Communication of the Commission on Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty[6];

'total cost of production', in relation to a qualifying company, means the qualifying expenditure, as determined in accordance with regulations made under subsection (2E), that was wholly, exclusively and necessarily incurred to produce the film;

'undertaking' means the relevant economic unit that would be

6 OJ No. C249, 31.7.2014, p. 1

regarded as an undertaking for the purposes of the Rescuing & Restructuring Guidelines;

'undertaking in difficulty' has the meaning assigned to it by the Rescuing & Restructuring Guidelines.",

(ii) by deleting the definition of "authorised officer",

(iii) in the definition of "film" by substituting "Minister under subsection (2)" for "Revenue Commissioners under subsection (2A), as specified in regulations made under subsection (2E)",

(iv) in the definition of "film corporation tax credit" by substituting "qualifying film, subject to subsection (1B), means" for "qualifying film, means",

(v) in the definition of "producer company"—

(I) by deleting "in relation to a film corporation tax credit specified in a film certificate,",

(II) in paragraph (b) by deleting "commencing not later than the time the qualifying period commences,",

(III) in paragraph (d) by deleting "and",

(IV) in paragraph (e)—

(A) by deleting ", on or before the specified return date,",

(B) by substituting "as the case may be, and" for "as the case may be,",

and

(V) by inserting the following after paragraph (e):

"(f) is not part of an undertaking which would be regarded as an undertaking in difficulty;",

(vi) in the definition of "qualifying film" by substituting "Minister has issued a certificate under subsection (2)" for "Revenue Commissioners have issued a certificate under subsection (2A), which has not been revoked under subsection (2D)",

(vii) in the definition of "qualifying period"—

(I) by deleting "specified in a film certificate,", and

(II) in paragraph (a) by substituting "the claim referred to in subsection (2G) was made" for "the application referred to in subsection (2A)(a) was made",

and

(viii) in the definition of "specified relevant person" by substituting "date referred to in subsection (2C)(d)." for "date the compliance report referred to in subparagraph (iii) of subsection (2C)(d)(iii) is provided to the Revenue Commissioners;",

(b) by inserting the following after subsection (1)—

"(1A) (a) Subject to the provisions of this section, a producer company, that is not an undertaking in difficulty, may make an application to the Minister, in relation to a film to be produced by the company, for the issue by the Minister of a certificate stating that the film is to be treated as a qualifying film for the purpose of this section.

(b) An application for a certificate under paragraph (a) shall be in the form approved by the Minister and shall contain such information as may be specified in regulations made under subsection (2E).

(1B) (a) (i) Where the production of a qualifying film will take place in an assisted region, the producer company, in making its application under subsection (1A) on or after 1 January 2019, may apply for the certificate mentioned in that subsection to specify, in addition to that mentioned in that subsection, that an increased film corporation tax credit (in this section referred to as 'the regional film development uplift') shall apply as provided for in paragraph (b).

(ii) In considering whether, in the certification applied for, he or she should specify that the regional film development uplift shall apply, the Minister, in accordance with regulations made under subsection (2E), shall have regard to the following criteria:

(I) whether the production of the film will substantially be undertaken in an assisted region;

(II) whether there is limited availability of individuals with suitable experience or training who habitually reside within a 45 kilometre radius of the place of production to provide services, amounts expended upon which would form part of the eligible expenditure on the qualifying film; and

(III) in respect of the areas of expertise where there is limited availability, whether the company will provide training for individuals that habitually reside within that 45 kilometre radius.

(b) Where the certificate issued specifies that the regional film development uplift is to apply, the percentage specified in the definition of 'film corporation tax credit' shall be—

(i) as respects claims made on or before 31 December 2020, 37 per cent,

(ii) as respects claims made after 31 December 2020 but on or before 31 December 2021, 35 per cent,

(iii) as respects claims made after 31 December 2021 but on or before 31 December 2022, 34 per cent, or

(iv) as respects claims made after 31 December 2022, 32 per cent,

and, for the purposes of this paragraph, a reference to a claim is a reference to the first claim that a producer company makes in respect of a qualifying film under subsection (2G).",

(c) in subsection (2)—

(i) by substituting the following for paragraph (a):

"(a) The Minister may, following an application by a producer company under subsection (1A), subject to paragraph (b) and in accordance with regulations made under subsection (2E), issue a certificate to the producer company—

(i) stating that the film is to be treated as a qualifying film for the purpose of this section, and

(ii) specifying whether or not the regional film development uplift applies, if appropriate.",

and

(ii) in paragraph (b)—

(I) by substituting "issue the certificate" for "give the authorisation",

(II) by substituting the following for subparagraph (i):

"(i) the categories of films eligible for certification under this section, as specified in those regulations,",

(III) by inserting the following after subparagraph (ii):

"(iii) the timing of the application by reference to the commencement of production in the State, and

(iv) the criteria specified in subsection (1B)(a)(ii) if appropriate,",

(IV) by substituting "a certificate is issued" for "such authorisation is given",

(V) by substituting "the certificate such conditions" for "the authorisation such conditions",

(VI) in clause (II)(B) by substituting "production of that film," for "production of that film.",

and

(VII) by inserting the following after clause (II):

"(III) the nature and detail of acknowledgement in the opening titles or closing credits of the film, and

(IV) in respect of the Communication from the Commission (2013/C 332/01)[7]

7 OJ No. C332, 15.11.2013, p. 1

(A) the maximum aid intensity, and

(B) whether the film may be regarded as a difficult audiovisual work.

(c) Nothing in this section shall be construed as obliging the Minister to issue a certificate.

(d) The Minister may amend or revoke any condition (including a condition added by virtue of this paragraph) specified in the certificate, or add to such conditions, by giving notice in writing to the producer company concerned of the amendment, revocation or addition, and this section shall apply as if—

(i) a condition so amended or added by the notice was specified in the certificate, and

(ii) a condition so revoked was not specified in the certificate.",

(d) in subsection (2A)—

(i) by deleting paragraph (a),

(ii) in paragraph (b)—

(I) by substituting—

"A producer company shall not make a claim for the film corporation tax credit under subsection (2G) if—

(i) there has not been issued to the producer company a certificate by the Minister in respect of that film,"

for

"The Revenue Commissioners shall not issue a certificate under paragraph (a) if—

(i) they have not been given authorisation to do so by the Minister under subsection (2)(a),",

(II) in subparagraph (iii) by substituting "€125,000," for "€125,000, or",

(III) in subparagraph (iv) by substituting "€250,000," for "€250,000.",

(IV) by inserting the following after subparagraph (iv):

"(v) it is an undertaking in difficulty,

(vi) any company in an undertaking of which the producer company is part is subject to an outstanding recovery order following a previous decision of the Commission that declared an aid illegal and incompatible with the internal market, or

(vii) in relation to a claim under subsection (2G)(b)(i)—

(I) the agreements pursuant to which the financing of the film

will be made available have not been executed, or the conditions that are required to be satisfied in those agreements for funding to commence have not been fulfilled, and

(II) an amount not less than 68 per cent of the amount on which the film corporation tax credit is based has not been lodged to an account held by the qualifying company with a financial institution on terms whereby such amount is to be expended by the qualifying company on the production of the film,

but neither clause (I) nor (II) shall apply where such other confirmations of financing, as set out in regulations under subsection (2E) and specified by those regulations to be acceptable for this purpose, are available.",

(iii) by deleting paragraphs (c) to (e),

(iv) by substituting the following for paragraph (f):

"(f) A producer company shall not make a claim under subsection (2G) if it would be reasonable to consider that—

(i) in respect of a claim under subsection (2G)(b)(i), the budget or any particular item of proposed expenditure in the budget is inflated, or

(ii) (I) there is no commercial rationale for the corporate structure—

(A) for the production, financing, distribution or sale of the film, or

(B) for all of those purposes,

or

(II) the corporate structure would hinder the Revenue Commissioners in verifying compliance with any of the provisions governing the relief.",

(v) by deleting paragraph (g) and (h), and

(vi) by inserting the following after paragraph (h):

"(i) Before making a claim a producer company shall have such information and records as the Revenue Commissioners may reasonably require for the purposes of determining whether that claim complies with this section.",

(e) in subsection (2B)—

(i) in paragraph (a) by substituting "them," for "them, and",

(ii) in paragraph (b) by substituting "consultation, and" for "consultation.", and

(iii) by inserting the following after paragraph (b):

"(c) where they have reason to believe that financial arrangements have been entered into in contravention of subsection (2C)(b), the Revenue Commissioners may seek any information they consider appropriate in relation to the arrangements or in relation to any person who is, directly or indirectly, a party to the arrangements.",

(f) in subsection (2C)—

(i) by substituting "producer company in respect of a qualifying film for the purposes of this section" for "producer company for the purposes of this section",

(ii) by deleting paragraph (a),

(iii) in paragraph (b)—

(I) by deleting "subject to subsection (2CA),", and

(II) by inserting the following after subparagraph (ii):

"other than where those arrangements—

(A) relate to the filming of part of the qualifying film in a territory other than a territory referred to in clause (I) or (II) of subparagraph (i),

(B) the producer company has sufficient records to enable the Revenue Commissioners to verify, in the case of filming in such a territory, the amount of each item of expenditure on the production of the qualifying film expended in the territory, whether expended by the producer company or by any other person, and

(C) the producer company has such records in place to substantiate such expenditure in advance of making a claim under subsection (2G).",

(iv) in paragraph (c) by substituting "without prejudice to the generality of section 886, unless the company provides, when requested to do so by the Revenue Commissioners, for the purposes of verifying compliance with the provisions governing the relief or with any condition specified in a certificate issued by the Minister under subsection (2)," for "unless the company provides, when requested to do so by the Revenue Commissioners, for the purposes of verifying compliance with the provisions governing the relief or with any condition specified in a certificate issued by them under subsection (2A)(a),",

(v) by inserting the following after paragraph (c):

"(ca) unless the company provides, when requested to do so by the Revenue Commissioners, for the purposes of verifying compliance

with the provisions governing the relief or with any condition specified in a certificate issued by the Minister under subsection (2) a copy of the film in such format and manner required under paragraph (d)(ii).",

(vi) in paragraph (d) by substituting the following for subparagraphs (i) to (iii):

"(i) notifies the Minister in writing of the date of completion of the production of the qualifying film, and

(ii) provides to the Minister such number of copies of the film in such format and manner as may be specified in those regulations.",

(vii) by inserting the following after paragraph (d):

"(da) makes a claim under subsection (2G)(b)(ii), within the time referred to in paragraph (d), and has available, prior to making that claim, a compliance report, in such format and manner specified in those regulations, which provides proof that—

(i) the provisions of this section in so far as they apply in relation to the company and a qualifying company have been met, and

(ii) any conditions attaching to the certificate issued to the company in relation to a qualifying film have been fulfilled,",

(viii) in paragraph (e) by substituting "date referred to in paragraph (d)" for "date the compliance report referred to in subsection (2C)(d)(iii) is provided to the Revenue Commissioners",

(ix) in paragraph (f) by substituting "date referred to in paragraph (d), and" for "date the compliance report referred to in subsection (2C)(d)(iii) is provided to the Revenue Commissioners",

(x) in paragraph (g)(ii) by substituting "qualifying company." for "qualifying company, and", and

(xi) by deleting paragraph (h),

(g) by deleting subsections (2CA) and (2D),

(h) in subsection (2E)—

(i) by substituting "the issue of a certificate under subsection (2)" for "the issue of an authorisation under subsection (2)",

(ii) in paragraph (a) by substituting ", the timing of such an application" for "pursuant to subsection (2A)",

(iii) in paragraph (b) by deleting "by the Revenue Commissioners under subsection (2A)",

(iv) by deleting paragraph (c),

(v) in paragraph (f) by substituting "Minister" for "Revenue Commissioners",

(vi) in paragraph (g) by deleting "the Revenue Commissioners and to",

(vii) by substituting the following for paragraph (h):

"(h) specifying the form and content of the compliance report that must be available in accordance with subsection (2C)(d)(iii), the manner in which such report shall be made and verified, and the documents to accompany the report,",

(viii) in paragraph (i) by substituting "treated as qualifying or eligible" for "accepted by the Revenue Commissioners as",

(ix) in paragraph (j) by substituting "in the definition of eligible expenditure" for "in subsection (2A)(g)(iv)(II)",

(x) in paragraph (l)—

(I) by substituting "subsection (2)(b)" for "subsections (2)(b)(i) and (ii)",

(II) in subparagraph (i) by substituting "issue a certificate" for "give authorisation to the Revenue Commissioners",

(III) in subparagraph (ii) by substituting "certificate" for "authorisation", and

(IV) by substituting "Minister" for "Revenue Commissioners under subsection (2A)",

(xi) by inserting the following after paragraph (l):

"(la) specifying the criteria to be considered by the Minister, in relation to the matters referred to in subsection (1B)(a)(ii)—

(i) in deciding whether, in the certificate applied for under subsection (1A), he or she should specify that the regional film development uplift shall apply, and

(ii) in specifying conditions in such a certificate, as provided for in subsection (2)(b),

and the information required for those purposes to be included in the application made to the Minister by a producer company,",

(xii) in paragraph (m)—

(I) by deleting "the approval of", and

(II) by substituting "subsection (2C)(b)" for "subsection (2CA)",

(xiii) by inserting the following after paragraph (m):

"(ma) specifying the confirmations of financing that are acceptable for the purpose of subsection (2A)(b)(vii),",

(xiv) in paragraph (n) by deleting ", as referred to in subsection (2A)(g)(iv),",

(xv) by substituting the following for paragraph (o):

"(o) governing the payment of the specified amount by the Revenue

Commissioners to the producer company.",

(i) by deleting subsection (2F),

(j) by inserting the following after subsection (2F):

"(2G) (a) In this section the 'budgeted film corporation tax credit' means the amount of the film corporation tax credit that would be payable if the amounts set out in the budget in respect of a qualifying film to be produced were incurred on the production of that qualifying film.

(b) Where the Minister has issued a certificate in relation to a qualifying film to a producer company and the provisions of this section have been complied with, a producer company may make a claim—

(i) in advance of the date referred to in subsection (2C)(d), for an amount not exceeding 90 per cent, or such lower amount as set out in regulations under subsection (2E), of the budgeted film corporation tax credit, or

(ii) in any other case, for the film corporation tax credit, less any amount already claimed pursuant to subparagraph (i).

(c) A claim under paragraph (b) shall be made in the return required under Part 41A, the specified return date of which immediately precedes the making of the claim.",

(k) in subsection (3)—

(i) by substituting the following for paragraph (a):

"(a) Where a producer company makes a claim under subsection (2G), the corporation tax of the company, for the qualifying period, shall be reduced by so much of an amount equal to the film corporation tax credit as does not exceed that corporation tax and where the qualifying period is a period referred to in paragraph (b) of the definition of 'qualifying period', the corporation tax of an earlier accounting period shall be reduced in priority to the corporation tax of a later accounting period.",

(ii) in paragraph (b) by substituting "a producer company has made a claim under subsection (2G)" for "the Revenue Commissioners have specified a film corporation tax credit in a film certificate", and

(iii) by deleting paragraph (c),

(l) in subsection (3A)—

(i) in paragraph (d)—

(I) by substituting "the amount was claimed under subsection (2G) or paid" for "the amount was paid",

(II) by substituting the following for subparagraph (i):

"(i) the company made a claim contrary to subsection (2G),",

(III) in subparagraph (ii)—

(A) in clause (II) by substituting "certificate" for "film certificate" in both places where it occurs, and

(B) in clause (III) by substituting "subsection (2A)(b)(ii)," for "subsection (2A)(b)(ii).",

and

(IV) by inserting the following after subparagraph (ii):

"or

(iii) where a claim is made under subsection (2G)(b)(i) and—

(I) there has occurred a reduction in the expenditure, from the amount as stood budgeted, in respect of the qualifying film and the extent of that reduction is such that the amount claimed is in excess of 90 per cent of the revised budgeted film corporation tax credit (that is to say, that tax credit as it stands revised in consequence of that reduction), or

(II) where an amount equal to the budgeted eligible expenditure upon which a claim was based is not expended by the qualifying company wholly and exclusively on the production of the qualifying film without unreasonable delay.",

and

(ii) in paragraph (e) by substituting "an assessment is made or amended" for "an inspector makes an assessment",

(m) in subsection (3C) by substituting "a certificate issued after 31 December 2024" for "a film certificate issued after 31 December 2020",

(n) by deleting subsection (22A), and

(o) by inserting the following after subsection (23):

"(24) (a) This subsection applies to a qualifying film in respect of which the Minister provided the Revenue Commissioners with authorisation under subsection (2), as it stood enacted prior to the commencement of *section 26* of the *Finance Act 2018*.

(b) This section (that is to say, this section as it stands amended by *section 26* of the *Finance Act 2018*) shall apply to a qualifying film to which this subsection applies as if the foregoing authorisation were a certificate issued by the Minister to the producer company under subsection (2) on the date the authorisation was issued.

(25) (a) This subsection applies to a qualifying film in respect of which the Revenue Commissioners had issued a certificate under subsection (2A), as it stood enacted prior to the commencement of *section 26* of the *Finance Act 2018*, but the compliance report required under subsection (2C)(d)(iii), as it stood enacted prior to the commencement of that *section 26*, has not been provided to the Revenue Commissioners.

(b) This section (that is to say, this section as it stands amended by *section 26* of the *Finance Act 2018*) shall apply to any claim for relief made in respect of a qualifying film to which this subsection applies, and no regard shall be had to the foregoing certificate.

(26) (a) This subsection applies to a payment made by the Revenue Commissioners under subsection (3)(b), as it stood enacted prior to the commencement of *section 26* of the *Finance Act 2018*, but where the compliance report required under subsection (2C)(d)(iii), as it stood enacted prior to the commencement of that *section 26*, has not been provided to the Revenue Commissioners.

(b) Any amount, to which this subsection applies, paid to a producer company shall be treated as an amount paid on a claim made under subsection (2G)(b)(i) on 1 January 2019.

(27) (a) This subsection applies to financial arrangements which were approved by the Revenue Commissioners under subsection (2CA), as it stood enacted prior to the commencement of *section 26* of the *Finance Act 2018*.

(b) Notwithstanding any such approval, a company shall not be a producer company if the financial arrangements to which this subsection applies contravene subsection (2C)(b).".

(2) Section 851A of the Principal Act is amended by inserting the following subsection after subsection (8A):

"(8B) In relation to information provided to the Minister for Culture, Heritage and the Gaeltacht by a company for the purposes of obtaining a certificate under section 481, the Department of Culture, Heritage and the Gaeltacht, in processing such information, shall, for the purposes of this section, be deemed to be engaged as a service provider with respect to the administration of section 481.".

(3) *Subsections (1)* and *(2)* shall come into operation on such day or days as the Minister for Finance may by order or orders appoint and different days may be appointed for different purposes or different provisions.

Controlled foreign companies

27. (1) The Principal Act is amended by inserting the following Part after Part 35A:

"PART 35B

Implementation of Articles 7 and 8 of Council Directive (EU) 2016/1164 of 12 July 2016 (Controlled Foreign Companies)

Chapter 1

Interpretation

Interpretation

835I. (1) In this Part—

'accounting profit', in relation to an accounting period of a controlled foreign company, means the amount of profit, before taxation, shown in the profit and loss account, without regard to any—

(a) capital gains or capital losses, or

(b) dividends or other distributions which would be exempted from the charge to tax in determining the controlled foreign company's corresponding chargeable profits in the State;

'amount of foreign tax' means the amount of any tax paid or borne by a controlled foreign company in respect of the controlled foreign company's profits for the accounting period;

'arrangement' means—

(a) any transaction, action, course of action, course of conduct, scheme, plan or proposal,

(b) any agreement, arrangement, understanding, promise or undertaking, whether express or implied and whether or not enforceable or intended to be enforceable by legal proceedings, and

(c) any series of or combination of the circumstances referred to in paragraphs (a) and (b),

whether entered into or arranged by one or two or more persons—

(i) whether acting in concert or not,

(ii) whether or not entered into or arranged wholly or partly outside the State, or

(iii) whether or not entered into or arranged as part of a larger arrangement or in conjunction with any other arrangement or arrangements,

but does not include an arrangement referred to in section 826;

'chargeable company' means a controlling company, or a company connected with the controlling company, which performs, either itself or through a branch or agency, relevant Irish activities on behalf of a

controlled foreign company group;

'chargeable income' means the undistributed income of a controlled foreign company which is subject to a controlled foreign company charge;

'company' means a body corporate or an unincorporated association;

'connected' shall be construed in accordance with section 10;

'controlled foreign company' means a company which is—

(a) not resident in the State, and

(b) controlled by a company or companies resident in the State;

'controlled foreign company charge' means a charge made under section 835R(2);

'controlled foreign company group' means the controlled foreign companies, taken together, of a controlling company;

'controlling company' means a company resident in the State which controls a controlled foreign company;

'corresponding chargeable profits in the State' means those profits or gains of a controlled foreign company which would be the controlled foreign company's profits or gains for corporation tax or capital gains tax purposes for an accounting period if the assumptions specified in section 835O were to apply to that company;

'corresponding corporation tax in the State' means the amount of corporation tax and capital gains tax which would be chargeable in the State in respect of the controlled foreign company's corresponding chargeable profits in the State for the accounting period in accordance with section 835P if the assumptions specified in section 835O were to apply to the company;

'creditable tax' shall be construed in accordance with section 835S;

'EEA Agreement' means the Agreement on the European Economic Area signed at Oporto on 2 May 1992, as adjusted by the Protocol signed at Brussels on 17 March 1993;

'foreign chargeable profits' means—

(a) the profits of a controlled foreign company as determined for tax purposes under the laws of the controlled foreign company's territory of residence, or

(b) where the laws of the controlled foreign company's territory of residence do not require profits to be determined for tax purposes, the profits of the controlled foreign company as determined in accordance with the generally accepted accounting practice applicable in the controlled foreign

company's territory of residence;

'foreign company charge' means a charge under the laws of a territory, other than the State, which is similar to the controlled foreign company charge;

'key entrepreneurial risk-taking function' shall be construed in a manner consistent with the use of that term in the OECD Report;

'non-trading income' means the income of a controlled foreign company which would be included in the controlled foreign company's corresponding chargeable profits in the State if the assumptions specified in section 835O were to apply to the company, other than income which would be chargeable to tax under Case I or II of Schedule D, were those assumptions to apply;

'OECD Report' means the 2010 Report on the Attribution of Profits to Permanent Establishments of the Organisation for Economic Co-Operation and Development dated 22 July 2010;

'profit and loss account', in relation to a controlled foreign company, means the profit and loss account, income statement or equivalent as prepared in accordance with international accounting standards or in accordance with generally accepted accounting practice, but where—

(a) accounts are not prepared in accordance with international accounting standards or generally accepted accounting practice, or

(b) no accounts are prepared for the accounting period in question,

that expression means the profit and loss account which would be prepared in accordance with generally accepted accounting practice;

'relevant assets and risks' means the assets which a controlled foreign company has, or has had at any time, and the risks which a controlled foreign company bears, or has borne at any time, where those assets or risks would not have been employed or undertaken, as the case may be, but for relevant functions performed in the State on behalf of the controlled foreign company;

'relevant function' means a significant people function or a key entrepreneurial risk-taking function;

'relevant Irish activities' means relevant functions performed in the State on behalf of a controlled foreign company group, where such relevant functions are relevant to—

(a) the legal or beneficial ownership of the assets included in the relevant assets and risks of the company or companies in the controlled foreign company group, or

(b) the assumption and management of the risks included in the

relevant assets and risks of the company or companies in the controlled foreign company group;

'relevant Member State' means a state, other than the State, which is a Member State of the European Union, or not being such a Member State, a state which is a contracting party to the EEA Agreement;

'significant people function' shall be construed in a manner consistent with the use of that term in the OECD Report;

'tax advantage' means—

(a) a reduction, avoidance or deferral of any charge or assessment to tax, including any potential or prospective charge or assessment, or

(b) a refund of or a payment of an amount of tax, or an increase in an amount of tax, refundable or otherwise payable to a person including any potential or prospective amount so refundable or payable,

arising out of or by reason of an arrangement, including an arrangement where another arrangement would not have been undertaken or arranged to achieve the results or any part of the results, achieved or intended to be achieved by the arrangement;

'undistributed income' shall be construed in accordance with section 835Q.

(2) For the purposes of this Part, a company shall be treated as an 'associated company' of another company where—

(a) one of them, directly or indirectly, possesses or is beneficially entitled to, or is entitled to acquire, not less than 25 per cent of the share capital or issued share capital of the other company,

(b) one of them, directly or indirectly, is entitled to exercise, or to acquire the rights to exercise, not less than 25 per cent of the voting power of the other company,

(c) one of them is beneficially entitled to not less than 25 per cent of any profits available for distribution to equity holders of the other company, or

(d) in respect of those companies, a third person—

(i) directly or indirectly—

(I) possesses or is beneficially entitled to, or is entitled to acquire, not less than 25 per cent of the share capital or issued share capital of each of them, or

(II) is entitled to exercise, or to acquire the rights to exercise, not less than 25 per cent of the voting power

of each of them,

or

(ii) in respect of each of them, is beneficially entitled to not less than 25 per cent of any profits available for distribution to equity holders in the company.

Meaning of 'control'

835J. (1) For the purposes of this Part, a person shall be taken to have control of a company if such person exercises, or is able to exercise or is entitled to acquire, control, whether direct or indirect, over the company's affairs, and in particular, but without prejudice to the generality of the foregoing, if such person possesses or is entitled to acquire—

(a) the greater part of the share capital or issued share capital of the company or of the voting power in the company,

(b) such part of the issued share capital of the company as would, if the whole of the income of the company were distributed among the participators (without regard to any rights which such person or any other person has as a loan creditor), entitle such person to receive the greater part of the amount so distributed,

(c) such rights as would, in the event of the winding up of the company or in any other circumstances, entitle such person to receive the greater part of the assets of the company which would then be available for distribution among the participators, or

(d) any part of the issued share capital of the company and thereby control the composition of its board of directors.

(2) For the purposes of subsection (1), a person shall be treated as entitled to acquire anything which such person is entitled to acquire at a future date or will at a future date be entitled to acquire.

(3) For the purposes of subsection (1), there shall be attributed to any person any rights or powers of a nominee for such person, that is, any rights or powers which another person possesses on such person's behalf or may be required to exercise on such person's direction or behalf.

(4) For the purposes of subsection (1), there may also be attributed to any person all the rights and powers of—

(a) any associated company, within the meaning of section 835I(2), of such person,

(b) any company of which such person has, or such person and associates of such person have, control,

(c) any 2 or more companies of which such person has, or such person and associates of such person have, control,

(d) any associate of such person, or

(e) any 2 or more associates of such person,

including the rights and powers attributed to a company or associate under subsection (3), but excluding those attributed to an associate under this subsection, and such attributions shall be made under this subsection as will result in the company being treated as under the control of persons resident in the State if it can be so treated.

(5) In this section, 'participator', 'associate', 'director' and 'loan creditor' have the same meanings as they have in Part 13.

Accounting periods

835K. (1) For the purposes of this Part, an accounting period of a controlled foreign company shall begin—

(a) where the company was not a controlled foreign company immediately prior to a date on which it became a controlled foreign company, on that date, and

(b) where the company continues to be a controlled foreign company, immediately after the end of the previous accounting period,

and references in this subsection and subsection (2) to an accounting period are references to such a period as determined by virtue of the application, by subsection (3), of certain provisions of section 27 for the purposes of this section.

(2) An accounting period of a controlled foreign company shall end—

(a) when the company ceases to be a controlled foreign company in accordance with this Chapter,

(b) when the company becomes or ceases to be resident in a territory, or

(c) when the company ceases to have any sources of income.

(3) Without prejudice to subsections (1) and (2) of this section, subsections (3), (5) and (7) of section 27 shall apply for the purpose of this section as they apply for the purposes of corporation tax, except to the extent those provisions relate to a company becoming or ceasing to be within the charge to corporation tax.

(4) Where it appears to a Revenue officer that the beginning or end of any accounting period of a controlled foreign company is uncertain, he or she may determine as an accounting period of the company such period, not exceeding 12 months, as appears to him or her appropriate, and that period shall be treated for all purposes as an accounting

period of the company unless the officer on further facts coming to his or her knowledge sees fit to revise it.

(5) Where the Revenue Commissioners make a determination under subsection (4), they shall issue a notice in writing of the determination to the controlling company of the controlled foreign company concerned.

(6) A controlling company aggrieved by a determination made under subsection (4) may appeal such determination to the Appeal Commissioners, in accordance with section 949I, within the period of 30 days after the date of the notice issued under subsection (5) in respect of the determination.

Application of Part to a controlled foreign company

835L. Where in any accounting period a company is a controlled foreign company, the provisions of this Part shall apply accordingly in relation to that accounting period, except as otherwise provided for in this Part.

Determination of residence

835M.(1)Subject to subsection (6), for the purposes of this Part, a controlled foreign company shall be regarded as being resident for an accounting period in the territory in which, throughout that period, it is subject to tax by reason of domicile, residence or place of management.

(2) Where there are two or more territories falling within subsection (1) in any accounting period, the company shall in that accounting period be regarded as being resident—

(a) where, throughout the accounting period, the company's place of effective management is situated in one of the territories, in that territory,

(b) where, throughout the accounting period, the company's place of effective management is situated in two or more of the territories and immediately before the end of the accounting period more than 50 per cent of the company's assets are situated in a territory, in the territory in which those assets are situated, or

(c) where neither paragraph (a) nor (b) applies and immediately before the end of the accounting period more than 50 per cent of the company's assets are situated in one of the territories, in that territory.

(3) Where in an accounting period there is no territory falling within either of subsection (1) or (2), the company shall be regarded as being resident in the territory in which it is incorporated or formed.

(4) For the purpose of subsection (2), the amount of the company's assets are to be determined by reference to their market value immediately before the end of the accounting period.

(5) In this section, 'market value' shall be construed in accordance with section 548.

(6) Nothing in this section shall require a company to be regarded as being resident in a territory other than the territory in which it is regarded, for the purposes of any arrangements having the force of law by virtue of section 826(1), as being resident.

Adjustment to amount of foreign tax

835N.(1)Where an amount of foreign tax is paid or borne by a company under the laws of the territory in which the controlled foreign company is resident in respect of the aggregate profits of that controlled foreign company and one or more other companies (in this subsection referred to as the 'consolidated companies'), taken together as a single taxable entity, the amount of tax shall be apportioned between the consolidated companies on a just and reasonable basis for the purpose of calculating the amount of foreign tax paid or borne by the controlled foreign company.

(2) This subsection applies where an amount of income of a controlled foreign company is taken into account in determining the foreign chargeable profits of the controlled foreign company for an accounting period, but such income is not taken into account in determining the corresponding chargeable profits in the State of the company for the accounting period.

(3) Where subsection (2) applies, the income to which subsection (2) refers shall not be taken into account in determining the amount of foreign tax paid or borne by the controlled foreign company for the accounting period.

(4) This subsection applies where an amount of expenditure of a controlled foreign company is not taken into account in determining foreign chargeable profits of a controlled foreign company for an accounting period, but such expenditure is taken into account in determining the corresponding chargeable profits in the State of the company for the accounting period.

(5) Where subsection (4) applies, the expenditure to which subsection (4) refers shall be taken into account in determining the amount of foreign tax paid or borne by the controlled foreign company for the accounting period.

Corresponding chargeable profits in the State

835O. (1) For the purpose of determining the corresponding chargeable profits in the State of a controlled foreign company for an accounting period, it shall be assumed—

(a) (i) that the company is resident in the State at all times during the accounting period,

(ii) if the accounting period is not the company's first accounting period, that the company has been resident in the State since its first accounting period,

(iii) except where the company ceases to be regarded as a controlled foreign company in accordance with this Chapter in the accounting period, that the company will continue to be resident in the State in subsequent accounting periods, and

(iv) where the company was resident in the State in the accounting period immediately prior to its first accounting period, that the residence assumed in accordance with this paragraph is not continuous with its residence in the State immediately prior to its first accounting period,

(b) that the company is, has been and will continue to be within the charge to corporation tax,

(c) that the accounting periods of the company, as determined in accordance with section 835K, are accounting periods for corporation tax purposes,

(d) that there is no change in the place or places at which the company carries on its activities,

(e) that the company is not a close company within the meaning of section 430,

(f) where any allowance, credit, deduction, relief or repayment under the Tax Acts is dependent upon the making of a claim or election, that the company has made that claim or election which would give the maximum amount of allowance, credit, deduction, relief or repayment and that the claim or election was made within any applicable time limit,

(g) that the company is neither a member of a group of companies nor a member of a consortium for any purposes of the Tax Acts, and

(h) that the company is not entitled to relief under Part 35 in respect of any amount of income, profits or gains for tax paid on such income, profits or gains under the laws of the company's territory of residence.

(2) In this section, references to the first accounting period of a controlled foreign company are references to the accounting period in which the company first falls to be regarded as a controlled foreign company in accordance with this Chapter.

(3) Nothing in this section affects any liability to, or the computation of, corporation tax in respect of a trade which is carried on by a controlled

foreign company through a branch or agency in the State.

Corresponding corporation tax in the State

835P. The corresponding corporation tax in the State of a controlled foreign company for an accounting period shall be the sum of—

(a) the corporation tax that would be charged at the rate specified in section 21(1)(f) on that part of the corresponding chargeable profits in the State for the accounting period which would consist of profits chargeable to tax under Case I or II of Schedule D,

(b) the corporation tax that would be charged at the rate specified in section 21A(3) on that part of the corresponding chargeable profits in the State for the accounting period which would consist of profits which would be chargeable to tax under Case III, IV or V of Schedule D, and

(c) the capital gains tax that would, in accordance with section 78 or otherwise, be charged on that part of the corresponding chargeable profits in the State for the accounting period which would consist of chargeable gains,

if, for the purpose only of determining under which Case of Schedule D the corresponding chargeable profits would be chargeable to tax, the assumption in section 835O(1)(d) did not apply and the activities carried on by the controlled foreign company in its territory of residence were deemed to be carried on in the State.

Chapter 2

Controlled foreign company charge

Undistributed income

835Q.(1)For the purposes of this Part, the undistributed income of a controlled foreign company for an accounting period shall be its distributable profits for the accounting period, less any relevant distributions made in respect of the accounting period.

(2) For the purposes of subsections (1) and (3), the distributable profits of a controlled foreign company for an accounting period shall be the amount included in the accounting profits of the company which, notwithstanding any prohibition on the making of a distribution under the laws of the territory in which the controlled foreign company is resident or otherwise, are available for distribution to members of the company and which can reasonably be attributed to relevant Irish activities performed by a controlling company or a company connected with the controlling company for that accounting period.

(3) For the purpose of subsection (1), a relevant distribution made in respect of an accounting period means an amount determined by the formula—

A x (B/C)

where—

A is the amount of the distribution made in respect of the accounting period,

B is the amount of the distributable profits for the accounting period, and

C is the amount of the accounting profit of the controlled foreign company for the accounting period.

(4) The reference in subsection (3) to the amount of the distribution made in respect of the accounting period is a reference to such an amount—

(a) as is distributed to—

(i) a person who is, by virtue of the laws of a relevant Member State, resident for the purposes of tax in a relevant Member State which imposes, without any reduction computed by reference to the amount of such distribution, a tax that generally applies to distributions receivable in that territory, by persons, from sources outside that territory, or

(ii) a person resident in the State,

(b) as is paid or payable—

(i) during the accounting period, or

(ii) within 9 months after the end of the accounting period,

and

(c) where subparagraph (i) of paragraph (a) applies, as has been subject to tax in the relevant Member State referred to in that subparagraph.

(5) The reference in subsection (4)(c) to tax is a reference to tax that has been paid and has not been and does not fall to be repaid, in whole or in part, to the controlled foreign company or any other person on the making of a claim or otherwise.

(6) For the purpose of this section, a distribution made in respect of an accounting period shall be regarded as being made out of the distributable profits of that period to the extent of that profit and, in relation to any excess of the distribution over that profit, out of the most recently accumulated distributable profits.

Controlled foreign company charge

835R. (1) In this section, 'participation' means—

(a) a, direct or indirect, possession of, or beneficial right to, or right to acquire, share capital or issued share capital of a

company,

(b) a, direct or indirect, right to exercise, or to acquire the rights to exercise the voting power of a company, or

(c) a beneficial right to any profits available for distribution to equity holders of a company.

(2) Subject to subsections (5), (9) and (10), where in an accounting period of a controlled foreign company—

(a) a controlled foreign company group has undistributed income, and

(b) relevant Irish activities in relation to the controlled foreign company group are performed by a chargeable company,

a controlled foreign company charge shall be made on the chargeable company for the accounting period of the chargeable company, as determined in accordance with section 27, in which the accounting period of the controlled foreign company ends.

(3) The controlled foreign company charge made under subsection (2) shall be of an amount equal to the undistributed income of the controlled foreign company group to the extent that such income can reasonably be attributed to relevant Irish activities performed by the chargeable company.

(4) The undistributed income to be attributed to relevant Irish activities for the purpose of subsection (3) shall be determined by reference to the amount that would be payable by persons dealing at arm's length in relation to those activities, but the amount so attributed shall, in respect of each of the controlled foreign companies in the controlled foreign company group, not exceed an amount determined by the formula—

$$UI \times AP$$

where—

UI is the undistributed income of the controlled foreign company, and

AP is the aggregate of the controlling company and the chargeable company's participation in that controlled foreign company, expressed as a percentage of the total participation in that company.

(5) Subsection (2) shall not apply in relation to undistributed income—

(a) attributable to relevant Irish activities performed by a chargeable company under arrangements where—

(i) it is reasonable to consider that—

(I) such arrangements would be entered into by persons dealing at arm's length, or

(II) the essential purpose of the arrangements is not to secure a tax advantage,

or

(ii) the arrangements are subject to the provisions of section 835C,

or

(b) which has previously been assessed to a controlled foreign company charge under this section.

(6) Subject to subsection (7), corporation tax shall be charged in respect of the controlled foreign company charge at the rate specified in—

(a) section 21(1)(f), in so far as the undistributed income attributable to the relevant Irish activities would be chargeable to tax under Case I of Schedule D, had it been income accruing to the chargeable company, and

(b) section 21A(3), in so far as the undistributed income attributable to the relevant Irish activities would be chargeable to tax under Case III, IV or V of Schedule D, had it been income accruing to the chargeable company.

(7) The amount of corporation tax chargeable in accordance with subsection (6) shall be reduced by the amount of any creditable tax, as determined under section 835S, in respect of the accounting period concerned.

(8) Subject to subsection (7), no relief, deduction or set off of any description shall be allowed against a controlled foreign company charge.

(9) This section shall not apply to undistributed income which is attributable to an asset or risk, whether on an individual basis or taken together as an aggregate, where the increase in the controlled foreign company's undistributed income as against the undistributed income of the controlled foreign company where it—

(a) did not hold, or had not held, the asset to any extent, or

(b) did not bear, or had not borne, the risk to any extent,

is negligible.

(10) This section shall not apply in relation to an accounting period of a controlled foreign company where, in that accounting period—

(a) the controlled foreign company did not at any time hold assets or bear risks under an arrangement where it would be

reasonable to consider that the essential purpose of the arrangement was to secure a tax advantage, or

(b) the controlled foreign company did not have any non-genuine arrangements in place.

(11) For the purpose of subsection (10)(b), a controlled foreign company shall be regarded as having non-genuine arrangements where—

(a) the controlled foreign company would not own the assets or would not have borne the risks which generate all, or part of, its undistributed income, but for relevant Irish activities performed relating to those assets and risks, and

(b) it would be reasonable to consider that the relevant Irish activities were instrumental in generating that income.

Creditable tax

835S. (1) In this section, 'relevant tax' means a tax chargeable and payable under the laws of a territory, other than the State, which corresponds to corporation tax.

(2) For the purposes of this Part, the creditable tax for an accounting period shall be the aggregate of—

(a) the amount of foreign tax paid or borne in respect of the chargeable income of the controlled foreign company for that accounting period, and

(b) the amount of relevant tax paid on a foreign company charge in respect of the chargeable income of the controlled foreign company for that accounting period.

(3) In subsection (2), references to an amount paid or borne does not include so much of any such amount as has been or falls to be repaid to the controlled foreign company or any other person on the making of a claim or otherwise.

(4) The amount of the creditable tax to be allowed against corporation tax in respect of any controlled foreign company charge for an accounting period shall not exceed the corporation tax attributable to that charge under section 835R for that period.

Chapter 3

Exemptions

Effective tax rate exemption

835T. (1) Section 835R shall not apply in relation to an accounting period of a controlled foreign company where subsection (2) applies.

(2) This subsection applies where the amount of foreign tax which is paid or borne by a controlled foreign company for an accounting period is

not less than the difference between—

(a) the corresponding corporation tax in the State for that accounting period, and

(b) the amount of such foreign tax paid or borne for the accounting period.

(3) The amount of foreign tax which is paid or borne by a controlled foreign company for an accounting period shall be determined in accordance with section 835N.

Low profit margin exemption

835U. (1) In this section, 'relevant operating costs' means the operating costs, as construed in accordance with international accounting standards or generally accepted accounting practice, incurred by a controlled foreign company for an accounting period, but excluding—

(a) the costs of goods purchased by the controlled foreign company, other than goods used by the company in the territory in which it is resident for the accounting period, and

(b) any amounts incurred on behalf of, or paid to, an associated company.

(2) Subject to subsection (3), where in an accounting period the accounting profits of a controlled foreign company are less than 10 per cent of its relevant operating costs, section 835R shall not apply.

(3) Subsection (2) shall not apply where—

(a) any arrangements are entered into,

(b) as a consequence of such arrangements subsection (2) would, apart from this subsection, apply, and

(c) it would be reasonable to consider that the main purpose, or one of the main purposes, of the arrangements is to secure that subsection (2) applies.

Low accounting profit exemption

835V. (1) Subject to subsections (2) and (3), where in an accounting period—

(a) the accounting profits of a controlled foreign company are less than €750,000 and the amount of those profits representing non-trading income is less than €75,000, or

(b) the accounting profits are less than €75,000,

section 835R shall not apply.

(2) Where an accounting period is less than 12 months, the amounts referred to in subsection (1) shall be reduced proportionately.

(3) This section shall not apply where—

(a) any arrangements are entered into,

(b) as a consequence of such arrangements subsection (1) would, apart from this subsection, apply, and

(c) it would be reasonable to consider that the main purpose, or one of the main purposes, of the arrangements is to secure that subsection (1) applies.

(4) A reference in subsection (3) to the application of subsection (1) includes a reference to the application of that subsection as modified in accordance with subsection (2).

Exempt period exemption

835W. (1) In this section—

'exempt period' shall be construed in accordance with subsection (3);

'subsequent period condition' means the condition which is satisfied where the circumstances specified in subsection (4) apply.

(2) Section 835R shall not apply in relation to an accounting period of a controlled foreign company where—

(a) the accounting period ends during an exempt period, and

(b) the subsequent period condition is satisfied by the controlled foreign company.

(3) An exempt period shall begin when a company first becomes a controlling company in relation to the controlled foreign company concerned (in this section referred to as the 'relevant time') and shall end 12 months from the relevant time.

(4) The subsequent period condition shall be satisfied by a controlled foreign company where—

(a) the company ceases to be regarded as a controlled foreign company in accordance with Chapter 1, or

(b) the controlled foreign company charge does not apply,

in the first accounting period of the company beginning immediately after the exempt period.

(5) Where the accounting period of a controlled foreign company begins during an exempt period, but does not end during that period, the undistributed income of the controlled foreign company, as determined on a just and reasonable basis, which—

(a) arises during the exempt period, and

(b) would otherwise be subject to the controlled foreign company charge under section 835R,

shall be exempt from such charge.

(6) This section shall not apply in relation to a controlled foreign company where—

(a) immediately before the relevant time the controlled foreign company was not carrying on a business, unless subsection (7) applies to that company, or

(b) the controlling company in respect of the controlled foreign company was subject to this Part (as respects the controlled foreign company) on 1 January 2019.

(7) This subsection shall apply to a controlled foreign company where—

(a) the controlled foreign company is incorporated or formed immediately before the relevant time for the purpose of controlling one or more other companies, and

(b) an exempt period begins in relation to one or more of the companies, referred to in paragraph (a), controlled by the controlled foreign company at that relevant time.

(8) This section shall not apply in relation to a controlled foreign company where—

(a) any arrangements are entered into, and

(b) it would be reasonable to consider that the main purpose, or one of the main purposes, of the arrangements is to secure—

(i) a tax advantage for any person, or

(ii) that subsection (2), would, apart from this subsection, apply.

Relief for certain distributions

835X. (1) Where a distribution made in respect of an accounting period is made by a controlled foreign company out of chargeable income in respect of a previous accounting period, the corporation tax paid on the controlled foreign company charge attributable to that income shall be allowed as a credit against the tax chargeable in respect of the distribution.

(2) Where a distribution made in respect of an accounting period is made by a controlled foreign company in part out of chargeable income in respect of a previous accounting period and in part out of other income or profits, the distribution shall be treated as if it consisted of two distributions made out of chargeable income and out of other income or profits respectively, and subsection (1) shall apply to such part of the distribution as is made out of chargeable income as it applies to a distribution made wholly out of chargeable income.

Relief on certain disposals of shares or securities in a controlled foreign company

835Y. (1) In this section, 'chargeable gain' shall be construed in accordance with section 545.

(2) This section shall apply where a controlling company or a company connected with the controlling company (either of which is in this section referred to as a 'disposing company'), disposes of shares or securities in a controlled foreign company or in a company connected with the controlled foreign company (either of which is in this section referred to as the 'disposed company') and a controlled foreign company charge has been made on a disposing company by reference to its interest in the disposed company.

(3) This subsection applies where—

(a) the disposing company is the only chargeable company in relation to the disposed company,

(b) the disposing company is not a chargeable company in relation to the disposed company and the chargeable company does not have any interest in the disposed company, or

(c) the disposing company is a chargeable company in relation to the disposed company and, in relation to that disposed company, there exists another chargeable company which does not have an interest in the disposed company.

(4) For the purpose of computing the chargeable gain accruing to the disposing company on a disposal of shares or securities referred to in subsection (2)—

(a) where subsection (3) applies, an amount shall be allowable as a deduction under section 552(1)(a) from the consideration for the disposal, being an amount determined by the formula—

$$A \times (B/C)$$

where—

A is the amount of the controlled foreign company charge relating to the controlled foreign company,

B is the number of shares or securities in the disposed company disposed of by the disposing company, and

C is the total number of shares or securities in the disposed company owned by the disposing company immediately before the disposal,

or

(b) where subsection (3) does not apply, an amount shall be allowable as a deduction under section 552(1)(a) from the

consideration for the disposal, being an amount determined by the formula—

D x (E/F)

where—

D is the amount of the controlled foreign company charge relating to the controlled foreign company,

E is the number of shares or securities in the controlled foreign company disposed of by the disposing company, and

F is the total number of shares or securities in the controlled foreign company.

(5) Where, before a disposal referred to in subsection (2)—

(a) a distribution is made by the controlled foreign company,

(b) the distribution is made out of the chargeable income which has been subject to the controlled foreign company charge referred to in subsection (2), and

(c) section 835X applies in relation to that distribution,

paragraphs (a) and (b) of subsection (4) shall apply as if the references to A and D, respectively, in the formulae in those paragraphs were a reference to the amount of the controlled foreign company charge relating to the controlled foreign company as reduced by the amount of the controlled foreign company charge which corresponds to the chargeable income represented by the distribution.

(6) Where an amount, representing all or part of a controlled foreign company charge, has been allowed as a deduction under subsection (4), no further deduction shall be given under this section in respect of—

(a) where the amount represents all of a controlled foreign company charge, the controlled foreign company charge, or

(b) where the amount represents part of a controlled foreign company charge, that part of the controlled foreign company charge.

(7) For the purposes of identifying the shares or securities disposed of, in so far as the shares or securities are of the same class, shares or securities acquired at an earlier time shall, for the purposes of this section, be deemed to have been disposed of before shares or securities acquired at a later time.".

(2) (a) In this subsection—

(i) "controlling company" has the same meaning as it has in Chapter 1 of Part

35B of the Principal Act, as inserted by *subsection (1)*, and

(ii) "accounting period" has the same meaning as it has in section 27 of the Principal Act.

(b) *Subsection (1)* applies as respects an accounting period of a controlling company commencing on or after 1 January 2019.

Amendment of section 291A of Principal Act (intangible assets)

28. (1) Section 291A of the Principal Act is amended—

(a) in subsection (6)(a) by substituting "paragraphs (b), (ba) and (c)" for "paragraphs (b) and (c)",

(b) in subsection (6)(b)—

(i) by substituting "paragraph (a) and, where applicable, paragraph (ba)" for "paragraph (a)" where it first occurs in each of subparagraphs (i) and (ii), and

(ii) by substituting "paragraphs (a) and (ba)" for "paragraph (a)" in each other place where it occurs in each of subparagraphs (i) and (ii),

and

(c) by inserting the following after paragraph (b) of subsection (6):

"(ba) Where the relevant trade (referred to in paragraph (a)) carried on by the company for an accounting period comprises relevant activities relating to a specified intangible asset or specified intangible assets the capital expenditure on which asset or assets includes—

(i) capital expenditure incurred by the company before 11 October 2017 (referred to in this paragraph as 'the earlier period'), and

(ii) capital expenditure incurred by the company on or after 11 October 2017 (referred to in this paragraph as 'the later period'),

then, the trading income from the relevant trade for the accounting period shall, for the purposes of paragraphs (a) and (b), be deemed to consist of two separate income streams, the first income stream consisting of so much of the trading income from the relevant trade for the accounting period as relates to capital expenditure incurred in the earlier period (referred to in this paragraph and the following paragraph as the 'first income stream'), and the second income stream consisting of so much of the trading income from the relevant trade for the accounting period as relates to capital expenditure incurred in the later period (referred to in this paragraph and the following paragraph as the 'second income stream'). The amount of income to be attributed to each separate income stream shall be determined in accordance with paragraph (bb)(i), and paragraph (a) shall apply with any necessary

modifications such that—

(I) the aggregate of the amounts referred to in subparagraphs (i) and (ii) of paragraph (a) which relate to capital expenditure incurred in the earlier period shall not exceed the amount of the first income stream, and

(II) the aggregate of the amounts referred to in subparagraphs (i) and (ii) of paragraph (a) which relate to capital expenditure incurred in the later period shall not exceed 80 per cent of the amount of the second income stream.

(bb) (i) For the purposes of paragraph (ba) the trading income from the relevant trade for the accounting period shall, as necessary, be apportioned between the first income stream and the second income stream on a just and reasonable basis, and any amount to be attributed to the first income stream shall not exceed an arm's length amount.

(ii) The company shall maintain and have available such records as may reasonably be required for the purposes of determining whether any such apportionment referred to in subparagraph (i) is made on a just and reasonable basis and whether any amount attributed to the first income stream exceeds an arm's length amount.".

(2) This section shall be deemed to have applied in respect of capital expenditure incurred by a company on or after 11 October 2017.

Chapter 6

Capital Gains Tax

Amendment of section 579B of Principal Act (trustees ceasing to be resident in the State)

29. Section 579B of the Principal Act is amended by inserting the following after subsection (8):

"(9) The trustees to whom this section applies may elect to pay capital gains tax in 6 equal instalments at yearly intervals, the first instalment of which shall be due and payable on 31 October in the year following the year in which there is deemed to have occurred, by virtue of subsection (3), the disposal and reacquisition by them of the defined assets, and the remaining 5 instalments shall be due and payable respectively on 31 October in each of the years following the year in which the first instalment became due and payable.".

Amendment of section 603A of Principal Act (disposal of site to child)

30. (1) Section 603A of the Principal Act is amended by inserting the following after subsection (5):

"(6) The reference in subsection (2)(a) to a 'child of the parent' and the references in subsections (2)(b), (3), (4) and (5) to 'child' shall be deemed to include the spouse or civil partner of the child concerned.".

(2) This section applies to disposals made on or after 1 January 2019.

Amendment of section 604B of Principal Act (relief for farm restructuring)

31. (1) Section 604B of the Principal Act is amended by inserting the following after subsection (3B):

"(3C) (a) Where the information required, by subsection (3A), to be furnished by an individual to the Revenue Commissioners relates to matters all of which have (or as the case may be, the last of which has) occurred at any time falling within the period commencing on 1 July 2016 and ending on 31 December 2018, then that information shall be so furnished at the same time as the return which is required to be prepared and delivered by the individual in accordance with Chapter 3 of Part 41A for the year 2018 is so prepared and delivered.

(b) Where the information required, by subsection (3A), to be furnished by an individual to the Revenue Commissioners relates to matters all of which have (or as the case may be, the last of which has) occurred at any time falling within the year 2019 or a subsequent year, then that information shall be so furnished at the same time as the return which is required to be prepared and delivered by the individual in accordance with Chapter 3 of Part 41A for the year concerned is so prepared and delivered.".

(2) Subsections (3A) and (3B) and subsection (3C)(a) (inserted by *subsection (1)*) of section 604B of the Principal Act shall be deemed to have applied in any case where the entitlement to relief under subsection (2) or (3) of that section arose on or after 1 July 2016.

Exit tax, etc. - substitution of new Chapter 2 of Part 20 of Principal Act

32. The Principal Act is amended, with effect from 10 October 2018, by substituting the following for Chapter 2 of Part 20:

"Chapter 2

Provisions relating to exit tax, etc.

Charge to exit tax

627. (1) (a) In this section and in sections 628 and 629:

'designated area', 'exploration or exploitation activities' and 'exploration or exploitation rights' have the same meanings respectively as in section 13;

'Directive' means Council Directive (EU) 2016/1164 of 12 July 2016[8] laying down rules against tax avoidance practices that directly affect the functioning of the internal market;

'exploration or exploitation assets' means assets used or intended for use in connection with exploration or exploitation activities carried on in the State or in a designated area;

'market value' means the amount for which an asset can be exchanged or mutual obligations can be settled between unconnected willing buyers and sellers in a direct transaction;

'relevant event' means one of the events referred to in subsection (2);

'tax' means corporation tax or capital gains tax chargeable by virtue of subsection (2);

'the new assets' and 'the old assets' have the meanings respectively assigned to them by section 597;

'third country' means a territory other than the State or another Member State;

'transfer', in relation to assets, means any transaction whereby (apart from the effect of this section) no liability to corporation tax or capital gains tax in respect of the assets, the subject of the transfer, arises, notwithstanding that those assets remain under the legal or economic ownership of the same entity.

(b) For the purposes of subsection (2), paragraph (c) of section 29(3) shall apply as if the reference in that paragraph to a trade were to a business and as if the references to a branch or agency were to a permanent establishment.

(c) A word or expression that is used in this Chapter and is also used in Article 5 of the Directive shall have the meaning in this Chapter that it has in that Article.

(2) For the purposes of the Capital Gains Tax Acts, a company shall be deemed to have disposed of the assets referred to in paragraph (a) or, as the case may be, (b) or, in the case of paragraph (c), to have disposed of all its assets (other than assets excepted from that paragraph by subsection (6)) and to have immediately reacquired the assets at their market value (at the time of the occurrence of the event concerned) on the occurrence of any of the following events:

(a) the company, being a company that is resident in a Member State (other than the State), transfers assets from a permanent establishment in the State to its head office or to a permanent establishment in another Member State or in a third country;

8 OJ No. L193, 19.7.2016, p.1

(b) the company, being a company that is resident in a Member State (other than the State), transfers a business (including the assets of the business) carried on by a permanent establishment of that company in the State to another Member State or to a third country; or

(c) the company ceases to be resident in the State and becomes resident in another Member State or in a third country.

(3) (a) In this subsection 'relevant assets' has the same meaning as in section 29(1A)(a).

(b) Subsection (2) shall not apply to—

(i) relevant assets or shares deriving their value or the greater part of their value directly or indirectly from relevant assets (other than shares quoted on a stock exchange), or

(ii) assets referred to in section 29(3)(d).

(c) Section 29(1A)(c) shall apply in calculating the portion of the value of shares attributable directly or indirectly to relevant assets.

(d) This subsection shall be construed as being in addition to the provision, with respect to the interpretation of this section, made by virtue of the definition of 'transfer' in subsection (1) and, in particular, the words contained therein concerning non-liability to corporation tax and capital gains tax.

(4) (a) Tax shall, notwithstanding subsection (3) of section 28, be chargeable at the rate of 12.5 per cent in respect of chargeable gains accruing on a disposal of assets to which subsection (2) applies (in paragraph (b) referred to as a 'deemed disposal of an asset'), but this is subject to paragraph (b).

(b) A chargeable gain accruing on a deemed disposal of an asset arising from the occurrence of an event referred to in subsection (2) shall be chargeable at the rate specified in subsection (3) of section 28 where the event forms part of a transaction to dispose of the asset and the purpose of the transaction is to ensure the chargeable gain accruing on the disposal of the asset is charged to tax at the rate specified in paragraph (a) rather than the rate specified in subsection (3) of section 28.

(c) In this subsection 'transaction' has the meaning assigned to it by section 811C.

(5) Section 597 shall not apply where a company referred to in subsection (2)(c)—

(a) has disposed of the old assets, or of its interest in those assets, before the event referred to in subsection (2)(c), and

(b) acquires the new assets, or its interest in those assets, after that event,

unless the new assets are excepted from this subsection by subsection (6).

(6) Where at any time after the event referred to in paragraph (c) of subsection (2) the company referred to in that paragraph carries on a trade in the State through a permanent establishment—

(a) any assets which, immediately after the event referred to in subsection (2)(c), are situated in the State and are used in or for the purposes of the trade, or are used or held for the purposes of the permanent establishment, shall be excepted from subsection (2), and

(b) any new assets which, after that time, are so situated and are so used or so held shall be excepted from subsection (5),

and references in this subsection to assets situated in the State include references to exploration or exploitation assets and to exploration or exploitation rights.

(7) This section shall not apply to an asset—

(a) which relates to the financing of securities,

(b) which is given as security for a debt, or

(c) where the transfer takes place in order to meet prudential capital requirements or for liquidity purposes,

where the asset is due to revert to the permanent establishment or the company, as the case may be, within 12 months of the transfer.

Value of certain assets to be accepted for purposes of Capital Gains Tax Acts

628. Where exit tax is charged in a Member State (other than the State) in respect of an asset by virtue of Article 5(1) of the Directive, the value of that asset established under the law of that Member State for the purposes of that charge to tax shall be taken, for the purposes of the Capital Gains Tax Acts, as the acquisition cost of that asset unless that value does not reflect its market value.

Deferral of exit tax

629. (1) In this section—

'2010 Directive' means Council Directive 2010/24/EU of 16 March 2010[9] concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures;

'chargeable period' means a year of assessment or an accounting

9 OJ No. L84, 31.3.2010, p.1

period, as the case may be;

'disposal of assets' means a disposal of migrated assets;

'EEA Agreement' means the Agreement on the European Economic Area signed at Oporto on 2 May 1992, as adjusted by the Protocol signed at Brussels on 17 March 1993;

'electronic means' has the meaning assigned to it in section 917EA;

'migrated assets' means the assets the chargeable gain on the deemed disposal of which was taken into account in determining the amount of tax;

'migration date' means the date on which a disposal is deemed to have been made by virtue of section 627(2);

'relevant period', in respect of which a statement under paragraph (b) of subsection (5) is to be made, is the calendar year immediately preceding the 21-day period in which the statement is to be made, except that in respect of the first statement of the 5 statements referred to in that subsection, such period shall be the period commencing on the migration date and ending on the last day before the beginning of the calendar year in respect of which the next statement is to be made;

'relevant territory' means a Member State (other than the State) or a third country which is a party to the EEA Agreement that has concluded an agreement with the State or the European Union equivalent to the mutual assistance provided for in the 2010 Directive;

'specified date' means—

(a) in relation to corporation tax, the last day of the period of 9 months starting on the day immediately following the relevant event, but in any event not later than day 23 of the month in which that period of 9 months ends, or

(b) in relation to capital gains tax payable in respect of a year of assessment in which the relevant event occurs, 31 October in the tax year following that year.

(2) Subject to the provisions of this section, a company which is chargeable to tax may elect to pay that tax in 6 equal instalments at yearly intervals, the first instalment of which shall be due and payable on the specified date, and the remaining instalments shall be due and payable respectively on each of the next 5 anniversaries of the specified date.

(3) Subsection (2) shall not apply to assets referred to in section 627(2) which have been transferred to a third country unless that country is a party to the EEA Agreement and has concluded an agreement with the State or the European Union equivalent to the mutual assistance provided for in the 2010 Directive.

(4) Where an election is made to pay tax in accordance with subsection (2), that tax shall be payable in 6 equal instalments at yearly intervals in accordance with that subsection.

(5) (a) An election under subsection (2) shall:

(i) be made in the return under section 959I—

(I) where the tax is corporation tax, for the accounting period which ends on the migration date for the company, or

(II) where the tax is capital gains tax, for the year of assessment in which the migration date for the company occurs,

and that return shall be made by electronic means (in accordance with Chapter 6 of Part 38);

(ii) specify—

(I) the migration date,

(II) the relevant territory to which the migrated assets were transferred,

(III) the amount of tax, and

(IV) that an election is being made to pay tax in accordance with section 629(2) of the Taxes Consolidation Act 1997;

and

(iii) provide such other information as may be required by the Revenue Commissioners for the purposes of this section.

(b) Where an election is made to pay tax in accordance with subsection (2), the company concerned shall within 21 days of the end of each of the 5 calendar years which follow the year in which the migration date occurs deliver to the Revenue Commissioners a statement, notwithstanding that the company has not received a notice to prepare and deliver such a statement, by such electronic means and in such form and format as the Revenue Commissioners may specify, in respect of the relevant period, for the purposes of tax—

(i) specifying whether the company is treated under the laws of a relevant territory as resident for the purposes of income tax or corporation tax (or any tax imposed in that territory which corresponds to income tax or corporation tax) in that territory throughout that relevant period, and

(ii) providing such other information as may be required by the Revenue Commissioners for the purposes of this section.

(6) Notwithstanding subsections (2) and (4), if, with respect to the company referred to in section 627(2), any of the events specified in

subsection (7) occurs, then any amount of tax which has not been paid at the time of the event, and any interest charged on that amount in accordance with subsection (9), shall become due and payable on the occurrence of that event.

(7) Each of the following is an event referred to in subsection (6):

(a) the assets referred to in section 627(2) are sold or otherwise disposed of;

(b) the assets referred to in section 627(2) are transferred to a third country, but this is subject to subsection (8);

(c) the company ceases to be resident in a Member State and becomes resident in a third country or the business carried on by a permanent establishment of the company is transferred to a third country, but this is subject to subsection (8);

(d) the company becomes insolvent or a liquidator is appointed to the company; or

(e) the company fails to pay the instalments referred to in subsection (2) on the due date and this failure has not been rectified within 12 months of that date.

(8) A reference in subsection (7)(b) or (c) to a third country does not include a reference to a third country that is a party to the EEA Agreement if it has concluded an agreement with the State or the European Union equivalent to the mutual assistance provided for in the 2010 Directive.

(9) (a) Where tax becomes due and payable at any time under this section, simple interest shall be payable on the amount of that tax and shall be calculated, from the specified date until the date of payment, for any day or part of a day during which the amount of tax remains unpaid, at the prevailing rate specified in the Table to subsection (2)(c)(ii) of section 1080, and such interest shall be due and payable when the tax concerned is due and payable.

(b) Interest charged on tax shall be added to each of the instalments referred to in subsection (2) and shall be paid at the same time as such instalment is due.

(10) The Revenue Commissioners may, where it appears to them that the deferral of tax would otherwise present a serious risk to collection of that tax, require a company which has made an election under subsection (2) to give security, or further security, of such amounts and in such form and manner as they may determine, for the payment of tax, within 30 days from the date of service on the company of a notice in writing.

(11) Subsection (10) shall not apply to a company to which section 629A

applies.

(12) All amounts of tax and interest shall be paid to the Collector-General.

(13) Any amount of tax and interest payable in accordance with this section shall be payable without the making of an assessment.

(14) (a) The Collector-General may, at any time before the end of the period beginning with the date on which tax was due and payable by reference to this section and ending 3 years after the time when a statement under subsection (5)(b), specifying the amount of that tax, is made and delivered to the Collector-General, serve on—

(i) a company which is or, during the period of 12 months ending with the date when tax became due and payable, was a member of the same group (within the meaning of section 629A(1)) as a company to which section 627(2) applies, or

(ii) a person who is, or during the period mentioned in subparagraph (i) was, a controlling director (within the meaning of section 629A(1)) of a company to which section 627(2) applies,

a notice—

(I) stating the amount which remains unpaid of the tax payable and the date on which the tax became due and payable, and

(II) requiring the company referred to in subparagraph (i) or the person referred to in subparagraph (ii), as the case may be, to pay that amount within 30 days of service of the notice,

and, in the event of the serving of such notice, the amount referred to in subparagraph (I) shall be so payable by the company or person concerned, as the case may be.

(b) Any amount which a person is required to pay by a notice under this subsection may be recovered from the person as if it were tax due by such person, and such person may recover any such amount paid on foot of a notice under this section from the company concerned.

(c) A payment in pursuance of a notice under this subsection shall not be allowed as a deduction in computing income, profits or losses for any tax purposes.

(15) Without prejudice to the provisions of this section, the provisions of the Corporation Tax Acts and the Capital Gains Tax Acts, as appropriate, relating to the collection and recovery of corporation tax, capital gains tax, and interest, shall apply, with any necessary modifications, to the collection and recovery of tax and interest payable in accordance with this section as they apply to any other corporation tax, capital gains tax, and interest.

Tax on non-resident company recoverable from another member of group or from controlling director

629A. (1) In this section—

'chargeable period' means a year of assessment or an accounting period, as the case may be;

'control' shall be construed in accordance with section 432;

'controlling director', in relation to a company, means a director of the company who has control of the company;

'director', in relation to a company, has the same meaning as in section 116, and includes any person within section 433(4);

'group' has the meaning which would be given by section 616 if in that section references to residence in a relevant Member State were omitted and for references to '75 per cent subsidiaries' there were substituted references to '51 per cent subsidiaries', and references to a company being a member of a group shall be construed accordingly;

'specified period', in relation to a chargeable period, means the period beginning with the specified return date for the chargeable period (within the meaning of section 959A) and ending 3 years after the time when a return under Chapter 3 of Part 41A for the chargeable period is delivered to the Collector-General;

'tax' means corporation tax or capital gains tax chargeable by virtue of section 627(2);

'taxpayer company' means a company which is chargeable to tax by virtue of section 627(2).

(2) This section shall apply at any time on or after 10 October 2018 where tax payable by a company for a chargeable period (in this section referred to as 'the chargeable period concerned') is not paid within 6 months after the date on or before which the tax is due and payable.

(3) The Revenue Commissioners may, at any time before the end of the specified period in relation to the chargeable period concerned, serve on any person to whom subsection (4) applies a notice—

(a) stating the amount which remains unpaid of the tax payable by the taxpayer company for the chargeable period concerned and the date on or before which the tax became due and payable, and

(b) requiring that person to pay that amount within 30 days of the service of the notice.

(4) (a) This subsection shall apply to any person, being—

(i) a company which is, or during the period of 12 months ending with the time when the gain accrued was, a member of the same group as the taxpayer company and which is resident in the

State, and

(ii) a person who is, or during that period was, a controlling director of the taxpayer company or of a company which has, or within that period had, control over the taxpayer company and who is resident in the State.

(b) This subsection shall apply in any case where the gain accrued before 10 October 2019, with the substitution in paragraph (a)(i) of 'beginning with 10 October 2018, and' for 'of 12 months'.

(5) Any amount which a person is required to pay by a notice under this section may be recovered from the person as if it were tax due by such person, and such person may recover any such amount paid on foot of a notice under this section from the taxpayer company.

(6) A payment in pursuance of a notice under this section shall not be allowed as a deduction in computing any income, profits or losses for any tax purposes.

Transitional provision (power to serve notice under former section 629 not affected)

629B. (1) The substitution of this Chapter effected by *section 30* of the *Finance Act 2018* does not affect the power of the Revenue Commissioners to serve, on or after 10 October 2018, a notice such as is referred to in subsection (3) of the section 629 that was contained in this Chapter before 10 October 2018 (the 'former section 629') and, accordingly, the provisions of the former section 629 shall be deemed to remain in force in respect of tax payable, as referred to in subsection (2) of that section, that has not been paid within the period as specified in that subsection, notwithstanding—

(a) that the date on which that period expires is a date falling on or after 10 October 2018, or

(b) that the date on which the specified period (as defined in the former section 629) in relation to the chargeable period (as defined in that former section) concerned in the matter expires is a date falling on or after 10 October 2018.

(2) This section is without prejudice to the generality of the Interpretation Act 2005 and, in particular, section 27 of that Act as that section relates to a liability arising under the section 627 or 628 that was contained in this Chapter before 10 October 2018.

Company ceasing to be resident on formation of SE or SCE

629C. If at any time a company ceases to be resident in the State in the course of—

(a) the formation of an SE by merger, or

(b) the formation of an SCE,

then, whether or not the company continues to exist after the formation of the SE or (as the case may be) the SCE, the Tax Acts and the Capital Gains Tax Acts shall apply to any obligations of the company under this Act in relation to liabilities accruing and matters arising before that time—

(i) as if the company were still resident in the State, and

(ii) where the company has ceased to exist, as if the SE or (as the case may be) the SCE were the company.".

PART 2

Excise

Amendment of Chapter 1 of Part 2 of Finance Act 2017 (sugar sweetened drinks tax)

33. Chapter 1 of Part 2 of the Finance Act 2017 is amended with effect from 1 January 2019—

(a) in section 35—

(i) by inserting the following after the definition of "added sugar":

" 'calcium content' means the number of milligrams of calcium per 100 millilitres of sugar sweetened drink in ready to consume form;",

and

(ii) by substituting the following for the definition of "sugar sweetened drink":

" 'sugar sweetened drink' means—

(a) a prepacked, ready to consume beverage, containing added sugar and which falls within CN Code heading 2009 or 2202 other than—

(i) beverages falling within CN Code subheading 2202 91 00,

(ii) alcohol free wines falling within CN Code subheading 2202 99 19,

(iii) beverages falling within CN Code subheading 2202 99 11, 2202 99 15, 2202 99 91, 2202 99 95 or 2202 99 99 where the food information set out on the label or packaging of, or the accompanying documentation for, the beverage concerned indicates a calcium content of 119 milligrams or more per 100 millilitres,

(iv) food supplements, or

(v) products exempted by the European Union (Provision of Food Information to Consumers) (Amendment) (No. 2) Regulations

2016 (S.I. No. 559 of 2016) from requirements to provide specific food information on labels, packaging or accompanying documentation,

(b) a prepacked, concentrated substance in liquid or solid form, containing added sugar, which requires preparation before consumption by the final consumer and which, after such preparation, has the same characteristics as a beverage which falls within CN Code heading 2009 or 2202 other than—

(i) substances which when prepared have the same characteristics as a beverage falling within CN Code subheading 2202 99 11, 2202 99 15, 2202 99 91, 2202 99 95 or 2202 99 99 and a calcium content of 119 milligrams or more per 100 millilitres as can be ascertained from the food information set out on the label or packaging of, or the accompanying documentation for, the substance concerned,

(ii) food supplements, or

(iii) products exempted by the European Union (Provision of Food Information to Consumers) (Amendment) (No. 2) Regulations 2016 (S.I. No. 559 of 2016) from requirements to provide specific food information on labels, packaging or accompanying documentation,

or

(c) a beverage prepared from a substance referred to in paragraph (b) and which is ready to consume;",

and

(b) in section 42(1) by substituting "section 40 or 41" for "sections 40 and 41".

Rates of tobacco products tax

34. The Finance Act 2005 is amended with effect as on and from 10 October 2018 by substituting the following for Schedule 2 (as amended by section 49 of the Finance Act 2017 (No. 41 of 2017)) to that Act:

"SCHEDULE 2

Rates of Tobacco Products Tax

(With effect as on and from 10 October 2018)

Description of Product	Rate of Tax
Cigarettes	Rate of tax at—

	(a) except where paragraph (b) applies, €327.10 per thousand together with an amount equal to 9.04 per cent of the price at which the cigarettes are sold by retail, or (b) €376.82 per thousand in respect of cigarettes sold by retail where the rate of tax would be less than that rate had the rate been calculated in accordance with paragraph (a).
Cigars	Rate of tax at €375.058 per kilogram.
Fine-cut tobacco for the rolling of cigarettes	Rate of tax at €360.827 per kilogram.
Other smoking tobacco.... ….	Rate of tax at €260.199 per kilogram.

".

Amendment of Chapter 1 of Part 2 of Finance Act 2002 (consolidation and modernisation of betting duties law)

35. (1) Chapter 1 of Part 2 of the Finance Act 2002 is amended—

(a) in section 67(1), by substituting "2 per cent" for "1 per cent", and

(b) in section 67B(1), by substituting "25 per cent" for "15 per cent".

(2) *Subsection (1)* shall come into operation on 1 January 2019.

Amendment of section 130 of Finance Act 1992 (interpretation)

36. Section 130 of the Finance Act 1992 is amended by—

(a) substituting the following for the definition of "CO_2 emissions":

" 'CO_2 emissions' means—

(a) in the case of a passenger or a light duty vehicle—

(i) unless the matter falls within subparagraph (ii) or (iii), the level of carbon dioxide (CO_2) emissions for a vehicle measured in accordance with the provisions of Commission Regulation (EC) 715/2007 of 20 June 2007[10] and listed in Annex VIII to Council Directive 2007/46/EC of 5 September 2007[11], or

(ii) for a vehicle whose certificate of conformity issued on or after 1 September 2018, the level of carbon dioxide (CO_2) emissions measured in accordance with Commission Regulation (EU) 1151/2017 of 1 June 2017[12], or

10 OJ No. L171, 29.6.2007, p. 1
11 OJ No. L263, 9.10.2007, p. 1
12 OJ No. L175, 7.7.2017, p. 1

(iii) the level of carbon dioxide (CO_2) emissions for a vehicle measured in accordance with the Regulation referred to in subparagraph (ii) and determined using the correlation tool provided for in Commission Regulation (EU) 1153/2017 of 2 June 2017[13],

or

(b) in the case of a heavy duty vehicle, the level of carbon dioxide (CO_2) emissions measured in accordance with Commission Regulation (EC) 595/2009 of 18 June 2009[14],

and, in the case of paragraph (a) of this definition, displayed in accordance with the provisions of Council Directive 1999/94/EC of 13 December 1999[15] and, in the case of that paragraph or paragraph (b) of this definition, contained in the relevant EC type-approval certificate or EC certificate of conformity or any other appropriate documentation which confirms compliance with any measures taken to give effect in the State to any act of the European Union relating to the approximation of the laws of Member States in respect of type-approval for the type of vehicle concerned;",

(b) inserting the following after the definition of "flexible fuel vehicle":

" 'heavy oil' has the same meaning as in section 94 of the Finance Act 1999;",

and

(c) inserting the following after the definition of "prescribed":

" 'propellant' has the same meaning as in section 94 of the Finance Act 1999;".

Amendment of section 132 of Finance Act 1992 (charge of excise duty)

37. Section 132 of the Finance Act 1992 is amended in subsection (3)—

(a) by substituting the following paragraph for paragraph (a):

"(a) in case the vehicle the subject of the registration or declaration concerned is a Category A vehicle (other than a vehicle that is a hybrid electric vehicle or a plug-in hybrid electric vehicle) designed to use heavy oil as a propellant—

(i) by reference to Table 1 to this subsection, or

(ii) where—

(I) the level of CO_2 emissions cannot be confirmed by reference to the relevant EC type-approval certificate or EC certificate

13 OJ No. L175, 7.7.2017, p. 679
14 OJ No. L188, 18.7.2009, p. 1
15 OJ No. L12, 18.1.2000, p. 16

of conformity, and

(II) the Commissioners are not satisfied of the level of CO_2 emissions by reference to any other document produced in support of the declaration for registration,

at the rate of an amount equal to the highest percentage specified in Table 1 to this subsection of the value of the vehicle or €740, whichever is the greater,",

(b) by inserting the following paragraph after paragraph (a):

"(aa) in case the vehicle the subject of the registration or declaration concerned is a Category A vehicle other than a vehicle charged under paragraph (a)—

(i) by reference to Table 2 to this subsection, or

(ii) where—

(I) the level of CO_2 emissions cannot be confirmed by reference to the relevant EC type-approval certificate or EC certificate of conformity, and

(II) the Commissioners are not satisfied of the level of CO_2 emissions by reference to any other document produced in support of the declaration for registration,

at the rate of an amount equal to the highest percentage specified in Table 2 to this subsection of the value of the vehicle or €720, whichever is the greater,",

and

(c) by—

(i) designating the Table to subsection (3) as Table 2 to that subsection, and

(ii) inserting the following Table before Table 2:

"Table 1

CO_2 Emissions (CO_2 g/km)	Percentage payable of the value of the vehicle
0g/km up to and including 80g/km	15% or €300 whichever is the greater
More than 80g/km up to and including 100g/km	16% or €320 whichever is the greater
More than 100g/km up to and including 110g/km	17% or €340 whichever is the greater
More than 110g/km up to and including 120g/km	18% or €360 whichever is the greater
More than 120g/km up to and including 130g/km	19% or €380 whichever is the greater

More than 130g/km up to and including 140g/km	20% or €400 whichever is the greater
More than 140g/km up to and including 155g/km	24% or €480 whichever is the greater
More than 155g/km up to and including 170g/km	28% or €560 whichever is the greater
More than 170g/km up to and including 190g/km	31% or €620 whichever is the greater
More than 190g/km up to and including 225g/km	35% or €700 whichever is the greater
More than 225g/km	37% or €740 whichever is the greater

".

Amendment of section 134 (permanent reliefs) and section 141 (regulations) of Finance Act 1992

38. (1) Section 134 of the Finance Act 1992 is amended, with effect from 1 January 2019:

(a) in subsection (7) by substituting "subsections (9) and (11)" for "subsection (9)", and

(b) by inserting the following subsection after subsection (10):

"(11) Subsection (7) shall not apply to any vehicle registered on or after 1 January 2019.".

(2) The Finance Act 1992 is amended, with effect from 1 April 2019:

(a) in section 134 by deleting subsections (7) to (11), and

(b) in section 141—

(i) in subsection (2)(s) by deleting "subsections (7) and (11) of section 134 and", and

(ii) in subsection (3) by deleting "(other than subsections (6), (7) and (11))".

Amendment of section 135C of Finance Act 1992 (remission or repayment in respect of vehicle registration tax, etc.)

39. Section 135C of the Finance Act 1992 is amended—

(a) in subsection (1)(a)—

(i) by substituting "31 December 2019" for "31 December 2018", and

(ii) in subparagraph (i), by substituting "paragraph (aa)" for "paragraph (a)",

(b) in subsection (2)(a)—

(i) by substituting "31 December 2019" for "31 December 2018", and

(ii) in subparagraph (i), by substituting "paragraph (aa)" for "paragraph (a)",

and

(c) in subsection (3)(b)(i), by substituting "paragraph (aa)" for "paragraph (a)".

Amendment of section 135D of Finance Act 1992 (repayment of amounts of vehicle registration tax on export of certain vehicles)

40. Section 135D(1) of the Finance Act 1992 is amended—

(a) in paragraph (a), by substituting "was charged the category A rate" for "is a category M1 vehicle", and

(b) by substituting for paragraph (d)(ii) the following paragraph:

"(ii) where applicable, a valid test certificate (within the meaning of the Road Traffic (National Car Test) Regulations 2017 (S.I. No. 415 of 2017)) or a certificate of roadworthiness (within the meaning of the Road Safety Authority (Commercial Vehicle Roadworthiness) Act 2012), as the case may be, in respect of the vehicle concerned,".

Proportionate payment of vehicle registration tax on certain vehicles temporarily brought into State

41. Chapter 4 of Part 2 of the Finance Act 1992 is amended by inserting the following section after section 135D:

"135E. (1) In this section—

'lease agreement' means a lease agreement within the meaning of paragraph (c) of the definition of 'qualifying vehicle';

'period of the lease agreement' means the shortest continuous period of calendar months (including any part of a calendar month) which comprises the full period of use of the vehicle, the subject of the lease agreement concerned, by a person resident, or a person (other than a natural person) established, in the State;

'qualifying vehicle' means a vehicle—

(a) that is a category A vehicle,

(b) that has never previously been registered under section 131,

(c) that is the subject of a lease agreement—

(i) in respect of a vehicle which is temporarily in the State, and

(ii) which is of a period of between at least 1 calendar month, or part thereof, and a maximum of 48 calendar months,

completed between a person resident, or a person (other than a natural person) established, in the State and a business established

in another Member State, where the business in that other Member State is—

(I) registered under section 65 of the Value-Added Tax Consolidation Act 2010, and

(II) at the time of declaration of the vehicle for registration under section 131, the holder of a current tax clearance certificate issued in accordance with section 1095 of the Taxes Consolidation Act 1997,

and

(d) which shall be registered in the name of a person resident, or a person (other than a natural person) established, in the State;

'removed from the State' means—

(a) examination of the vehicle under the provisions of section 135D(1), and

(b) proof that the vehicle has been registered in another Member State or has been permanently exported outside the European Union, under section 135D(3)(b).

(2) When a person applies to register a qualifying vehicle under subsection (2) of section 131, the Commissioners may collect part of the charge to the duty of excise due under subsection (3) of section 132 in respect of the period of the lease agreement.

(3) Where subsection (2) applies, the charge applying at the time of registration of the vehicle shall be calculated in accordance with the following formula:

$$(V - X) \times P$$

where—

V is the duty of excise payable under subsection (3) of section 132 when the vehicle was first declared for registration,

X is any other remission or repayment of vehicle registration tax or relief from vehicle registration tax available in relation to the vehicle at the time of registration, and

P is the relevant percentage rate applying to the period of the lease agreement specified in the Table to this section.

(4) Where a vehicle ceases to be a qualifying vehicle, other than where the vehicle is removed from the State, the balance of the duty of excise not collected under subsection (2) and the interest payable under subsection (7) become due and immediately payable.

(5) Where—

(a) the period of the lease agreement has been extended,

(b) the lease remains in the name of the person declared at first registration of the qualifying vehicle under section 131, and

(c) the total period of the lease agreement remains under 48 months,

then the person mentioned in paragraph (b) shall immediately declare in writing this change to the Commissioners and pay—

(i) the additional duty of excise due as calculated in accordance with subsection (6), and

(ii) the interest due, if any, at a rate of 0.0274 per cent.

(6) The additional duty of excise due under subsection (5) shall be calculated in accordance with the following formula:

$$((V - X) \times P) - A$$

where—

V is the duty of excise payable under subsection (3) of section 132 when the vehicle was first declared for registration,

X is any other remission or repayment of vehicle registration tax or relief from vehicle registration tax available in relation to the vehicle at the time of registration,

P is the relevant percentage rate applying to the period of the lease agreement, inclusive of any period or periods of extension of the lease agreement under subsection (5), specified in the Table to this section, and

A is the duty of excise calculated at the time of registration under subsection (3) and any periods of extension of the lease agreement under subsection (5).

(7) The duty of excise due in accordance with subsections (4) and (5) shall be increased by an amount calculated in accordance with the following formula:

$$A \times P \times N$$

where—

A is the duty of excise due in accordance with subsection (4) or (5),

P is 0.0274 per cent, and

N is the number of days from the date the vehicle was first registered under section 131 to the date when the terms of the lease agreement were varied.

(8) (a) In respect of a qualifying vehicle that is removed from the State, at

the end of the period of the lease agreement, the duty of excise liability shall be established in accordance with subsection (9) and any overpayment shall be repaid to the person who paid the duty of excise and any underpayment of the duty of excise shall be charged and paid to Revenue by the person declared at first registration of the qualifying vehicle under section 131.

(b) Notwithstanding paragraph (a), the amount to be repaid, if any, shall not exceed the amount of vehicle registration tax paid on the registration of the vehicle under section 131.

(9) The duty of excise liability under subsection (8) shall be calculated in accordance with the following formula:

$$(A - B) - C$$

where—

A is the duty of excise due under subsection (3) of section 132 when the vehicle was first declared for registration less any other remission or repayment of vehicle registration tax or relief from vehicle registration tax available in relation to the vehicle at the time of registration,

B is the duty of excise due under subsection (3) of section 132 to register the vehicle on the last day of the period of the lease agreement less any other remission or repayment of vehicle registration tax or relief from vehicle registration tax available in relation to the vehicle, and

C is the duty of excise due under subsection (3) of section 132—

(a) as calculated in accordance with subsection (3), and

(b) the additional duty of excise (if any) calculated in accordance with subsection (6),

of this section.

(10) Interest shall apply to the duty of excise liability calculated under subsection (9) and shall be calculated in the same manner as provided for in subsection (2)(b) of section 135D.

(11) The duty of excise liability under subsection (8), if any, shall be due and payable to Revenue, by the person declared at first registration of the qualifying vehicle under section 131, on the last day of the period of the lease.

(12) Subject to section 105BA of the Finance Act 2001, and without prejudice to the provisions of section 960H of the Taxes Consolidation Act 1997 relating to the offset of overpayments, where the duty of excise liability calculated under subsection (9) results in an overpayment, following the deduction of the administration charge in

subsection (13), in favour of the person who paid the duty of excise, that person may make a claim for repayment of such amount.

(13) An administration charge of €100 shall be payable at the following times:

(a) at the time of the making of an application under subsection (2);

(b) when the qualifying vehicle is examined prior to being removed from the State.

(14) Where a vehicle—

(a) ceases to be a qualifying vehicle, and

(b) the additional duty in respect of the vehicle has not been paid in accordance with subsection (4) or the vehicle has not been removed from the State,

such vehicle shall be liable to forfeiture.

(15) This section shall come into operation on such day or days as the Minister for Finance may appoint by order.

TABLE

Number of months in period of the lease agreement	Percentage Rate
1	2
2	4
3	6
4	8
5	10
6	12
7	13.5
8	15
9	16.5
10	18
11	19.5
12	21
13	22
14	23
15	24
16	25

17	26
18	27
19	28
20	29
21	30
22	31
23	32
24	33
25	34
26	35
27	36
28	37
29	38
30	39
31	40
32	41
33	42
34	43
35	44
36	45
37	45.75
38	46.5
39	47.25
40	48
41	48.75
42	49.5
43	50.25
44	51
45	51.75
46	52.5
47	53.25
48	54

”.

PART 3

VALUE-ADDED TAX

Interpretation (*Part 3*)

42. In this Part "Principal Act" means the Value-Added Tax Consolidation Act 2010.

Rates of value-added tax

43. The Principal Act is amended with effect from 1 January 2019—

(a) in section 46(1)(ca) by substituting "paragraphs 7(a), 7A and 12" for "paragraphs 3(1) to (3), 7, 8, 11, 12, 13(3) and 13B(1) to (3)", and

(b) in Schedule 3, by inserting the following after paragraph 7:

"Electronic publications

7A. Electronic publications being books, newspapers and periodicals, supplied electronically, but excluding electronic publications which wholly or predominantly are devoted to advertising, or consist wholly or predominantly of audible music or video content.".

Amendment of section 94 of Principal Act (supplies of immovable goods (new rules))

44. Section 94 of the Principal Act is amended in subsection (7) by deleting paragraph (e).

Amendment of section 104 of Principal Act (repayments in specific circumstances)

45. (1) Section 104(2) of the Principal Act is amended by deleting paragraphs (a), (b) and (c).

(2) *Subsection (1)* shall come into operation on 1 January 2019.

PART 4

STAMP DUTIES

Interpretation (*Part 4*)

46. In this Part "Principal Act" means the Stamp Duties Consolidation Act 1999.

Amendment of sections 31 and 31A of Principal Act

47. The Principal Act is amended—

(a) in section 31, by substituting the following for subsection (3):

"(3) Where duty has been paid in accordance with subsections (1) and (2), the conveyance or transfer made in conformity with the contract or agreement shall not be chargeable with any duty, and the

Commissioners, where an electronic return or paper return has been delivered to them, shall issue a stamp certificate to denote that the instrument is not chargeable with duty.",

and

(b) in section 31A, by substituting the following for subsection (3):

"(3) Where duty has been paid in respect of a contract or agreement, in accordance with subsection (1), a conveyance or transfer made in conformity with the contract or agreement shall not be chargeable with any duty, and the Commissioners, where an electronic return or paper return has been delivered to them, shall issue a stamp certificate to denote that the instrument is not chargeable with duty.".

Amendments in relation to certain farming reliefs

48. (1) The Principal Act is amended—

(a) in section 81AA—

(i) in subsection (1), by inserting the following definition:

" 'EU Regulation' means Commission Regulation (EU) No. 702/2014 of 25 June 2014[16] declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union as that Regulation may be revised from time to time;",

(ii) by inserting the following after subsection (7):

"(7A) The aggregate amount of relief granted to a person under this section and section 667B and section 667D of the Taxes Consolidation Act 1997 shall not exceed the limit of €70,000 as provided for by Article 18 of the EU Regulation.",

(iii) in subsection (8), by substituting the following paragraph for paragraph (c):

"(c) the young trained farmer comes within the meaning of microenterprise or small enterprise in Article 2 of Annex 1 to the EU Regulation.",

(iv) in subsection (11)—

(I) by substituting the following paragraph for paragraph (c):

"(c) This paragraph applies where—

(i) the transferee achieves the standard within the period of 4 years from the date of execution of an instrument to which this subsection applies,

(ii) it is the intention of the transferee, for a period of 5 years

16 OJ No. L193, 1.7.2014, p. 1

from the date on which a claim for repayment under paragraph (d) is made to the Commissioners to—

(I) spend not less than 50 per cent of his or her normal working time farming the land concerned, and

(II) retain ownership of that land,

and

(iii) the transferee—

(I) submits a business plan to Teagasc, and

(II) comes within the meaning of microenterprise or small enterprise in Article 2 of Annex 1 to the EU Regulation,

before a repayment under paragraph (d) is claimed.",

and

(II) by inserting the following after paragraph (c) (as substituted by *clause (I)*):

"(d) Where paragraph (c) applies, the transferee may claim a repayment of stamp duty paid in respect of the instrument concerned and the Commissioners shall then cancel and repay any duty that was paid in respect of that instrument.",

(v) in subsection (12), by deleting paragraphs (e) and (f),

(vi) in subsection (13), by deleting paragraphs (b), (c) and (d), and

(vii) in subsection (16), by substituting "31 December 2021" for "31 December 2018",

and

(b) in section 81C—

(i) by deleting subsection (7),

(ii) in subsection (9), by deleting paragraph (c), and

(iii) in subsection (10)—

(I) in paragraph (b), by deleting "or (c), as the case may be,", and

(II) by deleting paragraphs (c) and (d).

(2) *Subsection (1)(a)(vii)* shall come into operation on such day as the Minister for Finance may appoint by order.

Right of appeal in relation to refund claims

49. Section 159A of the Principal Act is amended by inserting the following after subsection (1):

"(1A) Any person aggrieved by a decision of the Commissioners on a claim for repayment, within the meaning of section 159B(1), may appeal the decision to the Appeal Commissioners, in accordance with section 949I of the Taxes Consolidation Act 1997, within the period of 30 days after the date of the notification of the decision to that person.".

PART 5

Capital Acquisitions Tax

Interpretation (*Part 5*)

50. In this Part "Principal Act" means the Capital Acquisitions Tax Consolidation Act 2003.

Miscellaneous amendments to Principal Act

51. The Principal Act is amended in the manner and to the extent specified in *Schedule 1*.

Amendment of section 86 of Principal Act (exemption relating to certain dwellings)

52. Section 86 of the Principal Act is amended by inserting the following after subsection (2):

"(2A) For the purposes of subsection (2), a successor is deemed to be beneficially entitled to, or to have a beneficial interest in, a dwelling house that is subject to a discretionary trust under or in consequence of a disposition made by the successor where that successor is an object of the trust.".

Amendment of Schedule 2 to Principal Act (computation of tax)

53. (1) Paragraph 1 of Part 1 of Schedule 2 to the Principal Act is amended, in paragraph (a) of the definition of "group threshold", by substituting "€320,000" for "€310,000".

(2) This section applies to gifts and inheritances taken on or after 10 October 2018.

PART 6

Miscellaneous

Interpretation (*Part 6*)

54. In this Part "Principal Act" means the Taxes Consolidation Act 1997.

Appeal procedures

55. The Principal Act is amended—

(a) in section 669(5), by inserting the following paragraph after paragraph (b):

"(c) The Appeal Commissioners dealing with an appeal from the decision of an inspector on a claim in a case where in accordance with paragraph (a) the inspector has attributed to a person at the beginning of an accounting period trading stock of a particular value shall, in hearing and determining the appeal in so far as it relates to the value of the trading stock to be so attributed, determine such value as appears to the Appeal Commissioners to be just and reasonable, having regard to those factors to which the inspector is required to have regard by virtue of paragraph (b).",

(b) in section 949P(1), by substituting "section 960L" for "section 960K",

(c) in section 949Q(2), by deleting paragraphs (d) and (e),

(d) by deleting section 949AG, and

(e) in section 949AN(3)—

(i) by substituting "may determine the new appeal without holding a hearing where–" for "may make a determination in an appeal under subsection (1) where–", and

(ii) in paragraph (b), by inserting "that it is necessary to" after "and".

Amendment of section 851A of Principal Act (confidentiality of taxpayer information)

56. Section 851A(8) of the Principal Act is amended by substituting the following paragraph for paragraph (m):

"(m) where relief is granted under—

(i) section 81D of the Stamp Duties Consolidation Act 1999, or

(ii) section 667C,

and the information is disclosed only to the Minister for Agriculture, Food and the Marine for the sole purpose of complying with Commission Regulation (EU) No. 1408/2013 of 18 December 2013[17],".

Amendment of section 858 of Principal Act (evidence of authorisation)

57. Section 858(1) of the Principal Act is amended by substituting the following paragraph for paragraph (b):

"(b) the European Communities (Intrastat) Regulations 2011 (S.I. No. 610 of 2011);".

17 OJ No. L352, 24.12.2013, p. 9

PAYE modernisation

58. (1) The Principal Act is amended—

(a) in section 472(2)(a)(ii), by substituting "Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018)" for "Income Tax (Employments) (Consolidated) Regulations 2001 (S.I. No. 559 of 2001)",

(b) in section 531AL—

(i) by inserting the following definition:

" 'Income Tax Regulations' means the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018);",

and

(ii) by deleting the definition of "PAYE Regulations",

(c) in paragraph (a) of the Table to section 531AM(1)—

(i) in subparagraph (i), by substituting "Regulation 31 of the Income Tax Regulations" for "Regulations 41 and 42 of the PAYE Regulations", and

(ii) in subparagraph (III), by substituting "following receipt of a notification issued by an inspector under section 984(1)" for "on the direction of an inspector in accordance with Regulation 10(3) of the PAYE Regulations",

(d) in section 531AN—

(i) by substituting the following for subsection (7):

"(7) Subsection (5) shall not apply where—

(a) the normal day on which relevant emoluments are paid to an individual during a tax year changes either during that year or the preceding year, or

(b) a payment of relevant emoluments occurs on a relevant date and that date is not the normal day on which relevant emoluments are paid to an individual.",

and

(ii) by inserting the following subsection after subsection (7):

"(8) A reference in subsection (7) to the normal day is a reference to the day during the weekly or fortnightly cycle, as the case may be, on which relevant emoluments are paid to the individual concerned.",

(e) by inserting the following section after section 531AO:

"Return by employer

531AOA.(1) In this section, 'return filing date' means, in relation to an income tax month, the day that is 15 days from the last day of the month.

(2) On or before the return filing date for an income tax month, an employer shall make a return to the Revenue Commissioners

specifying the total universal social charge deducted or repaid in respect of that month in accordance with Regulations made under section 531AAB.

(3) Where the Revenue Commissioners issue a statement to an employer which sets out, in summary form in respect of an income tax month, the total amount of universal social charge deducted or repaid by that employer, the details of the statement shall on the return filing date, or where the statement is issued after the return filing date, on that later date, be deemed to be a return made by the employer in respect of that month for the purposes of subsection (2).

(4) Subsection (3) shall not apply where a statement referred to in that subsection is issued to an employer and the details on that statement do not accurately reflect all payments of emoluments, to which this Part applies, made by the employer in the income tax month concerned or the liability of the employer to deduct universal social charge on those payments.

(5) Where subsection (4) applies, the employer concerned shall ensure that all payments relating to the income tax month concerned and the associated universal social charge liability are accurately reflected in the return required under subsection (2) in respect of that month.",

(f) in section 531AY(4), by substituting "Income Tax Regulations" for "PAYE Regulations",

(g) in section 531AAD(10), by substituting "Within 14 days" for "Within 46 days",

(h) in section 784(2B)(b), by substituting "a revenue payroll notification (within the meaning of section 983)" for "a certificate of tax credits and standard rate cut-off point or a tax deduction card",

(i) in section 784A(3)(b), by substituting "a revenue payroll notification (within the meaning of section 983)" for "a certificate of tax credits and standard rate cut-off point or a tax deduction card",

(j) in section 787G(1)(b), by substituting "a revenue payroll notification (within the meaning of section 983)" for "a certificate of tax credits and standard rate cut-off point or a tax deduction card",

(k) in section 790AA(7)(b)(ii), by substituting "a revenue payroll notification (within the meaning of section 983)" for "a certificate of tax credits and standard rate cut-off point or a tax deduction card",

(l) in section 864A—

(i) in subsection (1)(d), by substituting "a claim under Regulation 22(5) of the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018)" for "a claim under Regulation 26(5) of the Income Tax (Employments)

(Consolidated) Regulations 2001 (S.I. No. 559 of 2001)", and

(ii) in subsection (8), by substituting "Regulation 4, or amended the amount in accordance with Regulation 5, of the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018)" for "Regulation 10, or amended the amount in accordance with Regulation 13, of the Income Tax (Employments) (Consolidated) Regulations 2001 (S.I. No. 559 of 2001)",

(m) in section 897A—

(i) in subsection (1)—

(I) by deleting the definition of "Consolidated Regulations",

(II) by substituting the following for the definition of "employee pension contribution":

" 'employee pension contribution' in relation to a year of assessment and a scheme referred to in either section 774 or 776, means a contribution referred to in paragraph (1)(b) of Regulation 31 of the Income Tax Regulations;",

(III) by inserting the following definition:

" 'Income Tax Regulations' means the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018);",

(IV) by substituting the following for the definition of "PRSA employee contribution":

" 'PRSA employee contribution', in relation to a year of assessment, means any PRSA contribution made by the employee in the year of assessment which is a contribution referred to in paragraph (1)(c) of Regulation 31 of the Income Tax Regulations;",

and

(V) by substituting the following for the definition of "RAC premium":

" 'RAC premium', in relation to a year of assessment, means any qualifying premium (within the meaning of section 784) paid by an individual in a year of assessment which is a contribution referred to in paragraph (1)(d) of Regulation 31 of the Income Tax Regulations.",

(ii) by substituting the following for subsection (2)—

"(2) Any person who is required to notify the Revenue Commissioners under section 985G(2) shall include the following particulars relating to employees in that notification—

(a) where a pension contribution deduction is made from the emoluments paid to an employee, the amount of the pension contribution,

(b) where a PRSA contribution deduction is made from the

emoluments paid to an employee, the amount of the PRSA contribution,

(c) where an RAC premium deduction is made from the emoluments paid to an employee, the amount of the RAC premium,

(d) where an additional superannuation contribution deduction is made from the emoluments paid to an employee, the amount of the additional superannuation contribution,

(e) the amount of an employer pension contribution, and

(f) the amount of a PRSA employer contribution.",

and

(iii) by substituting the following for subsection (3)—

"(3) Sections 1052 and 1054 shall apply to a failure by a person to provide the particulars required by subsection (2) as they apply to a failure to deliver a return referred to in section 1052.",

(n) in section 903(1), in the definition of "records", by substituting "revenue payroll notifications (within the meaning of section 983)" for "certificates of tax credits and standard rate cut-off point, tax deduction cards, certificates issued in accordance with Regulation 20 of the Income Tax (Employments) (Consolidated) Regulations 2001 (S.I. No. 559 of 2001)",

(o) in section 960(2), by substituting "Regulation 28 of the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018)" for "Regulation 37 of the Income Tax (Employments) (Consolidated) Regulations 2001 (S.I. No. 559 of 2001)",

(p) in section 960A—

(i) in the definition of "assessment", by deleting "under section 990 or",

(ii) by inserting the following definition:

" 'Income Tax Regulations' means the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018);",

and

(iii) by deleting the definition of "PAYE Regulations",

(q) in section 960I—

(i) in subsection (5)(a), by substituting "Income Tax Regulations" for "PAYE Regulations", and

(ii) by substituting the following for subsection (6):

"(6) For the purposes of subsection (5)—

(a) any amount of tax assessed under section 990, or

(b) any balance of tax so assessed but remaining unpaid,

is deemed to be an amount of tax which any person paying emoluments was liable, under Chapter 4 and the Income Tax Regulations, to pay to the Collector-General.",

(r) in section 960O(4)—

(i) in paragraph (a), by deleting subparagraph (iv), and

(ii) by substituting the following for paragraph (c):

"(c) For the purposes of paragraph (a)(i), 'authorised employer's PAYE liability', in relation to an employer whose due date for the payment of tax has been varied by way of a notice under section 985G(7), means the amount determined by the formula—

$$(A + B - C) + D$$

where—

A is any amount which, if a notice under section 985G(7) was not issued, would have been an amount due at the relevant date in respect of sums that the employer is liable under Chapter 4 and the Income Tax Regulations to deduct from emoluments paid by the employer during the relevant period,

B is any amount which, if a notice under section 985G(7) was not issued, would have been an amount due at the relevant date in respect of sums that were not so deducted but which the employer was liable, in accordance with section 985A and any regulations under that section, to remit to the Collector-General in respect of notional payments made by the employer during the relevant period,

C is any amount which the employer was liable under Chapter 4 and the Income Tax Regulations to repay during the relevant period, and

D is any interest payable under section 991 in respect of the amounts referred to in the meanings of A and B.",

(s) in section 960P—

(i) in subsection (3), by deleting paragraph (e), and

(ii) in subsection (5), by substituting "Income Tax Regulations" for "PAYE Regulations" in the meanings of A and C,

(t) in section 985H(1)(i), by substituting "Regulation 19 of the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018)" for "Regulation 22 of the Income Tax (Employments) (Consolidated) Regulations 2001 (S.I. No. 559 of 2001)",

(u) in section 986A, by inserting the following after subsection (3):

"(4) The amount referred to in subsection (3) shall, notwithstanding sections 18 and 19, be an amount chargeable to tax under Schedule E on the employee concerned.",

(v) in section 997(3), by substituting "Regulation 28 of the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018)" for "Regulation 37 of the Income Tax (Employments) (Consolidated) Regulations 2001 (S.I. No. 559 of 2001)",

(w) in section 997A(3), by substituting "Regulation 28 of the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018)" for "Regulation 37 of the Income Tax (Employments) (Consolidated) Regulations 2001 (S.I. No. 559 of 2001)", and

(x) in section 1080(2)(b)(ii), by substituting "Regulation 28 of the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018)" for "Regulation 37 of the Income Tax (Employments) (Consolidated) Regulations 2001 (S.I. No. 559 of 2001)".

(2) *Subsection (1)*, other than *paragraphs (r)(ii)*, *(s)(ii)* and *(u)*, shall apply for the year of assessment 2019 and each subsequent year of assessment in respect of emoluments paid on or after 1 January 2019.

(3) *Subsection (1)(r)(ii)* shall apply—

(a) where a relevant period (within the meaning of section 960O of the Principal Act) commences before 1 January 2019, in respect of that part of the relevant period which falls on or after 1 January 2019, and

(b) where a relevant period (within the meaning of section 960O of the Principal Act) commences on or after 1 January 2019, in respect of that relevant period.

(4) *Subsection (1)(s)(ii)* shall apply—

(a) where a relevant period (within the meaning of section 960P of the Principal Act) commences before 1 January 2019, in respect of that part of the relevant period which falls on or after 1 January 2019, and

(b) where a relevant period (within the meaning of section 960P of the Principal Act) commences on or after 1 January 2019, in respect of that relevant period.

Amendment of Part 41A of Principal Act (assessing rules including rules for self assessment)

59. Section 959AA of the Principal Act is amended by inserting the following after subsection (2)—

"(2A) Notwithstanding subsection (1) and section 959AB(1), a Revenue officer may, at any time, make or amend an assessment for a chargeable period to give effect to a mutual agreement reached, under an arrangement having the force of law by virtue of section 826(1), between the competent authority of the State and a competent authority of another jurisdiction and tax shall be paid or repaid

(notwithstanding any limitation in section 865(4) on the time within which a claim for repayment of tax is required to be made) where appropriate in accordance with any such assessment or amended assessment.".

Amendment of certain tax exemption provisions

60. (1) The Principal Act is amended—

(a) in Part 7, by inserting the following section after section 218:

"Certain income of Motor Insurers' Bureau of Ireland

218A. Notwithstanding any provision of the Corporation Tax Acts, income arising to the Motor Insurers' Bureau of Ireland from investments made by it of moneys paid to the Motor Insurers' Insolvency Compensation Fund under the Insurance Act 1964 (amended by the Insurance (Amendment) Act 2018), which income would but for this section have been chargeable to corporation tax under Case III or IV, as the case may be, of Schedule D, shall be exempt from corporation tax.",

(b) in section 220, by inserting the following paragraph after paragraph 8:

"9. Limerick Twenty Thirty Strategic Development Designated Activity Company, registered on 7 July 2008 (registered number 459652).",

(c) in section 730D(2), by inserting the following paragraph after paragraph (b):

"(ba) the life policy is an investment made by the Motor Insurers' Bureau of Ireland of moneys paid to the Motor Insurers' Insolvency Compensation Fund under the Insurance Act 1964 (amended by the Insurance (Amendment) Act 2018), and the Motor Insurers' Bureau of Ireland has made a declaration to that effect to the assurance company,",

(d) in section 739D(6)—

(i) in paragraph (kb), by substituting "undertaking," for "undertaking, or", and

(ii) by inserting the following paragraph after paragraph (kb):

"(kc) is the Motor Insurers' Bureau of Ireland in respect of an investment made by it of moneys paid to the Motor Insurers' Insolvency Compensation Fund under the Insurance Act 1964 (amended by the Insurance (Amendment) Act 2018), and the Motor Insurers' Bureau of Ireland has made a declaration to that effect to the investment undertaking, or",

(e) in Schedule 4—

(i) by inserting the following paragraph after paragraph 20:

"20A. Child and Family Agency.",

(ii) by inserting the following paragraph after paragraph 79:

"79A. National Transport Authority.",

(iii) by inserting the following paragraph after paragraph 91A:

"91B. Sport Ireland.",

and

(iv) by inserting the following paragraph after paragraph 99:

"100. Western Development Commission.",

and

(f) in Part 1 of Schedule 15—

(i) by inserting the following paragraph after paragraph 44:

"45. Limerick Twenty Thirty Strategic Development Designated Activity Company, registered on 7 July 2008 (registered number 459652).",

and

(ii) by inserting the following paragraph after paragraph 45 (inserted by *subparagraph (i)*):

"46. National Transport Authority.".

(2) (a) *Paragraphs (b)* and *(f)(i)* of *subsection (1)* are deemed to have come into force and have taken effect as on and from 1 January 2018.

(b) *Subsection (1)(e)(i)* is deemed to have come into force and have taken effect as on and from 1 January 2014.

(c) *Paragraphs (e)(ii)* and *(f)(ii)* of *subsection (1)* are deemed to have come into force and have taken effect as on and from 1 December 2009.

(d) *Subsection (1)(e)(iii)* is deemed to have come into force and have taken effect as on and from 1 October 2015.

(e) *Subsection (1)(e)(iv)* is deemed to have come into force and have taken effect as on and from 1 February 1999.

Amendment of Part 5 of Schedule 24A to Principal Act (orders pursuant to section 826(1E) in relation to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting)

61. Part 5 of Schedule 24A to the Principal Act is amended by inserting the following:

"The Multilateral Convention to Implement Tax Treaty Related Measures Order 2018 (S.I. No. 440 of 2018).".

Miscellaneous technical amendments in relation to tax

62. The enactments specified in *Schedule 2*—

(a) are amended to the extent and in the manner specified in *paragraphs 1* to *4* of that Schedule, and

(b) apply and come into operation in accordance with *paragraph 5* of that Schedule.

Amendment of section 44 of Forestry Act 1988

63. Section 44 of the Forestry Act 1988 is amended, in subsection (11) (amended by section 67(e) of the Ministers and Secretaries (Amendment) Act 2011), by substituting "paid by the Minister for Finance" for "paid by the Minister for Public Expenditure and Reform".

Care and management of taxes and duties

64. All taxes and duties imposed by this Act are placed under the care and management of the Revenue Commissioners.

Short title, construction and commencement

65. (1) This Act may be cited as the Finance Act 2018.

(2) *Part 1* shall be construed together with—

(a) in so far as it relates to income tax, the Income Tax Acts,

(b) in so far as it relates to universal social charge, Part 18D of the Principal Act,

(c) in so far as it relates to corporation tax, the Corporation Tax Acts, and

(d) in so far as it relates to capital gains tax, the Capital Gains Tax Acts.

(3) *Part 2*, in so far as it relates to duties of excise, shall be construed together with the statutes which relate to those duties and to the management of those duties.

(4) *Part 3* shall be construed together with the Value-Added Tax Acts.

(5) *Part 4* shall be construed together with the Stamp Duties Consolidation Act 1999 and the enactments amending or extending that Act.

(6) *Part 5* shall be construed together with the Capital Acquisitions Tax Consolidation Act 2003 and the enactments amending or extending that Act.

(7) *Part 6* in so far as it relates to—

(a) income tax, shall be construed together with the Income Tax Acts,

(b) universal social charge, shall be construed together with Part 18D of the Principal Act,

(c) corporation tax, shall be construed together with the Corporation Tax Acts,

(d) capital gains tax, shall be construed together with the Capital Gains Tax Acts,

(e) customs, shall be construed together with the Customs Acts,

(f) duties of excise, shall be construed together with the statutes which relate to duties of excise and the management of those duties,

(g) value-added tax, shall be construed together with the Value-Added Tax Acts,

(h) stamp duty, shall be construed together with the Stamp Duties Consolidation Act 1999 and the enactments amending or extending that Act,

(i) domicile levy, shall be construed together with Part 18C of the Principal Act, and

(j) gift tax or inheritance tax, shall be construed together with the Capital Acquisitions Tax Consolidation Act 2003 and the enactments amending or extending that Act.

(8) Except where otherwise expressly provided for in *Part 1*, that Part shall come into operation on 1 January 2019.

(9) Except where otherwise expressly provided for, where a provision of this Act is to come into operation on the making of an order by the Minister for Finance, that provision shall come into operation on such day or days as the Minister for Finance shall appoint either generally or with reference to any particular purpose or provision and different days may be so appointed for different purposes or different provisions.

SCHEDULE 1

Section 51

AMENDMENTS TO CAPITAL ACQUISITIONS TAX CONSOLIDATION ACT 2003

The Capital Acquisitions Tax Consolidation Act 2003 is amended—

(a) in section 46 by substituting the following for subsection (7A):

"(7A) The making of enquiries by the Commissioners for the purposes of subsection (7)(a) or the authorising of inspections by the Commissioners under subsection (7)(b) in connection with or in relation to any relevant return (within the meaning given in section 49(6A)(b)) may not be initiated after the expiry of 4 years commencing on—

(a) the date on which the relevant return is received by the Commissioners, or

(b) where the matter of such conditions being satisfied is relevant to the assessment of the tax concerned, the latest date on which all of the conditions for a relief or exemption were required to be satisfied.",

(b) in section 53A—

(i) in subsection (1)(b) by substituting "year," for "year.", and

(ii) by inserting the following after subsection (1)(b):

"(c) in the case of an inheritance referred to in section 15(1) or 20(1), the last day of the period of 4 months referred to in section 46(2C).",

(c) in Part 8 by inserting the following after section 67:

"Payment of tax following determination of an appeal

67A. (1) Where, on the determination of an appeal made under section 67(2) against an assessment of tax, the amount of tax payable by a person is in excess of the amount of tax that the person paid in respect of the assessment before the making of the appeal, the excess shall be due and payable on the same date as the tax charged by the assessment is due and payable.

(2) Notwithstanding subsection (1), where the amount of tax that a person paid before the making of an appeal is not less than 90 per cent of the amount of tax found to be payable on the determination of the appeal, the excess referred to in subsection (1) shall be due and payable not later than one month from the date of the determination of the appeal.",

(d) in section 90—

(i) in subsection (1)—

(I) by deleting the definitions of "associated company", "holding company" and "subsidiary",

(II) by inserting the following after the definition of "full-time working officer or employee":

" 'holding company' has the meaning assigned to it by section 8(1) of the Companies Act 2014;",

(III) by substituting "section 93;" for "section 93." in the definition of "relevant business property", and

(IV) by inserting the following after the definition of "relevant business property":

" 'subsidiary' has the meaning assigned to it by section 7 of the Companies Act 2014;

'undertaking of substantial interest' shall be construed in accordance with section 314(1)(b) of the Companies Act 2014.",

and

(ii) in subsection (3) by substituting "undertaking of substantial interest" for "associated company" in each place where it occurs,

and

(e) in section 104 by inserting the following after subsection (3):

"(3A) Where an amount of tax is treated as an amount of capital gains tax for the purposes of this section under section 730GB of the Taxes Consolidation Act 1997, subsection (3) shall not apply in relation to that amount of tax.".

SCHEDULE 2

Section 62

MISCELLANEOUS TECHNICAL AMENDMENTS IN RELATION TO TAX

1. The Taxes Consolidation Act 1997 is amended—

(a) in section 770(1), in the definition of "overseas pension scheme", by substituting the following for paragraph (a):

"(a) operated or managed by an institution for occupational retirement provision as defined by Article 6(1) of Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016[18], and",

(b) in section 790B(1)—

(i) by substituting the following for the definition of "Directive":

" 'Directive' means Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016[19] on the activities and supervision of institutions for occupational retirement provision (IORPs) (recast);",

and

(ii) in the definition of "scheme" by substituting "Article 6(4)" for "Article 6(d)",

and

(c) in Schedule 13—

(i) by deleting paragraphs 19, 91, 105, 118, 129 and 135,

(ii) by inserting the following paragraphs after paragraph 200:

"201. Policing Authority.

202. Educational Research Centre.

203. Sport Ireland.

204. A company to which section 7 of the Harbours Act 1996 applies.",

(iii) in paragraph 54 by substituting "National Concert Hall." for "National Concert Hall Company Ltd.",

(iv) in paragraph 70 by substituting "Fís Éireann - Screen Ireland." for "The Irish Film Board.",

(v) in paragraph 102 by substituting "Commission for Regulation of Utilities." for "Commission for Energy Regulation.", and

(vi) in paragraph 160 by substituting "Commission for Railway Regulation." for "The Railway Safety Commission.".

18 OJ No. L354, 23.12.2016, p. 37
19 OJ No. L354, 23.12.2016, p. 37

2. The Value-Added Tax Consolidation Act 2010 is amended in section 12(2) by substituting "(other than a service of a kind referred to in section 33(2)(b), (ba) or (c))" for "(other than a service of a kind referred to in section 33(2)(b) or (c))".

3. Section 130 of the Finance Act 1992 is amended—

   (a) by deleting the definitions of "Directive 2002/24/EC" and "Directive 2003/37/EC",

   (b) by inserting the following definitions:

   " 'Regulation 167/2013' means Regulation (EU) No. 167/2013 of the European Parliament and of the Council of 5 February 2013[20] on the approval and market surveillance of agricultural and forestry vehicles;

   'Regulation 168/2013' means Regulation (EU) No 168/2013 of the European Parliament and of the Council of 15 January 2013[21] on the approval and market surveillance of two- or three-wheel vehicles and quadricycles;",

   (c) by substituting " 'category L1e vehicle', 'category L2e vehicle', 'category L3e vehicle', 'category L4e vehicle', 'category L5e vehicle', 'category L6e vehicle' and 'category L7e vehicle' have the same meanings as in Regulation 168/2013;" for " 'category L1e vehicle', 'category L2e vehicle', 'category L3e vehicle', 'category L4e vehicle', 'category L5e vehicle', 'category L6e vehicle' and 'category L7e vehicle' have the same meanings as in Directive 2002/24/EC;",

   (d) by substituting " 'category T vehicle', 'category T1 vehicle', 'category T2 vehicle', 'category T3 vehicle' and 'category T4 vehicle' have the same meanings as in Article 4 of Regulation 167/2013;" for " 'category T1 vehicle', 'category T2 vehicle', 'category T3 vehicle', 'category T4 vehicle' and 'category T5 vehicle' have the same meanings as in Annex II of Directive 2003/37/EC;", and

   (e) in the definition of "type-approval" by substituting "Regulation 167/2013 and Regulation 168/2013" for "Directive 2002/24/EC and Directive 2003/37/EC".

4. The Finance Act 2001 is amended—

   (a) in section 99B(10) by substituting "section 99AB" for "section 105A",

   (b) in section 105D by substituting "section 960H(4)" for "section 1006A(2A)" in each place, and

   (c) in section 109W(c) by substituting "section 104(5)(b)" for "section 105(1)(b)".

5. (a) *Paragraph (1)(a)* shall come into operation on 13 January 2019.

   (b) *Paragraph (1)(b)* shall come into operation on such day as the Minister for

20 OJ No. L60, 2.3.2013, p. 1
21 OJ No. L60, 2.3.2013, p. 52

Finance may appoint by order.

(c) *Paragraph (1)(c)* shall come into operation on 1 January 2019.

(d) *Paragraphs 2, 3* and *4* shall have effect on and from the passing of this Act.