AN BILLE AIRGEADAIS, 1985
FINANCE BILL, 1985

EXPLANATORY MEMORANDUM

PART I

INCOME TAX, INCOME LEVY, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

Income Tax

Section 1 increases, for 1985-86 and subsequent years of assessment, the general income tax exemption limits and the exemption limits for aged persons.

In the case of single and widowed persons (and married persons assessed as single persons), the general exemption limit is raised from £2,500 to £2,650. Where such persons are aged 65 years or over but under 75 years, the exemption limit is increased from £2,800 to £3,000 and, where they are 75 years or over, the limit goes up from £3,300 to £3,500.

In the case of married persons, the general exemption limit is increased from £5,000 to £5,300. Where either spouse is aged 65 years or over and both are under 75 years, the limit is increased from £5,600 to £6,000 and, where either spouse is 75 years or over, the limit is raised from £6,600 to £7,000.

Section 2 provides for the new rate bands which will apply for 1985-86 and subsequent years. The new bands are set out in the Table to the section. *Part I* of the Table sets out the rate bands applicable in the case of a single or widowed person (or a married person who is assessed to tax as a single person). The amount chargeable at 35 per cent. is increased from £4,000 to £4,500 and the four higher rate bands of 45 per cent., 55 per cent., 60 per cent. and 65 per cent. are replaced by two bands of 48 per cent. and 60 per cent. The amount chargeable at the 48 per cent. rate is £2,800 and the balance of taxable income is chargeable at 60 per cent. *Part II* shows the rates applicable where the husband is assessed to tax in respect of his own and his wife's income. These rate bands are double those applicable to single persons.

Section 3 and the *First Schedule* give effect, in the customary form, to the alterations in personal reliefs announced in the Budget. The allowances, which are set out in the Table to the section, are—

(*a*) (i) the married personal allowance, which is being increased from £3,600 to £3,800;

(ii) the widowed personal allowance, which is being increased from £2,300 to £2,400 and, for the year in which a widow is bereaved, from £3,600 to £3,800;

(iii) the single personal allowance, which is being increased from £1,800 to £1,900;

(*b*) the incapacitated child allowance, which is being increased from £500 to £600;

(*c*) the deduction allowable in respect of a person employed to care for a taxpayer or his spouse either of whom is totally incapacitated, the maximum amount of which is being increased from £2,000 to £2,500;

(*d*) the blind person's allowance, which is being increased from £500 to £600 where the taxpayer (or his spouse) is blind and from £1,200 to £1,400 where both spouses are blind.

Section 4 substitutes for 1985-86 and later years a new section 138A for the existing section 138A of the Income Tax Act, 1967. The purpose of this is to remove an anomaly which deprives some single parents of the single parent tax allowance. This occurs because, to qualify for that allowance, an individual must be eligible for the child tax allowance under section 141 of that Act. One of the conditions for relief stipulated in that section is that the child must not have income exceeding £80 (although tapering relief is granted which runs out at a ceiling of £180). Thus, if a child has £180 income in a year, a single parent could be deprived of an allowance of £1,900. The new section 138A, which is independent of section 141, introduces a new income limit for a child, of £720 per annum, for eligibility for full single parent allowance and provides for tapering arrangements under which that allowance would not run out until the child's income reaches a ceiling of £2,120 in the case of a widowed parent, or £2,620 in the case of other single parents. The section is based on the provisions of the existing sections 138A and 141 of the Income Tax Act, 1967.

The section also provides for the increases in the single parent allowance announced in the Budget. In the case of a widowed parent, the allowance is being increased from £1,300 to £1,400, while in the case of other single parents, the allowance is being increased from £1,800 to £1,900. (This ensures that such parents will continue to receive, by way of main personal allowance and single parent allowance, amounts which will, in the aggregate, be equivalent to the married personal allowance of £3,800, that is, £2,400 plus £1,400 in the case of a widowed parent and £1,900 plus £1,900 in the case of other single parents.)

Section 5 continues, for the year 1985-86, the special allowance of £286 in the case of employees who pay the higher rates of pay-related social insurance.

Section 6 is a technical amendment of section 125 of the Income Tax Act, 1967, which applies the PAYE system to emoluments from employments. Excluded from the operation of the PAYE system are emoluments in respect of which it is impracticable to operate the system or emoluments which are or will be taken into account in computing the profits or gains of a trade or profession. The present section proposes that, with effect from the year 1986-87, emoluments will be excluded from the operation of the PAYE system only where it is impracticable to operate that system. The section also contains provision that emoluments excluded from the PAYE system may be brought back within that system, if a change in the circumstances so warrants.

Section 7 provides that, for the year 1985-86 and subsequent years of assessment, the age qualification for entitlement to claim relief for rent paid in respect of private tenancies is to be reduced from 60 years or upwards to 55 years or upwards. The section also increases the ceiling on relief from £500 to £750 in the case of a single or widowed person and from £1,000 to £1,500 in the case of a married man assessed to tax in respect of his own and his wife's income.

Section 8 amends, for 1985-86 and subsequent years of assessment, section 344 of the Income Tax Act, 1967, so as to double, in the case of individuals aged 65 years or over, the limit on the amount of interest on deposits with certain financial institutions which is to be exempted from tax. For such individuals the limit in the case of interest on deposits with the Trustee Savings Banks and the Post Office Savings Bank is being increased from £120 to £240, while the limit which applies in the case of interest on deposits with certain commercial banks is being increased from £50 to £100.

Section 9 provides for technical amendments to the provisions of sections 7 and 8 of the Finance Act, 1968, dealing with the estimation of PAYE tax due, but not remitted, by an employer for a year of assessment so as to—

(i) transfer the statutory power for making the estimates from the Revenue Commissioners to inspectors of taxes, or such other officers as may be nominated by the Revenue Commissioners for that purpose, and

(ii) increase from 14 days to 30 days the period within which an appeal against such an estimate may be made by an employer.

Section 10 gives effect to the Budget proposal to grant relief from income tax in respect of certain income from the leasing of agricultural land.

It provides that exemption from income tax will be granted in respect of the first £2,000 of leasing income obtained each year by a lessor of agricultural land, where the lease from which the income is derived is for a period of not less than seven years.

To qualify for this exemption the lessor of the land must be aged 55 years or more. It will also be available to lessors who are permanently incapacitated by mental or physical infirmity from carrying on farming. The section also contains provision for apportionment where a particular lease relates to both a qualifying and non-qualifying purpose.

Chapter II

Income Levy

Section 11 provides for a continuation of the 1 per cent. income levy for the year 1985-86, subject to an increase in the exemption for those on low incomes. In the case of an individual whose income is from employment only and who is paid on a weekly basis, the levy will not be payable in any week in respect of which the income does not exceed £102. Where in such a case the period in respect of which the individual is paid is greater or less than a week the limit applicable is proportionately adjusted. In any other case (where the income is not solely from employment) exemption will be granted where the income, on an annual basis, does not exceed £5,300.

Chapter III

Income Tax, Corporation Tax and Capital Gains Tax

Section 12 makes a technical amendment to section 550 of the Income Tax Act, 1967, so as to confirm that the priority in bankruptcy, receivership and liquidation of Revenue claims for certain amounts of assessed taxes (income tax, corporation tax and capital gains tax) also extends to any Revenue claims in respect of interest chargeable on such amounts.

Section 13 amends section 12 of the Finance Act, 1984 (which provides relief for investment in corporate trades), so as to provide that, in the case of a qualifying company which expends not less than 80 per cent. of the money subscribed for eligible shares on research and development work which is connected with the qualifying trade, the period allowed before the company must commence trading (if it has not already done so) is increased from two years from the date of issue of the shares to three years from that date.

Section 14 amends section 18 of the Finance Act, 1969, so as to confine the tax exemption on stallion fees to income earned from stallions at stud in the State. Income arising to a part-owner of a foreign-based stallion will continue to be exempted where the share has been acquired by a breeder for the purpose of acquiring new breeding lines for a bloodstock enterprise carried on in the State.

Section 15 amends section 21 of the Finance Act, 1973. The 1973 legislation entitles a person carrying on a trade or profession, in computing his profits for tax purposes, to claim a deduction in respect of any payment made to an Irish university to enable it to undertake research in, or engage in the teaching of, certain approved subjects.

The present section secures that payments for these purposes, made on or after 6 April, 1985, to the College of Commerce, Rathmines, the National Institutes for Higher Education, Colleges of Technology or regional technical colleges, will also qualify under the section for the relief.

Section 16 provides for the continuance, for a further year, of the existing stock relief scheme for farmers.

Section 17 provides for the continuance, for a further year, of the new system of stock relief for trades other than farming which was introduced in the Finance Act, 1984. The relief consists of a deduction in computing an eligible trader's profits, for income tax or corporation tax purposes, of 3 per cent. of the value of the opening stock (including work in progress). The prescribed percentage of relief will broadly correspond to one-third of the increase in wholesale prices over the year to which relief is being extended. The provisions relating to stock relief for farmers are contained in *section 16*.

Section 18 implements decisions announced in the Budget (but subsequently adjusted following discussions between the Ministers for Finance and the Environment and the main building societies) concerning the payment of tax by the societies on behalf of their investors. It specifies 28 per cent. (80 per cent. of the standard rate of 35 per cent.) as the composite rate of tax for 1985-86 for the purposes of the arrangements between the Revenue Commissioners and the building societies under section 31 of the Corporation Tax Act, 1976, for the taxation of interest and dividends paid to their investors. It also authorises the Minister for Finance to adjust the ceiling for the application of the composite rate to individual accounts for 1985-86. The section puts on a permanent basis the provision for

the payment of tax in instalments which was introduced in last year's Finance Act in relation to 1984-85. Accordingly, for 1985-86 and subsequent years, building societies will pay tax under the arrangements in two equal instalments falling due respectively on 1 October and 1 April in the year of assessment.

Section 19 provides for the continuation, for an additional three years (to 31 March, 1988), of certain capital allowances which are available for income tax and corporation tax purposes and which were due to expire on 31 March, 1985. These are the 100 per cent. initial allowance for plant and machinery and the 50 per cent. initial allowance and the 4 per cent. annual allowance for certain industrial buildings.

Section 20 provides for an incentive, which was mentioned in the National Plan and in the Budget, to encourage the refurbishment of substandard buildings for multiple residential accommodation. It extends to refurbishment costs the tax relief already provided for the construction cost of new rented accommodation in section 23 of the Finance Act, 1981 (as amended by section 29 of the Finance Act, 1983). Expenditure on refurbishment carried out, in the two years commencing on 1 April, 1985, to a building which, before and after the refurbishment, contains two or more residential units will be allowed for tax purposes against future rental income receivable by the lessor of residential units in the building, in so far as the expenditure is attributable to such units. The units must meet the requirements, including those relating to size and standards, set out in section 23 of the Finance Act, 1981. To qualify for relief, expenditure must be certified by the Minister for the Environment to have been necessary to ensure the suitability as a dwelling of any residential unit in the building.

Section 21 extends the application of section 24 of the Finance Act, 1981, which enables relief to be claimed under section 23 of that Act (as amended by the Finance Act, 1983) for expenditure incurred on the conversion of a building not used as a dwelling, or used as a single dwelling, into two or more residential units. Relief will be made available to a lessor for expenditure incurred in the two years commencing on 1 April, 1985, on the conversion of a non-residential building into a single residential unit for letting. In addition, eligible expenditure on any conversion qualifying for relief by virtue of section 24 will be deemed to include expenditure on improvement works carried out in those two years in the course of the conversion.

Chapter IV

Corporation Tax

Section 22 provides for a uniform due date for payment of corporation tax by companies. At present tax for an accounting period is payable in two instalments. The first instalment is due six months after the end of the accounting period but the second may fall due from six to fifteen months after the end of the accounting period. The section provides that corporation tax assessed on a company for an accounting period which ends on or after 28 February, 1985, will be payable in a single instalment six months from the end of the accounting period. There are transitional provisions whereby the advancement of the due date for the second instalment will not be by more than three months in any one year.

Section 23 provides for the exemption of the Housing Finance Agency, as from its date of incorporation, from liability to corporation

tax in respect of trading income arising from the making of loans and advances under the Housing Finance Agency Act, 1981. In order to finance its lending operations the Agency raises money by issuing Index-Linked Stocks which carry a premium on maturity. Since the provisions made by the Agency to meet this future liability are not allowable as a deduction for tax purposes, exemption is being granted to facilitate the making of such provisions.

CHAPTER V

Advance Corporation Tax

Section 24 implements the decision, announced in the Budget, to extend for a further year to 31 December, 1985, the cut-off date for the transitional reduction of advance corporation tax which is provided for in section 52 of the Finance Act, 1983. In effect, one-half only of the advance corporation tax otherwise payable by a company in respect of distributions made by it up to the end of 1985 will fall to be paid.

PART II

CUSTOMS AND EXCISE

Section 25 defines an abbreviation.

Section 26 increases the rates of excise duty on cigarettes and other tobacco products as set out in the Second Schedule.

Section 27 increases the rate of excise duty on ordinary strength cider by 16p per gallon and on stronger cider and on perry by 40p per gallon.

Section 28 provides for increases in the rates of excise duty on petrol and on diesel oil used in motor vehicles by £1.78 per hectolitre in each case.

The section also provides for full repayment of the excise duty on oil used by sea-fishermen.

Section 29 increases the rate of excise duty on mechanical lighters by 10p per lighter with effect from 31 January, 1985, and by a further 10p per lighter with effect from 1 March, 1985.

Section 30 reduces the rate of excise duty on off-course bets from 20 per cent. to 10 per cent. of the amount of the bet.

Section 31 provides for the Budget increases in rates of road tax on private motor cars and on agricultural tractors, excavators, trench diggers, etc. with effect from 1 March 1985.

Section 32 provides for the replacement of horse-power by engine cubic capacity expressed in terms of cubic centimetres, as the road tax chargeable unit for certain motor vehicles. These vehicles include private cars, small public service vehicles (i.e. taxis and hackneys), mobile machines, hearses, school buses, youth and community buses and fork lift trucks.

Section 33 provides for a reduction in the rate of excise duty on motor vehicle parts and accessories on a phased basis from 25 per cent. at present to 10 per cent. from 1 February, 1986.

Section 34 empowers an officer of Customs and Excise to enter premises where dutiable table waters are believed to be manufactured and to take samples and inspect documents. The section also provides for a penalty of £500 for obstructing an officer acting under the section.

Section 35 strengthens the provisions relating to the control of table waters duty. It provides for an increase to £1,000 in the penalty for breach of the regulations governing the duty and for an increase to £500 in the penalty for obstruction of an officer entering a table waters factory.

Section 36 strengthens the provisions of section 26 of the Finance Act, 1926, concerning the production of documents relating to book-making.

Section 37 provides for an increase, from £300 to £1,000, in the penalty for breach of the provisions relating to gaming machine licence duty.

Section 38 prescribes the time limits within which proceedings in excise cases may be instituted in the District Court and provides that condemnation proceedings in excise cases may be taken in that Court.

Section 39 confirms the following Orders:

Imposition of Duties (No. 270) (Spirits) Order, 1984.

This Order provided for a reduction in the rates of excise duty on spirits. It also provided for a partial refund or remission of duty for stocks of duty-paid spirits returned to bond.

Imposition of Duties (No. 271) (Beer) Order, 1984.

This Order provided for a small rebate of the excise duty on beer brewed in 1984 and 1985 in the case of brewers whose output on the home market is shown not to have exceeded 175,000 standard barrels in either year. A reduction of £0.38 per standard barrel in the rate of drawback on beer was also provided for.

Imposition of Duties (No. 272) (Excise Duties on Motor Vehicles) Order, 1984.

This Order amended, with effect from 1 January, 1985, the provisions relating to the excise duty on motor vehicles. It related the duty to the retail price of a vehicle and facilitated the collection of the duty on second-hand vehicles. It excluded motor-cycles and motor vehicles over 30 years old from the scope of the duty and introduced some regulatory provisions.

Imposition of Duties (No. 273) (Excise Duty on Motor-cycles) Order, 1984.

This Order provided for the imposition of an excise duty on motor-cycles on the basis of specific rates of duty charged by reference to the engine capacity, with effect from 1 January, 1985. Prior to that date, motor-cycles were charged with excise duty at an ad valorem rate.

Imposition of Duties (No. 274) (Televisions) Order, 1985.

This Order provided for a reduction in the rates of excise duty on televisions. It also provided for a partial repayment of excise duty on

certain stocks of televisions held by distributors, retailers or by the rental trade.

PART III

VALUE-ADDED TAX

Section 40 is a definitions provision.

Section 41, in conjunction with *sections 44* and *51,* amends the Value-Added Tax Act, 1972, in order to give effect to the EEC Council Tenth VAT Directive which refers to the hiring out of movable property (other than means of transport). The provision in section 5 regarding the hiring out of such goods when exported from one Member State of the Community to another for that purpose is no longer necessary and is deleted.

Section 42, in confirmation of the Financial Resolution passed by Dáil Éireann on 30 January, 1985, provides, by amending section 11 of the Value-Added Tax Act, 1972, for changes in VAT rates and for certain consequential amendments. The section has effect on and from 1 March, 1985.

Paragraph (*a*) re-writes section 11(1) and provides for rates of VAT of 23, zero, 10 and 2.2 per cent. The 23 per cent. rate applies to most goods and services i.e. those previously rated at 23 (except newspapers and concrete blocks) and 35 per cent; the zero rate coverage remains unchanged apart from the removal from it of footwear appropriate to persons of 11 years of age or over and certain footwear materials, now chargeable at 10 per cent; the new 10 per cent. rate applies to goods and services previously liable at the 5 (except certain theatrical and musical performances), 8 and 18 per cent. rates and to newspapers (but not magazines) and concrete blocks; and the new 2.2 per cent. rate applies only to livestock, which was previously liable at an effective rate of 2 per cent.

Paragraph (*b*) deletes section 11(2) of the same Act which becomes redundant on the introduction of a substantive rate (2.2 per cent.) for livestock and *paragraph* (*c*) removes the reference to section 11(2) in section 11(3) which relates to packages of goods and services liable at different rates. *Paragraphs* (*d*) and (*e*) make consequential technical changes in, respectively, section 11(7), which deals with dances, and 11(8), under which the Minister for Finance may vary the Schedules of goods and services chargeable at the different VAT rates.

Section 43 confirms the raising, by the Financial Resolution of 30 January, 1985, with effect from 1 March, 1985, from 2 per cent. to 2.2 per cent. of the compensatory flat-rate credit allowed to taxable persons purchasing agricultural produce or agricultural services from unregistered farmers, for transmission to those farmers as an addition to prices. The raising of the flat-rate credit is intended to compensate unregistered farmers for the increased tax borne by them because of the changes in VAT rates.

Section 44, in conjunction with *sections 41* and *51,* relates to the implementation of the EEC Council Tenth VAT Directive. The section amends section 13(3) of the Value-Added Tax Act, 1972, which deals with repayment to foreign traders of tax borne on their business purchases. The position prior to the implementation of the Directive is that lessors of movable property (other than means of

transport) could, in the absence of counteracting measures, exploit the VAT rate differences among Member States and so cause distortion of competition. The Irish counteracting measure in section 13(3) precluding a refund of tax borne on goods acquired for hiring out, will become redundant following the implementation of the Directive, and is, accordingly, deleted.

Section 45 confirms the Financial Resolution passed by Dáil Éireann on 30 January, 1985, by providing that the charge to VAT at importation will be by reference to the rates specified in *section 42*. The section amends section 15(1) of the Value-Added Tax Act, 1972, to take account of the new VAT rates and deletes section 15(4) as a consequential measure to the introduction of a 2.2 per cent. rate on livestock.

Section 46 amends section 23 of the Value-Added Tax Act, 1972, in order to give enabling powers specifically to inspectors of taxes (or to other officers authorised by the Revenue Commissioners) to make the estimates of VAT liability provided for under that section. Hitherto, such estimates were made on behalf of the Revenue Commissioners by a nominated officer. The change is being effected for practical reasons as in almost every case it has been the inspector of taxes who has effectively drawn up the estimate. A similar amendment in respect of PAYE estimates on employers is being made in *Part I*.

Section 47 is consequential on the application, by *section 42*, in conjunction with *section 50*, of a positive rate of VAT to footwear for persons of 11 years of age or over. It amends section 32 of the Value-Added Tax Act, 1972, under which the Revenue Commissioners are empowered to make regulations. *Paragraph* (*a*) provides that the Commissioners may make regulations on the determination of footwear appropriate to children under 11 years of age, so as to establish the limit of application of the zero rate of VAT to children's footwear. *Paragraph* (*b*) provides that such regulations shall not be made without the consent of the Minister for Finance.

Section 48 amends the First Schedule to the Value-Added Tax Act, 1972, which specifies the activities exempted from VAT. The section inserts in that Schedule those live theatrical and musical performances formerly specified in the Sixth Schedule as liable at 5 per cent. Accordingly, in confirmation of the Financial Resolution passed by Dáil Éireann on 30 January, 1985, they are exempt from tax on and from 1 March, 1985.

Section 49 makes two amendments to the Second Schedule to the Value-Added Tax Act, 1972, which specifies the goods and services to which the zero rate of VAT applies. Firstly, it provides for the specific exclusion of those items of food and drink which do not qualify for the zero rate. The exclusion of those items was previously effected by a reference to a paragraph in the Third Schedule which is being removed entirely from the VAT Act by *section 50*. Secondly, in confirmation of the Financial Resolution passed by Dáil Éireann on 30 January, 1985, in relation to footwear and footwear materials, it confines the application of the zero rate to footwear appropriate to children under 11 years of age, and removes the zero rate from footwear materials. (Footwear appropriate to persons of 11 years of age or over, and footwear materials, are inserted, by *section 50*, in the new Sixth Schedule which relates to goods and services chargeable at 10 per cent.)

Section 50 deletes the Third and Seventh Schedules and amends the Sixth Schedule to the Value-Added Tax Act, 1972, following the application, by *section 42*, of revised VAT rates to goods and services as provided for in the Financial Resolution of 30 January, 1985. The

Third Schedule, which relates to goods and services chargeable at the 23 per cent. rate, becomes redundant as, following the abolition of the 35 per cent. rate, all goods and services not specified as chargeable at other rates (including zero) or exempt, are by *section 42* automatically chargeable at the 23 per cent. rate. The Seventh Schedule is also redundant as the goods specified in it are now chargeable at the same rate (10 per cent.) as those in the Sixth Schedule and they are transferred to that Schedule. The amended Sixth Schedule relates to goods and services chargeable at the new 10 per cent. rate. These are (1) all goods and services heretofore specified in that Schedule (except certain theatrical and musical performances now specified as exempt in the First Schedule); (2) certain goods formerly specified as zero-rated in the Second Schedule, i.e. footwear (except footwear appropriate to children under the age of 11 years which remains zero-rated) and certain materials for all footwear; (3) all goods specified in the Seventh Schedule (which is now deleted); (4) concrete blocks, and certain daily and weekly newspapers, formerly liable at the 23 per cent. rate; (5) letting of hotel and similar accommodation, and short-term hire of passenger road vehicles, certain boats, caravans, mobile homes, tents and trailer tents, formerly liable at an 18 per cent. rate. The section has effect on and from 1 March, 1985.

Section 51, in conjunction with *sections 41* and *44,* amends the Value-Added Tax Act, 1972, in order to give effect to the EEC Council Tenth VAT Directive. The section amends the VAT Act in the Fourth Schedule which specifies those services the place of taxation of which is determined by reference to the circumstances of the recipient of the services. The hiring out of movable property (other than means of transport) is now added to the list of services in the Fourth Schedule which are taxable where received.

Section 52 repeals two Finance Act provisions which specified an 18 per cent. rate on (1) letting of hotel etc. accommodation and (2) short-term hire of passenger road vehicles, certain boats, caravans, mobile homes, tents and trailer tents. These services are now incorporated, by *section 50*, in the new Sixth Schedule to the Value-Added Tax Act, 1972, and are, accordingly, liable at 10 per cent.

Section 53 makes provision for the deferment, until 1 May, 1985, of the application of the new 10 per cent. rate to the supply of new houses to private individuals. Accordingly, for the period 1 March, 1985, to 30 April, 1985, suppliers will be accountable for tax at the rate of 5 per cent. on such supplies. The section does not amend the Value-Added Tax Act, 1972.

PART IV

Stamp Duties

Section 54 imposes the levy on the banks which was announced in the Budget. The duty will be assessed on the average amount of certain current and deposit accounts as at stated dates in each of the months in 1984 subject to certain adjustments including a threshold of £10,000,000. Rates of 0.25 per cent. and 0.35 per cent., as appropriate, will apply.

Section 55 is the permanent legislation to abolish the stamp duty which was charged at the rate of 1.5 per cent. on course bets. The section replaces Statutory Instrument No. 60 of 1985, made under the Imposition of Duties Act, 1957, which abolished the duty for the quarter ending on 30 June, 1985 and each subsequent quarter, and which is now being revoked.

Section 56 extends for a further year the exemption of voluntary transfers of agricultural property to young farmers who hold certain training qualifications.

PART V

Capital Acquisitions Tax

Section 57 is a definitions section.

Section 58 exempts from inheritance tax inheritances taken by one spouse from the other on or after Budget Day (30 January, 1985).

Section 59 exempts from inheritance tax the proceeds of special insurance policies taken out by the insured expressly for paying inheritance tax arising on his death, or within a year of his death, under dispositions made by him. Premiums on policies which attract relief under this section will not qualify for income tax relief.

Section 60 provides that the same property which is chargeable to gift tax or inheritance tax more than once on the same event shall not be included more than once in any aggregate for the purposes of computing tax. The relief relates to dealings with trust property and is retrospective to 2 June, 1982.

Section 61 also relates to dealings with trust property and is retrospective to the imposition of capital acquisitions tax. It provides that, where tax is charged more than once in respect of the same property on the same event, the net tax which is earlier in priority shall be deducted against the tax which is later in priority, thus effectively charging the property with tax only once.

Section 62 is intended to remove any doubt that a charge for discretionary trust tax arises under section 106(2) of the Finance Act, 1984, in respect of property which was subject to a discretionary trust on 25 January, 1984, and which represented on that date property originally settled in the trust.

Section 63 exempts from the discretionary trust tax charge—

(*a*) property subject to or becoming subject to a discretionary trust which, on the termination of the trust, is taken by the State; and

(*b*) notional sums representing the benefit of interest-free loans etc. which are deemed to be taken by a discretionary trust under the provisions of section 31 of the Capital Acquisitions Tax Act, 1976.

PART VI

Miscellaneous

Section 64 relates to the Capital Services Redemption Account. This section is in the same form as in previous years, and its purpose is twofold, viz.

(*a*) to adjust the provisional annuity for 30 years fixed last year, so as to take account of actual expenditure on Voted Capital Services in 1984 and

(*b*) to fix provisionally a new annuity for 30 years in respect of the estimated expenditure in 1985 on Voted Capital Services.

Section 65. Section 3(2) of the State Financial Transactions (Special Provisions) Act, 1984, provided for the payment of extra interest in respect of any redemption and interest or dividends on Government securities or Land Bonds which had to be postponed because of the recent strike at the Central Bank. This section provides that such extra interest due in respect of the period of postponement will be paid out of the Central Fund or the growing produce thereof.

Section 66 provides for the requirement for Bord Telecom to make contributions to the Exchequer over the next three years. Provision is also being made in the Bill in this connection for the purchase of shares by the Minister for Finance in the company in addition to that provided in section 22 of the Postal and Telecommunications Services Act, 1983.

Section 67 enables the Minister for Finance to issue securities the interest on which is, subject to certain conditions, exempt from a charge to corporation tax.

Section 68 deals with the "care and management" of taxes and duties.

Section 69 contains the provisions relating to short title, construction and commencement.

An Roinn Airgeadais,
Aibreán, 1985.

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