

RECENT VAT & STAMP DUTY ANNOUNCEMENTS

VAT Rate Increase

The Finance (No.2) Bill 2008 has made provision for the increase in the standard rate of VAT from 21% to 21.5% with effect from 1 December 2008.

The practical effect of this is as follows:

- Persons who are operating VAT on the invoice basis must include VAT at 21.5% on any invoices issued after 1 December 2008 to another VAT registered person.
- Persons who are operating VAT on the cash receipts basis must charge VAT at 21.5% on any invoices issued to another VAT registered person where the date of the supply (not the date of receipt of payment) is after 1 December 2008.
- Any credit or debit note (which requires a VAT adjustment) issued to a VAT registered person after 1 December 2008 in respect of a supply of goods or services, the invoice in respect of which issued before 1 December 2008, should include VAT at the rate of VAT applicable at the date on which the original invoice was issued.
- In the case of supplies to persons who are not registered for VAT, the date of supply will determine the rate of VAT of VAT applicable i.e. if the date of the supply is before 1 December 2008 the rate will be 21% and if it is after 1 December 2008, the rate will be 21.5%.

Further information in relation to the above is available at www.revenue.ie (leaflets & guides, VAT, Rate

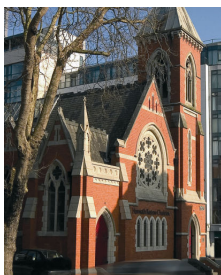
Stamp Duty – Late Stamping of Instruments

The Finance (No.2) Bill 2008, published on 20 November 2008, includes a provision offering an incentive where instruments (e.g. deed of conveyance) were not presented to the Revenue Commissioners for stamping within the time limits allowed under the existing legislation i.e. within 30 days of their first execution.

It provides that **no penalty** will be applied provided the stamp duty and interest on late payment is paid within 56 days of the passing of the Finance Act 2009. This provision is aimed at granting an opportunity to those taxpayers who wish to regularise their affairs before the introduction of eStamping in 2009. Penalties can, in certain circumstances, amount to 30% of the stamp duty liability where an instrument is not stamped on a timely basis.

Therefore, this provision provides taxpayers with an opportunity to present an instrument for late stamping with exposure to interest on late payment but with no exposure to penalties.

CONTACTS



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TAX PLANNING CONSIDERATIONS - APPROACHING YEAR END

Tax Planning

The tax year end is fast approaching and any tax planning being considered for 2008 should be dealt with by 31 December 2008 e.g. purchase of rental income tax based properties, total income based tax shelters etc.

BES

Individuals with income liable to income tax at the marginal rate of income tax for the tax year 2008 may wish to consider making a BES investment before 31 December 2008 in order to reduce their income tax liability for the period. BES relief is one of the few tax reliefs remaining which is available for offset against total income, subject to certain restrictions.

Pinnacle Capital Partners Ltd in association with Horwath Bastow Charleton have recently launched the 2008 Pinnacle BES Fund. If you require any further information in relation to the fund or if you would like to book an investment in the fund please contact a member of the Tax Department on 061 310311. Application form and prospectus is available on www.PinnacleBES.ie.

Time limit for tax repayment claims

The time limit for tax repayment claims is four years from the end of the relevant tax year. Persons seeking a refund of tax for the tax year 2004 must therefore submit their claim to the Revenue Commissioners by 31 December 2008 in order to be entitled to same.

PRTB

Great care should be taken to ensure that all relevant residential tenancies are registered with the PRTB before the year end to ensure that a tax deduction for interest incurred on the purchase, improvement or repair of a residential dwelling is available for the tax year 2008.

Medical Expenses

The Finance (No.2) Bill 2008 confirmed that tax relief on medical expenses will be granted at the standard rate of income tax from 1 January 2009. This does not apply to nursing home expenses which will be granted at the standard rate with effect from 1 January 2010.

Relevant Contracts Tax

Principal contractors operating in the construction, meat processing and forestry sectors should apply for relevant payments cards for the tax year ended 31 December 2009, where relevant, for subcontractors in order to ensure that payments made after 31 December 2008 can be made gross to the relevant subcontractors.

Capital Gains Tax ("CGT")

Where any chargeable assets were or will be disposed of in the period from 1 October 2008 and 31 December 2008, the CGT liability arising in respect of same will be due to be paid before 31 January 2009. If however, disposals are delayed until after 31 December 2008 then the date on which the CGT liability is due to be paid is deferred. The date on which the CGT will be due to be paid will be determined by reference to the date on which the asset is disposed.

The Finance (No.2) Bill 2008 changed the date on which CGT was due to be paid. The due date for payment of CGT in respect of any disposals of chargeable assets in the period from 1 January 2009 to 30 November 2009 is 15 December 2009 and 31 January 2010 in respect of disposals in December 2009. The Finance (No.2) Bill 2008 also increased the rate of tax on capital gains from 20 per cent to 22 per cent in respect of disposals made on or after 15 October 2008.

Negligible Value Claims

Where assets, such as unquoted shares, have become of negligible value, a taxpayer can make a claim to the Revenue Commissioners before 31 December 2008 to crystallise the losses which can then be used for offset against chargeable gains arising in the tax year 2008.



Disclaimer

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