



Termination of carry forward of certain unused capital allowances

The material contained in this note is for general information purposes only and does not constitute legal, taxation or other professional advice. While every care has been taken to ensure that the information in this note is accurate and up to date, you should seek specific legal and/or taxation advice in relation to any decision or course of action. No liability whatsoever is accepted by Bradley Tax Consulting for any action taken in reliance on the information in this note.

© 2016 Bradley Tax Consulting. All rights reserved.

Certain property investments, such as investments in the various accelerated property and area-based capital allowance schemes, allowed investors to take advantage of accelerated capital allowances. Where the capital allowances could not be used in any given tax year, it was previously the case that the unused capital allowances could be carried forward and offset against certain classes of income.

However, from 1 January 2015 any unused allowances relating to the above-mentioned investments cannot be carried forward beyond the tax life of the building to which the capital allowances relate. If the tax life of the building ended in 2014 or earlier, then no unused capital allowances can be carried forward to 2015 or to later years.

If the tax life of the building ended after 2014, then the allowances can be used up to the end of the tax life of the building, but cannot be carried forward to subsequent years. For example, if the tax life of a building which was purchased as part of one of the above schemes ended in 2015, then the unused allowances can be used in 2015 but cannot be used in later years.

If an individual has a building whose tax life ended in 2014, then this has implications for the preparation of that individual's tax return. An individual in that position should adjust his/her 2014 tax return such that the figure entered for any amount of unused capital allowances relating to the building to which the restrictions apply is reduced to zero.

It is likely that this restriction will result in considerably higher income tax liabilities for those affected. To that end you should consult with your advisor as soon as possible to establish how this will affect you.

For further information contact:

Name: Marie Bradley, Managing Director, Bradley Tax Consulting

Address: 14 Upper Leeson Street, Dublin 4

Tel: + 353 1 400 4123

E-mail: marie.bradley@bradleytaxconsulting.ie