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We are delighted to present the June 2016 edition of our new quarterly tax newsletter. Our newsletter is designed to keep you up to date with tax trends and issues that may impact your business and personal financial affairs.

In this issue we look at:

Tax tip and trap Focus on landlords

Tip

From 1 January 2016, landlords who rent residential property to tenants in receipt of certain social housing supports for a 3-year period can qualify for a 100% mortgage rent deduction against rental profits (rather than the normal 75% deduction). Under this new provision, the additional relief is given as a deduction against rental profits in the year after the 3 year lease period has expired.

Trap

Pre-letting expenses i.e. expenses incurred prior to the date on which the premises were first let apart are not allowable expense deductions against rental profits. There are some exceptions to this rule – auctioneer's letting fees, advertising fees and legal expenses incurred on first lettings are allowed.

Revenue's new Electronic Tax Clearance (eTC) regime

From 1 January 2016, new applications for a tax clearance certificate must be made through Revenue's new eTC system on ROS or myAccount. The only exceptions to this are:

- Tax Clearance Certificates required for Standards in Public Office (SIPO) purposes,
- Non-resident applicants who have no Tax Registration number in the State,
- Non e-enabled applicants
- Non-registered voluntary bodies.

Guidelines on using the new system are available on www.revenue.ie

Changes to the circumstances requiring a Capital Gains Tax (CGT) clearance certificate

From 1 January 2016 CGT clearance certificates are not required on sales of residential property (houses and apartments) where the sales proceeds do not exceed €1 million. Previously this threshold was €500,000.

CGT clearance certificates are also not required for disposals of assets with a CGT exemption and sales by financial institutions of loans secured on land in the State.