RELEASE NOTES

for Corporation Tax



Version 6.0 Build 1



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INTRODUCTION

Over 80 major and minor changes have been made in this year's tax update. Please take time to familiarise yourself with the changes detailed below.

Major changes include a number of new sub sections:

- Rental Income
 - o Residential Property and Commercial Property
- Trading Results
 - o Industrial Building Allowance
 - o Industrial Building Allowance claimed in respect of Aviation Services Facilities
 - Values of Assets
 - o Qualifying expenditure incurred to develop IP assets
 - o Overall expenditure incurred to develop IP assets
 - Overall income from IP asset
- Deductions, Reliefs and Credits
 - Show Relief under section 247 (non-trade charges)
 - o Amount of relief
 - o Company making an election
 - o Tax Reference number of Jointly electing

Minor changes have been made to the following areas:

- Company Details
 - o Details for Section 110 TCA 1997
- Research and Development Credit
 - o Amount of clawed back
 - Total credit due
- Property Based Incentive
 - Living City Initiative

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This document outlines the changes made in **Relate Corporation Tax Version 6.1**. Please take time to read the notes and apply the update. If you have any queries, please contact software support on support@relate-software.com or call +353 1 4597800 (ROI).

The following program changes have been introduced to fulfil the requirement of Revenue Department and requested from both user feedback and internal quality control reviews.

If you have any further changes you would like to see in Corporation Tax, please send an email to info@relate-software.com

Important

Please note it is very important that before running any database update you perform a database backup. Relate Software always advise that your practice takes regular backups to minimise any loss of data.

RESIDENTIAL AND COMMERCIAL PROPERTY AND ALL OTHER SOURCES OF IRISH RENTAL INCOME

Rental Income from Land and Property in the State subsection now includes **Rental Income from the Residential Property** and **Commercial Property, Land and all other sources of Irish Rental Income** under Irish Rental Income for the Tax Year 2017.

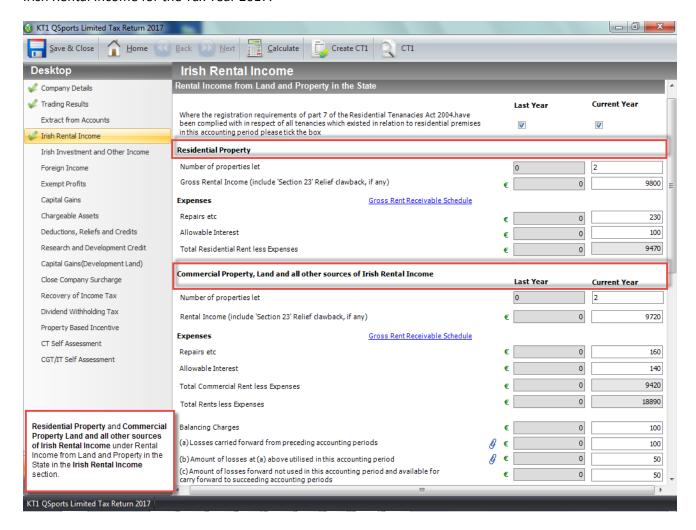


Figure: Residential Property and Commercial Property, Land and all other sources of Irish Rental Income

INDUSTRIAL BUILDINGS ALLOWANCE CLAIMED IN RENTAL CAPITAL ALLOWANCE

Two new fields have been created to show the amount of Industrial Buildings Allowances claimed in respect of Aviation Services Facilities (Sec. 268(1)(n) under Rental Capital Allowances in Irish Rental Income section.

The following two fields have been added for the Tax Year 2017.

- ➤ If any amount of Industrial Building Allowance claimed above in respect of Aviation Services Facilities (Sec.268(1)(n), provide the following information: If applicable tick the box.
- > Amount of claim at accelerated rate provided for under section 272(3)(k)(i): If applicable enter the amount.

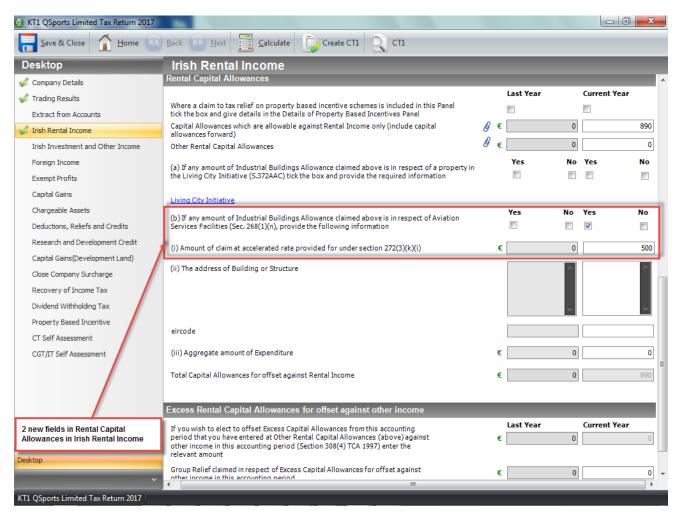


Figure: Two new fields in Rental Capital allowances

LIVING CITY INITIATIVE

The Living City Initiative is a scheme of property tax incentives which applies in certain 'special regeneration areas' in the centres of Dublin, Cork, Limerick, Galway, Waterford and Kilkenny. These areas have been designated by Order of the Minister for Finance.

The scheme provides for tax relief for qualifying expenditure incurred on both residential and certain commercial refurbishment and conversion work that is carried out during the qualifying period. The qualifying period for incurring qualifying expenditure on owner/occupied residential property and commercial property started on 5 May 2015 and ends on 4 May 2020. The equivalent period for incurring expenditure on the refurbishment or conversion of rented residential property starts on 1 January 2017 and ends on 4 May 2020.

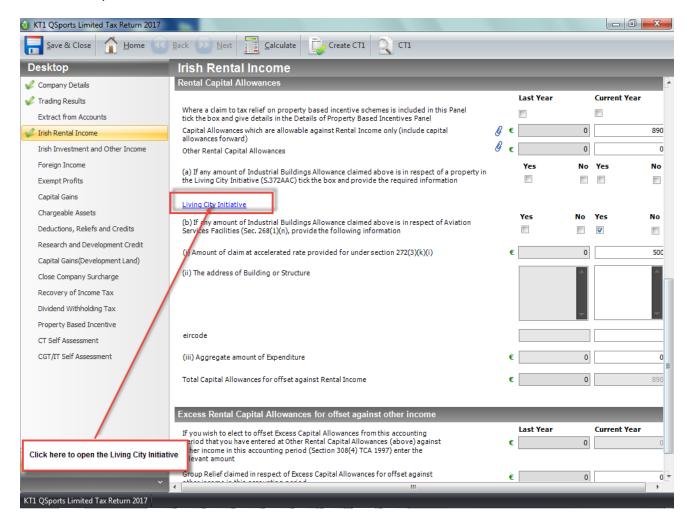


Figure: Living City Initiative in Rental Capital Allowances

Click on the hyperlink "Living City Initiative" and the new subsection will appear, as shown below:

The following highlighted fields have been introduced in **Living City Initiative** under **Irish Rental Income** section for the Tax Year 2017.

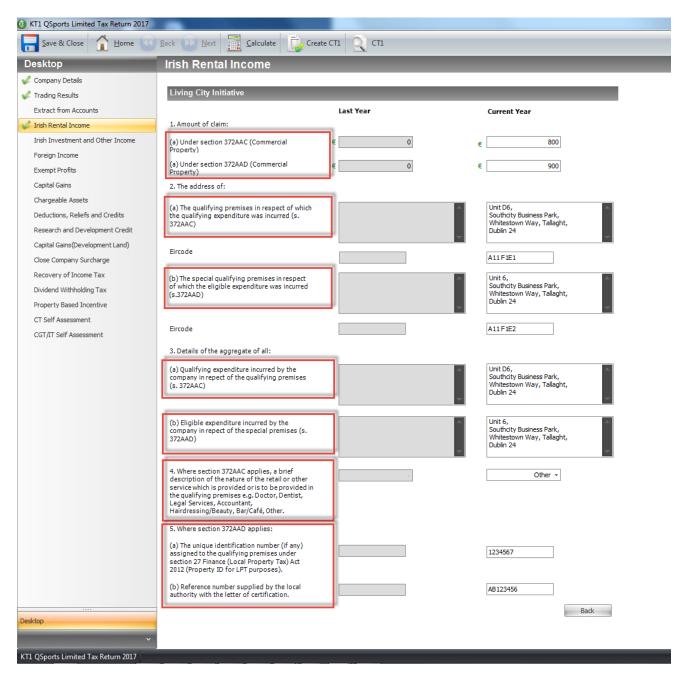


Figure: New fields in Living City Initiative in Irish Rental Income

INDUSTRIAL BUILIDINGS ALLOWENCE CLAIMED IN RESPECT OF AVIATION SERVICES FACILITY

Capital allowances for expenditure incurred on the construction and refurbishment of buildings and structures (referred to as Aviation Services Facilities) in use for the purposes of the maintenance, repair or overhaul of commercial aircraft, and the dismantling of such aircraft for the purposes of salvaging or recycling parts and materials.

The two new fields introduced under Industrial Building are as follows for the Tax Year 2017:

- ➤ If any amount of Industrial Buildings Allowances claimed above is in respect of Aviation Services Facilities (Sec.268(1)(n), provide the following information: If applicable use the tick box.
- Amount of claim at accelerated rate provided for under section 273(3)(k)(i): If applicable enter the amount in the field.

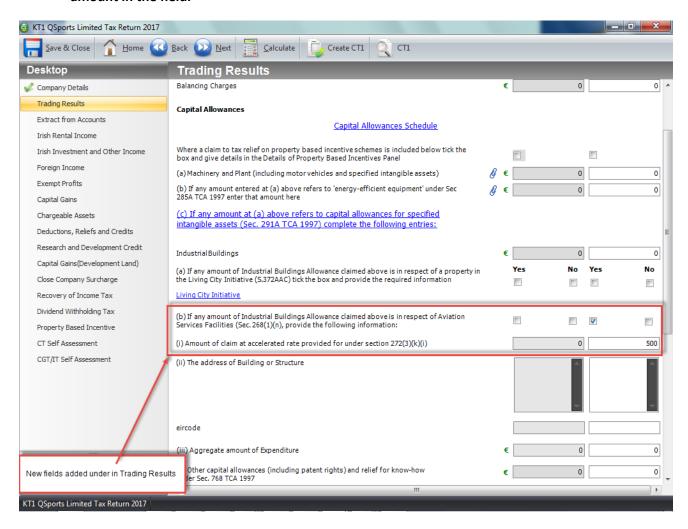


Figure: New fields for Industrial Buildings Allowence calimed in respect of Aviation Services Facilities

INDUSTRIAL BUILDINGS ALLOWANCES CLAIMED UNDER PROFITS FROM QUALIFYING ASSETS

Industrial Buildings Allowances claimed above is in respect of Aviation Services Facilities (Sec.268(1)(n) in Profits from Qualifying Assets under Chapter 5 of Part 29 TCA 1997 Details sub section introduced for the Tax Year 2017 as follows:

- ➤ If any amount of Industrial Buildings Allowances claimed above is in respect of Aviation Services Facilities (Sec. 268 (1)(n), provide the following information: If applicable tick the box.
- > Amount of claim at accelerated rate provided for under section 272(3)(k)(i): If applicable enter the amount.

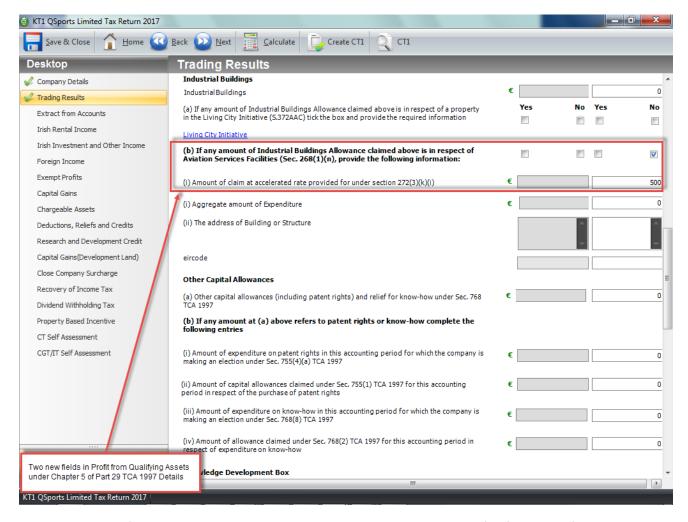


Figure: New fields in Industrial Buildings Allowances claimed under Profits from Qualifying Assets

VALUES OF ASSETS AND NO. OF ASSETS IN PROFITS FROM QUALIFYING ASSETS

Qualifying Assets determines an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Under Section 769R a qualifying asset includes Computer programs, Qualifying patents, claims pursuant to section 769R, Family of Assets and Other assets. Two new fields included for the Tax Year 2017 to show the Value of Assets under Number of Qualifying Assets in respect of which the above relief is being claimed in **Profits from Qualifying Assets under Chapter 5 of Part 29 TCA 1997 Details sub section.**

- ➤ Value of Assets for Computer programs, Qualifying patents, claims pursuant to section 769R, Family of Assets and Other assets for Prior Years and New Claims.
- ➤ Values of Assets for Prior Years and New Claims which is a qualifying asset pursuant to S.769R which is included in a family of assets for the first time during the year.

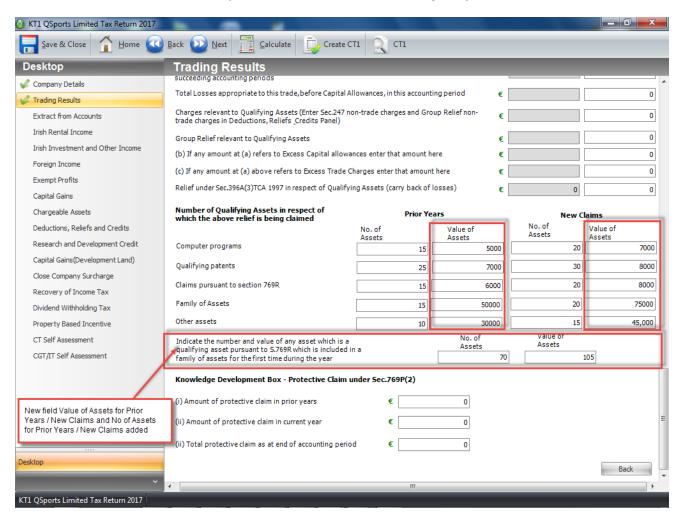


Figure: 2 new fields added in Number of Qualifying Assets in respect of which the relief is claimed

INTRODUCED AMOUNT OF INDUSTRIAL BUILDINGS ALLOWANCE CLAIMED

Industrial Building Allowances claimed in respect of Aviation Services Facilities (Sec. 268 (1)(n) in **Profits from Qualifying Assets under Chapter 5 of Part 29 TCA 1997 Details** sub section has been included for the Tax Year 2017 in **Trade Details** section.

The following two fields have been introduced under Industrial Buildings.

- ➤ If any amount of Industrial Buildings Allowance claimed above in respect of Aviation Services Facilities (Sec.268(1)(n), provide the following information: If applicable tick the box.
- > Amount of claim at accelerated rate provided for under section 272(3)(k)(i): If applicable enter the amount.

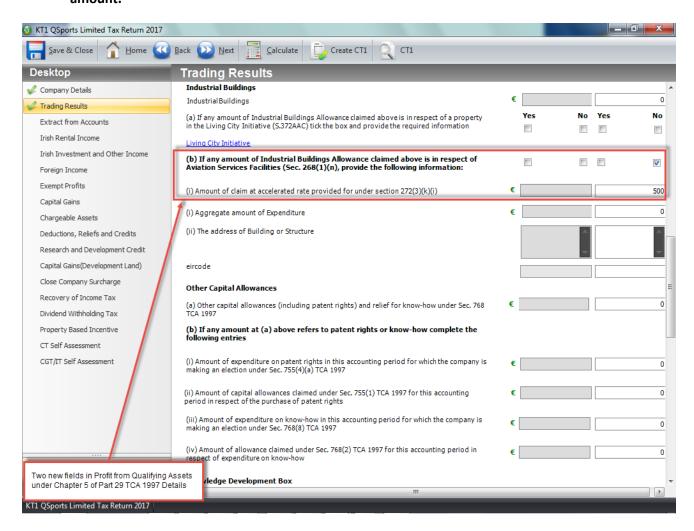


Figure: 2 new tax fields for Industrial Building Allowance claimed in Trading Results

INTRODUCED NEW FIELDS IN KNOWLEDGE DEVELOPMENT BOX

The Knowledge Development Box (KDB) was introduced by Finance Act 2015 for companies whose accounting period commences on or after 1st of January 2016. It is a regime of the taxation income which arises from parents, copyrighted software. The regime is only available to companies that carried out the research and development (R&D), within the meaning of section 766 Taxes Consolidation Act 1997 (TCA 1997), which led to the creation of the patent, copyrighted software or intellectual property (IP) equivalent to a patentable invention. A company which qualifies for the regime will be entitled to a deduction equal to 50% of its qualifying profits in computing the profits of its specified trade. In effect, the profits arising from patents, copyrighted software or IP equivalent to a patentable invention are taxed at 6.25%.

3 new fields have been introduced for the Tax Year 2017 under Knowledge Development Box in Profits from Qualifying Assets under Chapter 5 of Part 29 TCA 1997 Details sub section of **Trade Details Section**. The new fields are as follows:

- Qualifying expenditure incurred to develop IP assets: If applicable enter the amount.
- > Overall expenditure incurred to develop IP assets: If applicable enter the amount.
- > Overall income from IP asset: If applicable enter the amount.

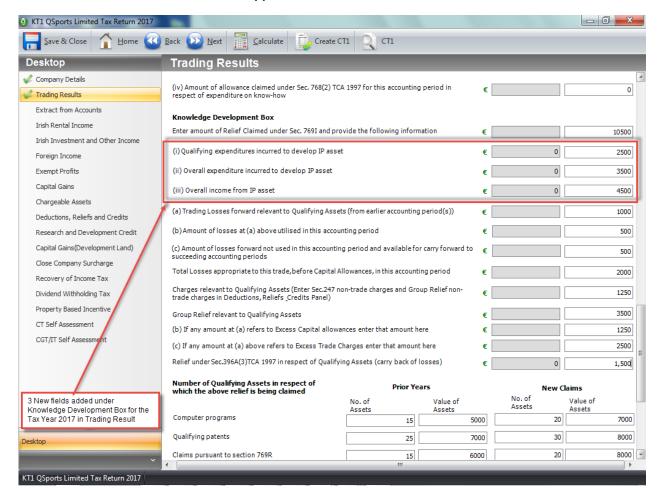


Figure: 3 new fields introduced under Knowledge Development Box in the Trading Result section

AMOUNT OF REFLIEF UNDER SECTION 247 IN DEDUCTION, RELIEFS AND CREDITS SECTION

In Deduction, Reliefs and Credits section the following fields have been added under Deduction sub section. The following fields have been added for the Tax Year 2017.

- Indicate if any amount enterted at "Relief under section 247 (non-trade charges)" is in respect of acquisition of a holding company in a tiered struture: If applicable select Yes/ No.
- > Amount of that relierf: If applicable enter the amount.
- Indicate if the company is making an election under Sec.247 (4A)(e)(iii): If applicable select Yes/No.
- > Provide the Tax Reference number of the company Jointly electing: If applicable enter the Tax Reference Number of the company.

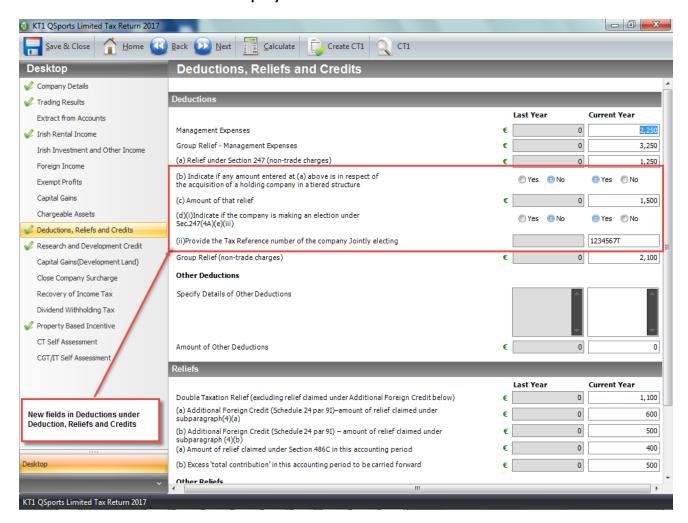


Figure: New fields introduced under Deduction in Deduction, Reliefs and Credits.

MINOR CHANGES MADE IN THIS YEARS TAX UPDATE

INTRODUCED SECTION 110 TCA 1997-QUALIFYING COMPANIES

A company resident in the State which carries on a business of the management of qualifying assets which it acquired from the original lender or original lenders or the originator or originators, as the case may be, and does not carry on any other business, apart from activities which are ancillary to the business of the management of those qualifying assets, but a company shall not be a qualifying company if any transaction is carried out by it otherwise than by means of a bargain made at arm's length is considered as Qualifying Companies.

Section 110 TCA 1997 provides for a tax regime for certain special purpose companies. In order to be taxed under the provisions of section 110 TCA 1997 Section 110 TCA 1997- Qualifying Companies sub section added.

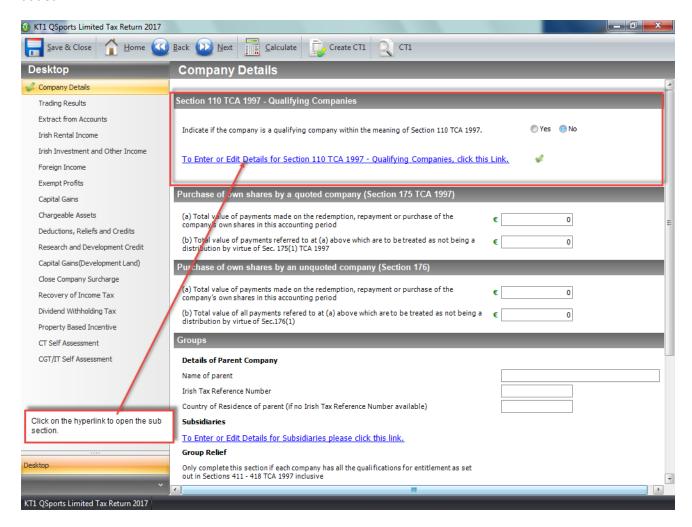


Figure: New sub section Section 110 TCA 1997- Qualifying Companies

For the Tax Year 2017 additional information must be provided to Revenue as part of that notification for "Qualifying Company" under the Details for Section 110 TCA 1997- Qualifying Companies.

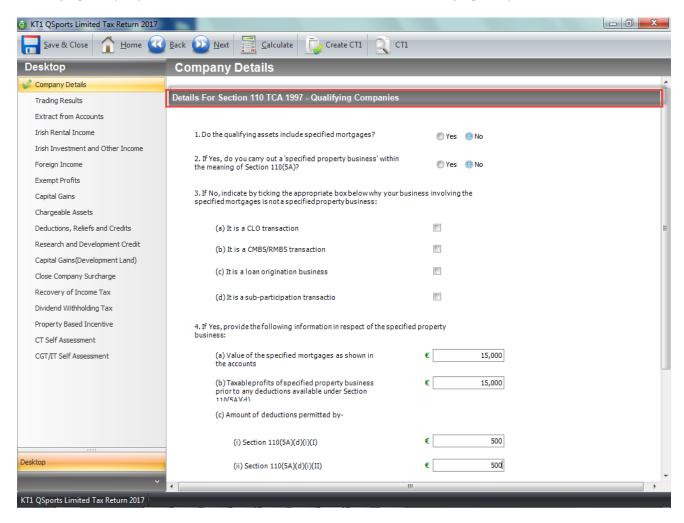


Figure: Hyperlink opens Details for Section 110 TCA 1997- Qualifying Companies

CLAW BACK AMOUNT IN RESEARCH AND DEVELOPMENT CREDIT

We have introduced two new fields in Research and Development Credit section. The claw back procedure has been introduced as per the guidance of Revenue for the Tax Year 2017. The following 2 new fields have been introduced.

- Amount of Research and Development credit being clawed back: If applicable enter the amount
- > Total Research and Development credit now due in this accounting period: If applicable enter the amount.

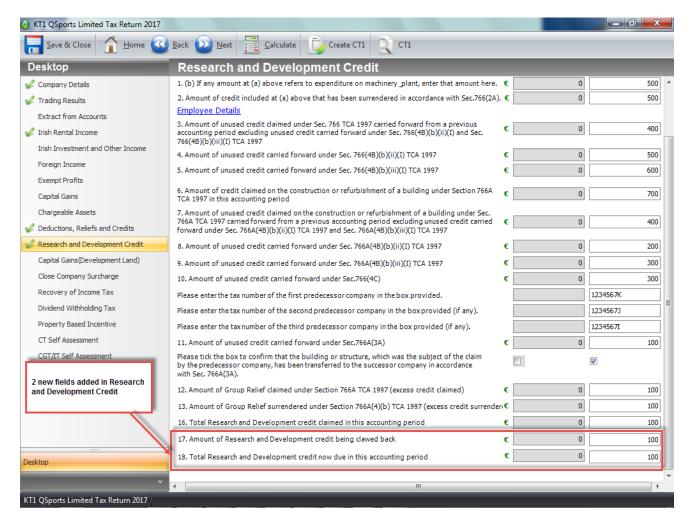


Figure: 2 new fields introduced in Research and Development Credit

LIVING CITY INITIATIVE SCHEME IN PROPERTY BASED INCENTIVE

This section is for specific schemes to achieve relief on the Residential Property and Industrial Building Allowances.

The following field has been introduced in Property Based Incentive section for the Tax Year 2017:

> Living City Initiative Scheme (Section 372AAD TCA 1997): If applicable enter the amount.

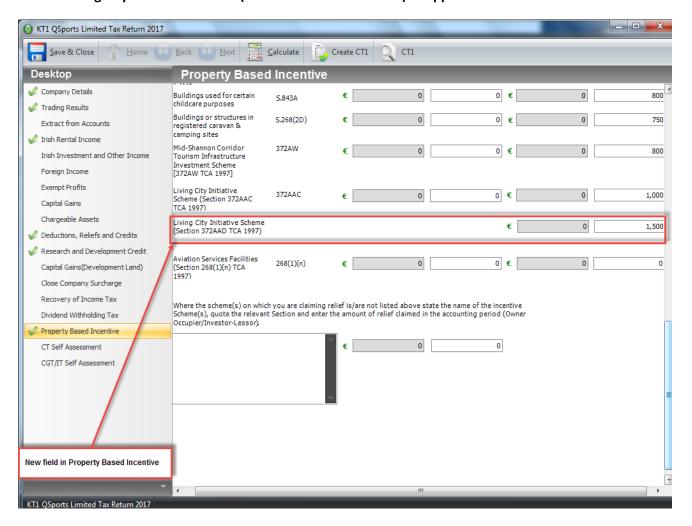


Figure: New field in Property Based Incentive section

TAX FIELDS REMOVED FROM THE TAX YEAR 2017

The following fields have been removed from the Relate Corporation Tax for the Tax Year 2017.

We have removed the following tax fields from Trading Result section.

- "If any amount (a) above refers to computer software in respect of which an election is being made under Sec. 249 (4)(a) TCA 1997 enter that amount here" has been removed from Trade Profit 12.5% sub section.
- "Market value of the property prior to refurbishment / conversion" has been removed from Living
 City Initiative.
- "If the company making is making an election under Sec. 249(4)(a) TCA 1997" tick box has been removed from the **Profits from Qualifying Assets under 5 of Part 29.**
- Total Assets field in Number of Qualifying Assets in respect which the relief is being claimed under Profits from Qualifying Assets under Chapter 5 of 29 TCA 1997 Details.
- A brief description of the nature of the retail or other service which is provided or is to be provided in the qualifying premises removed from Living City Initiative under Trade Profits at 12.5% sub section.
- Market value of the property prior to refurbishment / conversion for the current year removed from Living City Initiative under Profit from Qualifying Assets under Chapter 5 of Part 29 TCA 1997 sub section.
- "If the Company is making an election under Sec. 291(4)(a) TCA1997" tick box for both last year and current year have been removed from the Trade Profits Chargeable capital allowances for specified intangible assets (Sec. 291 A TCA1997) sub section.
- If any amount at Machinery and Plant (including motor vehicles and specified intangible assets) refers to computer software in respect of which an election is being made under Sec. 291(4)(a) TCA 1997 field has been removed from Profits from Qualifying Assets under Chapter 5 of Part 29 TCA 1997 Details Sub Section.

We have removed the following tax fields from **Irish Rental Income Section**.

- Rental Income (include 'Section 23' Relief clawback, if any) tax filed removed from **Rental Income** from Land and Property in the State.
- Current Year Amount of Claim removed from Living City Initiative.
- The address of the qualifying premises in respect of which the qualifying expenditure was incurred tax field for the current year removed from **Living City Initiative.**
- Eircode for the current year removed from Living City Initiative.
- Details of the aggregate of all qualifying expenditure incurred by the company in respect of the qualifying premises for the current year removed from **Living City Initiative**.
- A brief description of the nature of the retail or other services which is provided or is to be provided in the qualifying premises for the current year removed from **Living City Initiative.**