

July Jobs Stimulus

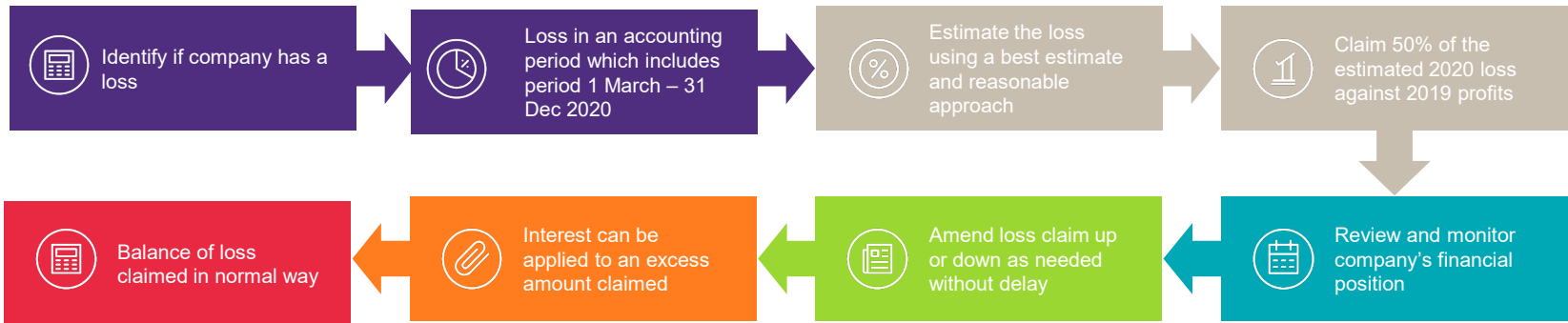
Corporate tax loss relief

Reduced interest rate



July Jobs Stimulus Corporate Tax Loss Relief

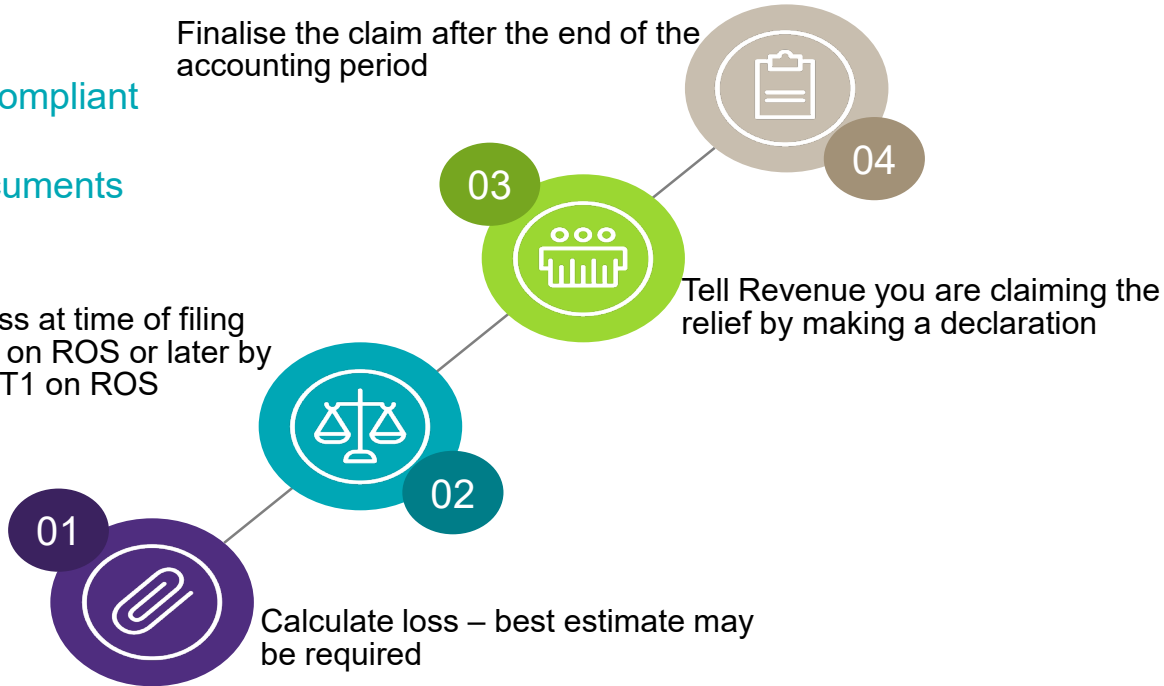
- Cash flow measure for companies incurring losses as a result of Covid-19
- Accounting period includes some part or all of the period **1 March 2020** to **31 December 2020**
- Carry 50% of the loss back to the previous accounting period – claim balance in normal way
- Can make an ‘interim claim’ – don’t have to wait to file 2020 Form CT1



Corporate Tax Loss Relief Making a claim

Company must be tax compliant
Make a declaration
Maintain supporting documents

Claim 50% of loss at time of filing
2019 Form CT1 on ROS or later by
amending the CT1 on ROS



Example

Before making a claim

Outdoor Events Limited has a year end of **31 December**

It had relevant trading profits of €100,000 for the accounting year ended **31 December 2019** (“FY19”)

Paid preliminary tax of €11,250

Balance of tax due €1,250

Outdoor Events Limited anticipates that, based on a reasonable and best estimate, it will have relevant trading losses of **€60,000** in the accounting year ended **31 December 2020** (“FY20”), which is a specified accounting period

Effect of making a claim

Outdoor Events Limited makes an interim claim in September 2020 to carry back €30,000 (€60,000 x 50%) of its estimated relevant trading loss for FY20 for offset against its profits in FY19

As a result of the claim, the FY19 relevant trading profits are reduced to €70,000 (€100,000 - €30,000) with a resulting tax liability of €8,750

A refund of **€2,500** will be due

No balance of tax due

Example

In **November 2020**, Outdoor Events Limited carries out another review and now estimates that the company will have relevant trading losses of **€80,000** in FY20

Outdoor Events Limited can amend their loss claim

Effect of amending the claim

Outdoor Events Limited makes a revised interim claim in November 2020 to carry back an additional €10,000 (€40,000 - €30,000) of its estimated loss for FY20 for offset against its profits in FY19

As a result of the claim, the FY19 relevant trading profits are reduced to €60,000 (€100,000 - €30,000 - €10,000) with a resulting tax liability of €7,500,

An additional refund of **€1,250** will be due

The claim will be finalised after the end of the accounting period, once the actual loss figure is known

July Jobs Stimulus: **Reduced interest rate**

3% per annum
(0.0082% per day)

Unpaid tax debts
Phased Payment Arrangement

Current rate of interest on late corporation
tax payments

8% per annum
(0.0219% per day)

Reduced interest rate **General terms**

- Applies to declared and undeclared tax liabilities that cannot be warehoused
- Must declare the tax debt and agree a Phased Payment Arrangement (“PPA”) with Revenue on or before **30 September 2020**
- Effective from **1 August 2020** or date of agreement if later
- **Impact on tax clearance status if unpaid tax debts and no PPA**
 - Eligibility for the Employment Wage Subsidy Scheme
 - Accelerated loss relief, and other measures

Reduced interest rate **How it will work**



1

Phased Payment Arrangement must be agreed before **30 September 2020**



2

Accrued interest at 8% calculated from due date of tax debt until date of arrangement



3

Reduced 3% rate on projected interest over the remainder of the payment term beginning from date of arrangement

Your Local Team



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Bernard joined Grant Thornton in 2003 from a large Dublin law firm, where he was a tax partner. He has extensive experience in tax structuring of acquisitions, disposals, reorganizations, Management Buy Outs (MBOs) and public to private transactions.

Bernard has considerable experience in international corporate tax structuring including intellectual property exploitation, financing structures and international reorganizations/reconstructions.

He has particular experience in dealing with domestic and international groups across multiple sectors including financial services, technology, pharma sector, manufacturing and food & beverage. In assisting these companies, assignments worked on include inward investment projects advising on withholding taxes, tax treaties, permanent establishment issues, R&D tax credits, capital allowances and transfer pricing.

He is a fellow of Chartered Accountants Ireland (CAI) and a fellow of the Irish Taxation Institute (ITI). He obtained first place in Ireland in the finals of the AITI Chartered Tax Advisor (CTA) exams. Bernard served as President of the Irish Taxation Institute (ITI) for 2011 – 2012.



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Kevin joined Grant Thornton in 2014, having previously worked for a Big Four firm. He advised on all areas of VAT with a particular focus on the property and consumer business sectors. He also advised various government bodies.

Kevin's client portfolio includes Irish and overseas listed multinationals, government bodies and large indigenous Irish companies. These clients span the property, food, sporting, financial services and retail sectors. He has considerable expertise advising clients on all aspects of VAT on property transactions including the purchase and sale of commercial and residential developments, investor led transactions and the sale of distressed assets where a receiver/liquidator has been appointed. He also has experience advising government bodies on mergers, the VAT treatment of their supplies,

Kevin is co-author of VAT on Property, the leading text on Irish VAT on Property, published by the Irish Taxation Institute.

He has also presented widely on VAT matters, published various articles on VAT and contributes to the delivery of the Tax Institute's Indirect Tax education programme.

Kevin is a member of the Irish Tax Institute (AITI) and the Chartered Accountants Ireland