



## Finance Bill 2020



### COVID-19 Support Measures

#### COVID Restrictions Support Scheme (CRSS)

- Section 11 inserts section 484 and section 485 TCA 1997.
- The CRSS applies to businesses forced to temporarily close or to operate at significantly reduced levels because COVID-19 restrictions prohibit, or significantly restrict, customers from accessing the premises in which the business is carried on.
- To qualify, the turnover of the business in the period for which the restrictions are in operation must be no more than 25 percent of an amount equal to the average weekly turnover of the business in 2019 (or average weekly turnover in 2020 in the case of a new business) multiplied by the number of weeks in the period for which a claim is made.
- Qualifying taxpayers can make a claim to Revenue for an amount equal to 10 percent of their average weekly turnover in 2019 up to €20,000 and 5 percent thereafter, subject to a maximum weekly payment of €5,000, for each week that their business is affected by the COVID-19 restrictions. For businesses established between 26 December 2019 and 12 October 2020, the claim will be based on their actual weekly average turnover in the period between the date of commencement and 12 October 2020 (subject to the weekly cap of €5,000).
- Payments made under the scheme will be treated as an advance credit for trading expenses.
- Qualifying taxpayers must also hold tax clearance, complied with their VAT obligations, and must make a declaration on ROS that they satisfy the conditions.
- Taxpayers claiming the CRSS will be published on Revenue's website.
- The scheme runs from 13 October 2020 to 31 March 2021 with a provision for the Minister for Finance to vary aspects of the scheme by Ministerial Order.

#### Income tax debt warehousing scheme

- Section 63 inserts section 1080B TCA 1997.
- A taxpayer can avail of COVID-19 income tax warehousing if, as a result of Covid-19 restrictions, income for 2020 is at least 25 percent lower than income for 2019; or, in cases where the taxpayer did not have income subject to self-assessment in 2019, if they are unable to pay their income tax due to the impact of COVID-19 restrictions.
- The COVID-19 income tax debt warehousing arrangement must be in place by 31 October 2020 or 10 December if the taxpayer is filing via ROS.
- No interest will be charged on Covid-19 income tax from the filing date (period 1) or for twelve months thereafter (period 2). After that (in period 3) interest will be charged at 3 percent per annum until the debt is paid in full.
- If an individual's income for 2021 is at least 25 percent lower than their income for 2019; or, if the taxpayer did not have income subject to self-assessment in 2019, Period 1 may be extended until the pay and file date for 2021.
- Taxpayers who warehouse COVID-19 income tax must meet all other tax obligations to continue in the scheme.
- Individuals whose taxes are warehoused can obtain tax clearance certificates if they comply with their other tax obligations.



<b>TWSS debt warehousing scheme</b>	<ul style="list-style-type: none"> <li>Section 62 inserts section 28C of the Emergency Measures in the Public Interest (Covid-19) Act 2020.</li> <li>An employer may have excess TWSS payments warehoused where the employer is unable to pay to due COVID-19.</li> <li>This scheme will operate on a similar basis to the existing warehousing schemes for PAYE and VAT liabilities.</li> </ul>
<b>EWSS amended for proprietary directors</b>	<ul style="list-style-type: none"> <li>Section 61 amends section 28B of the Emergency Measures in the Public Interest (Covid-19) Act 2020.</li> <li>The amendment formally allows proprietary directors to qualify as eligible employees under the EWSS.</li> </ul>
<b>Taxation of PUP</b>	<ul style="list-style-type: none"> <li>Section 3 amends section 126 TCA 1997.</li> <li>Pandemic unemployment payments are to be treated as emoluments and subject to collection and recovery rules for income tax under the PAYE system.</li> </ul>
<b>Medical equipment</b>	<ul style="list-style-type: none"> <li>Section 42 amends VATCA 2010 to provide a temporary zero VAT rate on equipment and medical supplies used in the delivery of COVID-19 related health services by the HSE and other health care facilities.</li> </ul>
<b>Income tax</b>	
<b>USC</b>	<ul style="list-style-type: none"> <li>Section 2 amends section 531AN TCA 1997.</li> <li>The USC 2% threshold increases from €20,484 to €20,687 for 2021.</li> <li>The 2% USC rate is extended for 2021 to full medical card holders under 70 years with annual income not exceeding €60,000.</li> </ul>
<b>Tax credits</b>	<ul style="list-style-type: none"> <li>Section 5 gives effect to the budget announcement to increase the dependent relative tax credit from €70 to €245.</li> <li>Section 9 gives effect to the budget announcement to increase the earned income credit from €1,500 to €1,650 with effect from 1 January 2020.</li> <li>Section 10 extends the sea-going Naval personnel credit to 2021 and increases the credit from €1,270 to €1,500 with effect from 1 January 2021.</li> </ul>
<b>Exemptions</b>	<ul style="list-style-type: none"> <li>Section 4 amends section 192BA TCA 1997 to provide an income tax exemption for the Home Sharing Host Allowance.</li> <li>Section 6 inserts section 192H to provide an income tax exemption for certain HSC payments under the mobility allowance scheme.</li> </ul>
<b>Reporting obligations on share incentive plans</b>	<ul style="list-style-type: none"> <li>Section 8 amends the reporting requirements of an employer in respect of share incentive plans in sections 128C, 128D, 128E and 897B TCA 1997.</li> <li>Mandatory reporting of information by employers under section 897B TCA 1997 is broadened to include awards given in the form of a cash equivalent of shares or where a discount on shares is provided.</li> <li>The amendments to sections 897B, 128C, 128D and 128E provide for mandatory electronic reporting of convertible securities, restricted share and forfeitable share plans in a format prescribed by Revenue.</li> </ul>
<b>Corporation tax</b>	
<b>Transfer pricing</b>	<ul style="list-style-type: none"> <li>Section 15 amends the definition of 'relevant person' and 'qualifying relevant person' in Part 35A (Transfer Pricing) TCA 1997.</li> <li>The amendments apply for chargeable periods commencing on or after 1 January 2021.</li> </ul>
<b>Intangible Asset regime</b>	<ul style="list-style-type: none"> <li>Section 17 amends section 288 TCA 1997 giving effect to the Budget announcement which imposes a balancing charge on the disposal of intangible assets qualifying under section 291A TCA 1997.</li> <li>The measure applies to specified intangible assets acquired on or after 14 October 2020 regardless of when a balancing event occurs.</li> </ul>



<b>Film Relief</b>	<ul style="list-style-type: none"> <li>Section 18 amends section 481 TCA 1997 by extending the period that the Regional Film Development Uplift will be available at the highest rate of 5% by one year for claims made on or before 31 December 2023.</li> </ul>
<b>Controlled Foreign Companies</b>	<ul style="list-style-type: none"> <li>Section 19 inserts section 835YA TCA 1997, to provide that certain exemptions will not apply for an accounting period where that CFC is resident in a jurisdiction listed in the EU's list of non-cooperative jurisdictions for tax purposes.</li> <li>This measure takes effect for accounting periods of CFCs beginning on or after 1 January 2021.</li> </ul>
<b>Anti-hybrid rules</b>	<ul style="list-style-type: none"> <li>Section 20 amends the anti-hybrid rules contained in Part 35C TCA 1997, introduced by FA 2019 to comply with the EU Anti-Tax Avoidance Directive.</li> </ul>
<b>KDB</b>	<ul style="list-style-type: none"> <li>Section 21 provides for the extension of the Knowledge Development Box relief for a further two years until 1 January 2023.</li> </ul>
<b>Energy efficient equipment</b>	<ul style="list-style-type: none"> <li>Section 12 provides for the extension up to 31 December 2023 for accelerated wear and tear on energy efficient equipment.</li> </ul>
<b>Professional services withholding tax</b>	
<b>PSWT</b>	<ul style="list-style-type: none"> <li>Section 13 amends Part 18 TCA 1997 to make provision for the modernisation of the PSWT system.</li> <li>The measure is subject to a Commencement Order.</li> </ul>
<b>Housing</b>	
<b>Help to Buy relief</b>	<ul style="list-style-type: none"> <li>Section 7 amends section 477C (5A) TCA 1997.</li> <li>The enhanced Help to Buy relief is extended by 12 months to 31 December 2021.</li> </ul>
<b>CGT</b>	
<b>Anti-tax avoidance</b>	<ul style="list-style-type: none"> <li>Section 22 amends section 541 TCA 1997 to ensure gains arising from disposals of currencies held in a bank account, which are not in the currency of the State, are subject to CGT and is effective from 14 October 2020.</li> </ul>
<b>Entrepreneur relief</b>	<ul style="list-style-type: none"> <li>Section 23 amends section 597AA TCA 1997 which provides Entrepreneur Relief at 10 percent CGT.</li> <li>The amendment relaxes the holding period condition such that a holding of at least 5 percent of the ordinary share capital qualifies for relief if held for a continuous period of 3 years any time prior to the disposal of those shares. Previously, it was necessary to own 5 percent or more for a continuous three-year period in the five-year period immediately before the disposal.</li> <li>The amendment applies to disposals made on or after 1 January 2021.</li> </ul>
<b>Exit tax</b>	<ul style="list-style-type: none"> <li>Section 24 provides a technical amendment to section 629 TCA Act 1997.</li> <li>The amendment applies to exit tax which remains unpaid on or after 14 October 2020.</li> </ul>
<b>VAT</b>	
<b>9% VAT rate</b>	<ul style="list-style-type: none"> <li>Section 37 amends section 46 VATCA 2010 to give effect to the budgetary announcement that VAT of 9 percent applies from 1 November 2020 to 31 December 2021 to the supply of restaurant and catering services, guest and holiday accommodation and entertainment services such as admissions to cinemas, theatres, museums, fairgrounds and amusement parks.</li> <li>It will also apply to hairdressing and the sale of certain printed matter such as brochures, maps, and programmes.</li> </ul>
<b>Flat-rate farmer addition</b>	<ul style="list-style-type: none"> <li>Section 38 amends section 86 VATCA 2010 to increase the flat-rate addition for farmers to 5.6 percent.</li> <li>The change takes effect from 1 January 2021.</li> </ul>



<b>Stamp Duty</b>	
<b>Relief for consolidation of farm holdings</b>	<ul style="list-style-type: none"> <li>• Section 47 amends section 81C of SDCA 1999.</li> <li>• Relief for the consolidation of farm holdings is extended for a further two years from 31 December 2020 to 31 December 2022.</li> <li>• This aligns the end date for this relief with a similar capital gains tax relief.</li> <li>• The measure is subject to a Commencement Order.</li> </ul>
<b>Stamp Duty Refund Scheme for residential land</b>	<ul style="list-style-type: none"> <li>• Section 48 amends section 83D SDCA 1999 which provides for the partial refund of stamp duty where land is developed for residential purposes.</li> <li>• The relief is extended for a further year in respect of construction operations commenced before 31 December 2022.</li> <li>• The period allowed for the completion of construction is extended from two years, i.e. 24 months, to 30 months.</li> </ul>
<b>Consanguinity relief on transfers of farmland</b>	<ul style="list-style-type: none"> <li>• Section 51 amends Schedule 1 SDCA 1999 to extend the termination date for consanguinity relief (which applies to sales and transfers of farmland between certain blood relatives) from 31 December 2020 to 31 December 2023.</li> <li>• The rate of stamp duty where consanguinity relief applies is a fixed rate of 1 percent of the consideration.</li> </ul>
<b>CAT</b>	
<b>CAT returns involving agricultural relief or business relief</b>	<ul style="list-style-type: none"> <li>• Section 53 amends section 46 CATCA 2003 which provides for the delivery of returns.</li> <li>• A CAT return must now be filed where a gift or inheritance comprises agricultural property or relevant business property where agricultural relief or business relief apply. A return must be delivered regardless of whether the taxable value of the agricultural property or relevant business property, does or does not exceed 80 percent of the relevant group threshold.</li> </ul>
<b>Four-year period for CAT return enquiries</b>	<ul style="list-style-type: none"> <li>• Section 54 amends sections 46, 49 and 57 CATCA 2003 which provide for a standard 4-year period during which Revenue can make enquiries, raise assessments, and make repayments.</li> <li>• The amendments provide for a fixed commencement date for this 4-year period of 31 December in the year in which a return is received.</li> <li>• Revenue may also raise an assessment at any time where an event occurs after a return is received which gives rise to any facts or matters relevant to the assessment.</li> </ul>
<b>Revenue powers and tax obligations</b>	
<b>Mandatory Reporting</b>	<ul style="list-style-type: none"> <li>• Section 57 amends Chapter 3 of Part 33 TCA 1997 – Ireland’s domestic mandatory disclosure to clarify the date from which penalties for non-compliance are calculated.</li> <li>• Section 57 also amends Chapter 3A of Part 33 of the TCA 1997 which is the EU mandatory disclosure regime (DAC6).</li> </ul>
<b>Penalties on PAYE Returns</b>	<ul style="list-style-type: none"> <li>• Section 69 amends section 1077E(1) TCA 1997 which deals with penalties for deliberately or carelessly submitting incorrect returns or failing to file returns.</li> </ul>

*This document provides a brief outline of the most relevant issues arising out of [Finance Bill 2020](#).*

