

taxation of  
**property transactions** webinar

**2022**



# Individuals: renting, investing, trading



## 1. Investing or trading?

- What is trading?
- Investing = owning income-producing assets
- Capital v revenue transactions
- Land transactions – investing or trading?
- The badges of trade
- Stamp duty – multi-unit purchases – s 31E, 83D, 83E, 83F
- Local property tax (LPT)
- Residential Zoned Land Tax (RZLT)

## 2. Investing in property

- Rental income
  - Calculation – Interest – unpaid interest
  - RTB – Section 23/50 – 372AP(8)
  - Pre-letting expenses
  - Premiums on leases
  - Wear and tear allowances
  - Farm land leasing exemption
  - Rent-a-room relief
  - Acquiring through pension fund
  - Non-resident landlord – authorised agent
  - CAT – CGT offset
  - Transfer of site from parent to child

## 2. Investing in property

- CGT
  - Disposal, part disposal, capital sum derived from asset
  - Proceeds – Acquisition cost – Indexation – Time of disposal
  - Market value rules – Enhancement expenditure – Losses
  - Compulsory purchase – Compensation and insurance
  - Seven year exemption – Residence exemption
  - Development land – Capital allowances and s 23
  - Leases – Tax clearance – Foreign tax credit

## 3. Trading in land or buildings

- Build to sell, buy to sell
- Allowable deductions
- Commencement rules
- Transfers to and from trading stock
- Valuation on cessation
- Profits from land dealing
- Debt forgiveness

## 4. VAT fundamentals

- Sale of property – checklist
- Lettings – Option to tax (OTT)
- Capital Goods Scheme (CGS)



# Companies: renting, investing, trading



## 5. Incorporating a rental portfolio

- CGT – possible solutions
- Transfer of business to a company
- IREF, REIT structures

## 6. Rental v trading income

- Avoiding rental surcharge
  - Undistributable income
  - s 434(3A) election
- Group relief
- Trading income
- Chargeable gains – allowable losses
- 10% CGT rate
- HoldCo exemption – s 626B
- Stamp duty – group (s 79) and reconstruction (s 80) relief

## 7. Trading in property

- Transfers to and from trading stock – 12.5% rule
- Sale of non-fully developed property – 25% rule
- Relevant contracts tax (RCT) – conditions, tips and traps
- Case study

## 8. VAT - Practical issues

- Transfer of business relief (TOB)
- Receivers, liquidators and mortgagees in possession
- Joint option to tax – right thing to do?
- Waiver of exemption – timing
- Pre-contract VAT enquiries (PCVE)

## Q & A



"Succinct, topical, and relevant"

"Innovative thought-provoking ideas"

"Excellent seminars - very informative"



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