



STATEMENT OF PRACTICE SP-CAT/1/90

POSTPONEMENT OF TAX AND REGISTRATION OF CHARGE



CAPITAL ACQUISITIONS TAX

STATEMENT OF PRACTICE (SP-CAT/1/90)

POSTPONEMENT OF TAX AND REGISTRATION OF CHARGE

1. In cases where payment of the gift or inheritance tax due would cause excessive hardship for the beneficiary, the Revenue Commissioners will consider proposals for the postponement of payment of tax. Postponement may include instalment or other arrangements for payment (including the waiver of interest) or the registration of a judgement mortgage or other charge over the property taken as a benefit. This Statement of Practice outlines the practice and procedures to be followed where the beneficiary, claiming excessive hardship, is prepared to allow the Commissioners to register a judgement mortgage or other charge over the property taken as a benefit.
2. An example of the type of situation envisaged is one where an elderly person, with limited means, inherits a house or apartment which is, or becomes, his or her sole residence and where in order to pay the tax due he or she would be obliged to sell the residence.
3. The postponement would apply during the lifetime of the successor while the property which is subject to the charge remains in the ownership of the successor. In the event of a sale or transfer, or on the death of the successor, the entire tax together with accrued interest would become payable and the arrangements for payment (including consideration of any claims for waiver or reduction of interest) would be considered with reference to the circumstances of the sale or transfer, or the circumstances of the eventual successor or successors as appropriate.
4. A person who wishes to apply for postponement of payment should
 - (i) furnish a duly completed tax return (Form I.T.38) and assess the tax (including interest) due.
 - (ii) indicate his or her willingness to create a charge in favour of the Revenue Commissioners in respect of the tax liability including interest and would, of course, need to provide appropriate assurances in regard to any consents or prior permissions required, for example, under the Family Home Protection Act, 1976.
 - (iii) specify the hardship grounds on which the application is based.
 - (iv) supply details of the successor's economic and personal circumstances with particular regard to age, health, income, outgoings, assets and liabilities.
5. In order to avoid or reduce interest liability in the event of a rejection by the Commissioners of an application for postponement, it is desirable that applications be sent in as close as possible to the valuation date. Interest accrues on outstanding tax with effect from the valuation date. If returns are received and payment made within four months of the valuation date interest is not chargeable but it is not the practice of the Commissioners to allow for any extension of this period.

May, 1990.