



CAT CLEARANCE CERTIFICATES

The Conveyancing Committee recently made inquiries with the Revenue Commissioners' Capital Taxes Division regarding the CAT clearance certificate and the status of the letter attaching CAT to the proceeds of sale rather than to the property. The committee had asked if, having obtained such a letter attaching CAT to the proceeds of sale rather than to the property, a purchaser would still require production of the CAT clearance certificate at a later date. The Revenue Commissioners have replied along the following lines:-

"Section 60 (1) of the Capital Acquisitions Tax Consolidation Act, 2003 states that the tax due in respect of a taxable gift or inheritance shall be and remain a charge on the property of which the taxable gift or inheritance consists at the valuation date. If property is sold in the course of administration prior to the valuation date, Revenue will, on request, issue a letter discharging the property from the CAT charge and attaching the charge instead to whatever assets represent the proceeds of sale of the property at the valuation date.

The issue of this letter is confirmation from Revenue that there is no charge to CAT attaching to the property disposed of. Therefore any purchaser is fully protected and the production of a CAT clearance certificate is not required."

In relation to such letters attaching CAT to the proceeds of sale, it is up to both vendors' solicitors and purchasers' solicitors to ensure that this letter is used only in appropriate circumstances i.e. where a sale of the property takes place in the course of administration prior to the valuation date.