Gift and Inheritance Tax (Capital Acquisitions Tax – CAT)

Overview

CAT is a tax on gifts and inheritances. You may receive gifts and inheritances up to a set value over your lifetime before having to pay CAT. Once due, it is charged at the current rate of 33% (valid from 6 December 2012). For more information on previous rates see CAT Thresholds, Rates and Rules.

Gifts become inheritances if the person dies within two years of giving the gift.

What do you pay CAT on?

Items regarded as a gift or inheritance include:

- cash
- jewellery or a car
- house or lands
- stocks and shares
- the free use of a house for life
- an interest free loan.

You may also have to pay CAT on discretionary trusts.

What do you not pay CAT on?

You do not pay CAT on a gift or inheritance if it is given to you by your spouse or civil partner or if its value is below a group threshold amount. You do not pay CAT on a gift with a value of €3,000 or less from any one person in any one year.

How do you calculate CAT?

The amount of CAT you pay on a gift or inheritance depends on:

- its value
- your relationship to the person who gave it to you
- whether you have received other gifts or inheritances.

You do not have to pay tax on a gift or inheritance if its value is below the group tax free threshold and aggregation rules do not apply. The threshold you use depends on your relationship to the person who gave you the gift or inheritance.

To calculate how much CAT you have to pay, you need to know your correct group threshold and rate of tax. These are determined by the date of the gift or the date of the inheritance. You will also need to know the value of the benefit you received on the valuation date.

You only have to pay tax on the value of a gift or inheritance above the group tax-free threshold amount. You can reduce this taxable amount through relevant reliefs and exemptions.

You must add any previous gifts and inheritances received under the same group threshold for the purposes of calculating CAT.

Example

In 2005, Anne received an inheritance of €30,000 from her grandmother.

In 2008, she received a gift of €40,000 from her aunt. Both benefits fall within the Group B threshold, so Anne adds them together. The 2005 inheritance was below the threshold, so no tax is applied. Anne adds the 2008 gift to the 2005 inheritance, totaling €70,000. This amount is over the threshold, so she must pay tax on the excess.

Gift splitting

If a gift is passed on to someone in a different group within three years of when it was received it is called gift splitting. Gift splitting affects the threshold used.

Example

In January 2009, a father gives €250,000 to his son. In October 2009, the son gives his daughter a house valued at €250,000.

For tax purposes, the daughter has taken the gift from her grandfather, not from her father. The Group B threshold applies to her gift, not Group A.

CAT paid by the disponer

The person who gives you the gift or inheritance may pay the tax on your gift or inheritance in advance. This person is the 'disponer'. In this case, your inheritance amount increases by the amount of tax that they paid.

Example

Eric receives a gift of €100,000 and John, the disponer, pays the tax. This is considered a further benefit. The final tax due will include the tax payable on the gift of €100,000.

If Eric has used up his entire available threshold, the tax on €100,000 at 33% is €33,000. Eric is now considered to have taken a gift of €133,000. The tax is recalculated on €133,000, giving a final amount of tax due of €43,890.

The calculations will be made automatically when you use Revenue Online Service (ROS) to submit your tax return.

How and when do you pay?

Use the IT38 Form to file your CAT return. If the valuation date falls between 1 September and 31 August, you must pay by 31 October of the same year. Otherwise you must pay by 31 October of the next year.

What charges are there for late filing?

The charge for late filing is a percentage of the total tax due for that year, and will depend on the length of the delay.

There is an overall cap on the amount you have to pay. If you pay within two months of the filing date, 5% will be added (up to a maximum of €12,695). After that time 10% will be added (up to a maximum of €63,485).

You may also have to pay the following daily interest rates for late payments:

Valuation Period	% Interest due
31 March 1976 to 31 July 1978	0.0492%
1 August 1978 to 31 March 1998	0.0410%
1 April 1998 to 31 March 2005	0.0322%
1 April 2005 to 30 June 2009	0.0273%
1 July 2009 to date of payment	0.0219%

The following daily interest rates apply for late payments in relation to agricultural or business property:

Valuation Period	% Interest due
8 February 1995 to 31 March 1998	0.0307%
1 April 1998 to 31 March 2005	0.0241%
1 April 2005 to 30 June 2009	0.0204%
1 July 2009 to date of payment	0.0164%

Property transferred as a gift or inheritance

You may transfer a property with no money paid, or where the amount paid is less than market value. Revenue treat this transfer as a gift, and CAT may be due. We may also charge Stamp Duty on the market value of the property. The person who receives the property pays the Stamp Duty.

Where a property is transferred on inheritance, no Stamp Duty is payable.

Adverse possession

You may acquire land by adverse possession (often called squatter's rights). If you do, you can apply to the Property Registration Authority (PRA) to be registered as the owner under the Land Registration Rules 1972.

Before you can register the title, you must have a Capital Acquisitions Tax Clearance Certificate, [PDF] Form CA12.

CAT Strategy 2018 – 2020

Revenue's CAT Strategy 2018-2020 and Business Plan 2018 sets out our high level objectives for the years 2018 to 2020 on:

- the management of CAT
- improving service to support compliance

  and

- deepening our risk based approach to confronting non-compliance.

[PDF] CAT Strategy 2018-2020 and Business Plan 2018