Capital gains for companies

A company can make a capital gain from selling or transferring an asset. This gain is usually included in the profits for Corporation Tax (CT) purposes on an online CT1 using Revenue Online Service (ROS). The tax is assessed in the same accounting period that the gain is made.

Capital Gains on assets other than development land

CT rather than Capital Gains Tax (CGT) is payable on gains from assets other than development land.

Capital gains are subject to the rules in the CGT. The rates of CT and CGT are different. If CT is payable on a capital gain, a company must adjust the gain. The gain is adjusted so when calculated at the CT rate, it gives the same amount it does when calculated at the CGT rate.

A company reports the adjusted gain in the capital gains section of their online CT1.

Example

In 2018, the CT rate was 12.5% and the CGT rate was 33%.

A company had a capital gain of €10,000 from selling an asset. CT is chargeable on the capital gain.

A capital gain of €10,000 would result in CGT of €3,300 (€10,000 x 33% = €3,300).

The company need to adjust the gain, so they pay the correct amount of tax (€3,300).

CT capital gain adjustment

Description	Amount
Correct amount of tax	€3,300
Divided by CT rate (12.5%)	0.125
Adjusted gain	**€26,400**

The company adjust the gain up to €26,400, as CT is being applied (€26,400 x 12.5% = €3,300).

Capital gains on development land

Capital gains from selling or transferring development land are not included in a company's profits. Instead, a company must pay CGT on these gains.

A company reports these gains in the Capital Gains (Development Land) section of the online CT1.

Non-resident companies

A non-resident company must pay CGT on gains it make from the disposals of 'specified assets'. These include:

- land and buildings located in Ireland
- mineral rights or interests in Ireland
- assets which are used or held for the purposes of:
  - trade carried on in Ireland
  - an Irish branch.
- shares deriving the greater part of their value from:
  - land and buildings located in Ireland
  - mineral rights or interests in Ireland.

Losses

A company can offset a loss it makes on the sale or transfer of:

- development land against gains from the sale of other assets
- non-development land against gains on other non-development land assets.

A company must offset capital losses against chargeable gains made in the same accounting period. It can carry forward any unused losses into the next accounting period.

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