

JULY JOBS STIMULUS PLAN

How you can get in touch for assistance in accessing these supports;

The team at Gilroy Gannon comprises over 50 staff with a wealth of experience in finance, business, tax and technology consultancy. Don't delay in seeking out support in these challenging times, contact any member of our team for more information.

Our Team



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Accelerated corporation tax loss relief for companies adversely impacted by Covid-19 restrictions

The Financial Provisions (Covid-19) (No. 2) Act 2020 provided for a temporary acceleration of corporation tax loss relief for accounting periods affected by the Covid-19 pandemic and related restrictions. The purpose of the relief is to provide cash-flow support to previously profitable companies who have become loss-making during the period impacted by Covid-19 and the associated public health measures.

Some key aspects of the relief include:

- **Scope:**

Companies can estimate its trading losses for certain accounting periods affected by the Covid-19 restrictions and make a provisional claim (“interim claim”) to carry-back up to 50% of those losses against taxable profits of the preceding accounting period on an accelerated basis. The relevant accounting period is any accounting period of a trading company includes some or all of the period commencing on 1 March 2020 and ending on 31 December 2020 i.e. accounting periods ending in 2020 and 2021 could be eligible.

This carry-back of losses will result in (i) a repayment of some or all of the corporation tax paid for that period, or(ii) a reduction in the amount of corporation tax payable for that period.

- **Estimated trading loss:**

Companies must make a best estimate of the trading loss incurred or expected to be incurred. Companies should take a practical and proportionate approach in estimating the amount of their trading loss.

- **Eligibility:**

Certain criteria must be satisfied by the company to be eligible to make the claim:

- It must make a declaration that it has incurred, or it will reasonably expect to incur, an estimated trading loss in the specified accounting period.
- It must be tax compliant. A company which qualifies for ‘warehousing’ of certain tax liabilities or has agreed a phased payment arrangement for outstanding debt will still be regarded as being tax compliant.

The company is required to maintain any relevant documentation and records for demonstrating that the losses have been computed in a reasonable manner and to the best of the company’s knowledge and belief, in the event of a request from Revenue.

- **Timing:**

An interim claim may be made as early as 4 months after the beginning and up to 5 months after the end of the specified accounting period. Revised interim claims can be made as the specified accounting period progresses and there is no limit on the number of times a company may revise its interim claim within the permitted timeframe.

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- **Excessive claims:**

A tax underpayment arising from an excessive interim claim will attract interest from the date the claim is reduced until the date the tax is repaid to Revenue, provided the overclaim was not made deliberately or carelessly. If a deliberate or careless overclaim, interest will apply from the date the tax was refunded/offset until it is repaid to Revenue.

- **How to claim:**

An interim claim may be made by completing the relevant loss relief sections of the CT1 for the preceding accounting period through the Revenue Online System (ROS). No supporting documentation is required to be submitted with the return but should be retained in the event of a Revenue query.

If you require further detail on any of the above measures, please see our more detailed tax commentary on our website and contact Desi Foley, Tax Director (desi.foley@gilroygannon.com), Laura Cassidy, Senior Tax Manager (laura.cassidy@gilroygannon.com) or your usual Gilroy Gannon contact.