

# 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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## Temporary Income Tax relief for self-employed individuals carrying on a trade or profession

The July Stimulus Plan (and subsequently the Financial Provisions (Covid-19) (No. 2) Act 2020) provides for a number of temporary income tax measures to assist self-employed individuals who have been adversely impacted by the Covid-19 restrictions.

These income tax measures include:

### **1. Self-employed can make an interim claim for 2020 losses and unused capital allowances against 2019 profits**

- Self-employed individuals may claim their 2020 losses and certain unused capital allowances against their 2019 profits, thus reducing the amount of income tax payable. An interim claim(s) can be made based on “best estimate” calculations.
- The total amount of losses and specified allowances that may be carried back is limited to €25,000 per individual taxpayer.
- Before making the claim, the individual must be fully tax compliant and subsequently maintain records verifying the relief claimed.
- Individuals in receipt of any taxable Covid-19 related financial support (e.g. EWSS) and other loans, grants and schemes available to those impacted by Covid-19, should ensure that these funding supports are reflected in income projections when calculating the estimated loss.
- A “final claim” for the actual amount of relief available must be filed by the income tax filing date for the year of assessment if an interim claim has been filed and it exceeds the actual amount of losses incurred and/or specified allowances available.
- Statutory interest will arise on excess interim claims and the interest period will depend on whether the excess interim claim was made carelessly or deliberately.
- Interim claims are to be made via ROS by completing the appropriate fields in the “Terminal loss relief / Covid-19 relief” section of the 2019 Form 11 tax return.

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## 2. Farmers can choose to step out of income averaging for 2020

- This measure gives an option to individual farmers to step out of income averaging for the tax year 2020, notwithstanding that the farmer may also have stepped out of income averaging in one of the four preceding tax years.
- To avail of this additional step-out option, the farmer must have sustained a loss in the period 1 January 2020 to 31 December 2020.
- To opt out, an election must be made in the Form 11 tax return, payment of the tax that would otherwise be due under averaging is deferred and it is payable in equal instalments over 4 years. Instalments will be payable in addition to any deferred tax instalments that are payable following the previous opt-out.
- Where an election is made, the farmer may not elect to step out of averaging for a further 5 years.

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](mailto:desi.foley@gilroygannon.com)), Laura Cassidy, Senior Tax Manager ([laura.cassidy@gilroygannon.com](mailto:laura.cassidy@gilroygannon.com)) or your usual Gilroy Gannon contact.