Rental Income Computations
Separate Computation per Property

Part 04-08-02

This document should be read in conjunction with section 97 of the Taxes
Consolidation Act 1997 (TCA)

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Rental Income Computations: Separate Computation per Property

Section 97(1) TCA sets out the rules for computing rental profits or gains chargeable under Case V of Schedule D.

Specifically, the section provides

(1) that "rent" is the gross amount before any deduction for income tax

and

(2) the amount of rental profits or gains is the aggregate of the "surpluses" computed in accordance with section 97(1)(c) TCA reduced by the aggregate "deficiencies" computed in accordance with section 97(1)(c) TCA in respect of **each** rent or easement.

To arrive at a surplus or deficiency you subtract from each rent received the deductions permitted by section 97(2). If the receipts exceed the deductions there is a surplus, if deductions exceed the receipts there is a deficiency.

A computation of the surplus/deficiency is required for each letting and for the total receipts from easements (section 97(1)(c)).

'Rent pooling' - i.e., the adding together of rent and expenses from various lettings to arrive at an overall surplus/deficiency - is not allowed. Separate computations are required to identify 'uneconomic lettings' within the meaning of section 75(4) TCA.

There is no requirement to submit a rental computation with the Return of Income, Form 11. However, a separate rental computation in respect of each property must be retained for six years as it may be requested for the purpose of an assurance check or an audit.