

Rollover relief on certain investment property (S.600A)

Part 19-06-05

This manual should be read in conjunction with Section 600A of the Taxes Consolidation Act 1997

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Introduction

Section 600A of the Taxes Consolidation Act 1997 (“TCA 1997”) provides for Capital Gains Tax (“CGT”) “rollover” relief where a person disposes, before 4 December 2002, of certain residential rental property and reinvests the proceeds in certain other residential rental property.

5.1 Rollover relief on certain investment property

Relief under Section 600A was discontinued for disposals on or after 4 December 2002. Gains arising on disposals before that date may continue to be “rolled over” while the vendor continues to invest the consideration for subsequent disposals of qualifying premises in replacement qualifying premises.

Section 600A provides for rollover relief from 5 January 2001 in respect of certain investment property. The property must be a residential property in respect of which the person is entitled to receive a rent.

It must contain one or more (at least three for disposals prior to 1 January 2002) separate residential units and must comply with certain Housing Regulations. The relief provides that no CGT is payable where the proceeds from the sale of the property are reinvested in another residential investment property which has at least the same number of separate residential units, but not less than three, as the property which was sold. Instead, the gain is deferred until such time as the replacement premises is disposed of.

5.2 Conditions for claiming the relief

The same conditions which apply to the rollover relief for trading assets (**section 597 TCA 1997**) apply to the relief for investment property. The principal conditions are that the replacement property must be acquired in the period one year before and three years after the disposal of the original property. Partial relief is available where the property was not a “qualifying” property throughout the whole period of ownership by the person.