

Personal Insolvency Act 2012 and rental income of a debtor

Part 04-04-02

This document should be read in conjunction with sections 71 and 96 Taxes Consolidation Act 1997.

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1. Introduction

This manual clarifies the tax treatment of various events that may arise in relation to Debt Settlement Arrangements (“DSA”) and Personal Insolvency Arrangements (“PIA”) as provided for in section 100 Finance Act 2013, in so far as they relate to the rental income of a debtor.

2. Rental income from foreign property

Section 71 Taxes Consolidation Act 1997 (TCA) deals with the taxation of rental income from foreign property. Section 71(4B) provides the amount of foreign rental income on which a debtor is chargeable to tax includes rent arising from the property while the property is held in trust under the terms of a DSA or PIA.

3. Rental income from property in the State

Section 96 TCA deals with the taxation of rental income from property in the State. Section 96(1) TCA provides that a debtor who transfers rental property in the State under the terms of a DSA or a PIA to a trustee, is treated for tax purposes as remaining entitled to the rent from such property while it is held in trust and consequently remains chargeable to tax on that rent.