

Value Added Tax

Part 19-02-02

This document should be read in conjunction with sections 544 and 552 of the Taxes Consolidation Act 1997

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Introduction

This tax and duty manual, in conjunction with the principles as provided for by **sections 544 and 552 of the Taxes Consolidation Act 1997 ("TCA 1997")**, sets out the basic rules for determining the Value Added Tax ("VAT") expenditure to be allowed in computing chargeable gains for the purposes Capital Gains Tax ("CGT").

2.1 Details

Where a chargeable asset is acquired otherwise than as an asset of a trade, the cost for CGT purposes should be the cost inclusive of any VAT borne on the purchase. Where, however, the asset is acquired as an asset of a trade and the VAT borne on it is part of the trader's deductible "input tax" the cost, where relevant for capital gains purposes, should be the cost exclusive of VAT.

Where VAT is charged on the disposal of a chargeable asset, the gain is to be computed by reference to the proceeds of disposal exclusive of VAT. If VAT is suffered on the expenses of disposal and this is available for set off in the vendor's VAT account, the expense exclusive of VAT is to be deducted in computing the gain. If no set-off is available, the expense inclusive of VAT is to be allowed.