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# Corporation Tax Return 2021: Focus on Disclosures



## Introduction

From the introduction of aspects of ATAD 2 in Finance Act 2019 to the impact of Covid-19 Revenue supports and concessions, the busy compliance seasons for the past two years have largely been focused on these key changes to the Irish corporation tax regime and the associated impact on compliance. Although there are fewer significant legislative changes to be considered for tax periods ending during 2021, there are a number of changes to the 2021 corporation tax return, the Form CT1, that should be borne in mind by practitioners in the run-up to the busy September filing deadline. A number

of changes and additions to the Form CT1 focus on areas of disclosure in the corporation tax return with a view to increasing the levels of information provided and are set out below.

## Plant and Machinery Capital Allowances

Where capital allowances are claimed on plant and machinery by a company and during the taxable period there were excess capital allowances not claimed in respect of the plant and machinery, this excess must now be disclosed in the Form CT1.

Capital Allowances	
(a) Machinery and Plant (including motor vehicles and specified intangible assets), excluding amount claimed in respect of 'energy-efficient equipment' under Sec. 285A, 'childcare and fitness centre equipment' under Sec. 285B and 'gas vehicles and refuelling equipment' under Sec. 285C.	€ <input type="text"/>
(b) Machinery and Plant - 'energy efficient equipment' (section 285A TCA 1997)	€ <input type="text"/>
(c) Machinery and Plant - 'childcare and fitness centre equipment' (section 285B TCA 1997)	€ <input type="text"/>
(d) Machinery and Plant - 'gas vehicles and refuelling equipment' (section 285C TCA 1997)	€ <input type="text"/>
Plant & Machinery excess capital allowances not claimed in this period	€ <input type="text"/>

## Transfer of a Trade

Where a transfer of trade has taken place and the conditions of s400 TCA 1997 are satisfied, the successor company may be permitted to carry forward any trading losses generated by the transferring company against future profits of the same trade. Where this relief was claimed during 2021, a new panel under Trading Results has been incorporated into the Form CT1 requiring the disclosure of losses obtained during the period as a consequence of s400 TCA 1997.

(a) Trading Losses Forward (from earlier accounting period(s))	€ <input type="text"/>
(b) Amount of losses at (a) above utilised in this accounting period	€ <input type="text"/>
(c) Amount of losses forward not used in this accounting period and available for carry forward to succeeding accounting periods	€ <input type="text"/>
(d) Section 400 losses obtained during the period	€ <input type="text"/>
Total Losses appropriate to this trade, before Capital Allowances, in this accounting period	€ <input type="text"/>

## Extracts from Accounts

One area of notable change is in respect of the Extracts from Accounts section of the Form CT1, which will be particularly relevant for companies that are not dealt with by the Large Corporates Division (LCD) in Revenue or are otherwise exempt from preparing and filing iXBRL tagged financial statements. The table below provides a summary of the changes to the Extracts from Accounts in the Form CT1.

Changes to Extracts from Accounts
<i>Expenses and deductions</i>
Staff expenses has been expanded, with the new requirement to disclose "staff costs" separately from salaries and wages.
The Form CT1 has split the sub-contractors field into two disclosures and now requires a disclosure of fees paid to sub-contractors that are within the scope of the relevant contracts tax (RCT) regime and fees paid to sub-contractors that are not within the scope of RCT.
An additional panel has been included to disclose rent paid during the period.
A panel has been included in respect of other expenses that are negative figures in the accounts, and a field to disclose further details of once-off or unusual expenses has been incorporated into the return.
<i>Balance sheet</i>
The debtors panel has been split in two, with a requirement to disclose "other debtors and prepayments" separately from trade debtors, and there is a corresponding amendment with respect to creditors.
<i>Adjustments made to profit/loss per accounts</i>
A box to confirm whether any adjustments were required to the profit/loss account for tax purposes has been included.
The previous panel "Light, Heat and Phone" has been updated to include "Depreciation / Amortisation, Goodwill/Capital write-off".
A panel has been added to disclose the amount of any deduction taken for stock relief under s666 TCA 1997.

A panel has been added to disclose deductions taken for carbon tax under s664A TCA 1997.

Two panels with respect to “other deductions” and “other add backs” have been added.

## Rental Income

For companies generating Schedule D, Case V, income from Irish rental properties, additional fields have been included in respect of expenses incurred in connection with both residential and commercial properties. These fields allow taxpayers to include additional information on rental property expenses disclosed in the Form CT1 for both residential and commercial properties.

Residential Property	
Number of properties let	<input type="text"/>
Gross Rental Income (include 'Section 23' Relief clawback, if any)	€ <input type="text"/>
<b>Expenses</b>	
Repairs etc	€ <input type="text"/>
Allowable Interest	€ <input type="text"/>
Pre-letting expenditure on vacant properties allowed by S. 97A.	€ <input type="text"/>
Additional Note: if you wish to expand on any expenses listed above use this notes field:	<input type="text"/>

Commercial Property, Land and all other sources of Irish Rental Income	
Number of properties let	<input type="text"/>
Gross Rental Income (including 'Section 23' Relief clawback, if any)	€ <input type="text"/>
<b>Expenses</b>	
Repairs etc	€ <input type="text"/>
Allowable Interest	€ <input type="text"/>
Additional Note: if you wish to expand on any expenses listed above use this notes field:	<input type="text"/>

## Distributions Received from Irish-Resident Companies

The 2021 Form CT1 has been expanded to include additional disclosures where a distribution is received from an Irish-resident company and/or from a REIT. Where either is considered “connected” to the recipient in accordance with s10 TCA 1997 or is part of an Irish tax group with the recipient, in these cases, the tax reference number of the company making the distribution must now be disclosed, along with an indication of whether the paying company is a REIT.

Distributions received from companies resident in the State	
(a) Distributions received from a REIT	€ <input type="text"/>
<i>Where credit for DWT is due, ensure that the appropriate credit is entered in the Credits section of the Deductions, Reliefs and Credits Panel</i>	
(b) All other distributions received (Excluding distributions from the Exempt Profits Panel)	€ <input type="text"/>
(c) If, in respect of either of the above distributions at (a) or (b) the paying and receiving companies are connected within the meaning of Section 10 or are group members, state the tax reference number of the paying company.	
<a href="#">Show Enter tax reference number of paying...</a>	

## Capital Gains Tax

Where a company has made a chargeable disposal of an asset for CGT purposes and a loss arises on such, the loss may be restricted under s555 TCA 1997 where capital allowances were claimed on the asset disposed of. The Form CT1 now requires a disclosure of the amount of CGT losses incurred during the period that were restricted by virtue of capital allowances having been claimed on the asset.

(a) Cost of acquisition (if assets acquired prior to 6/4/1974 or otherwise not at arm's length substitute market value for cost) - indexed as appropriate	€ <input type="text"/>
Restriction of losses under S 555.	€ <input type="text"/>
(b) Indicate if not at arm's length	<input type="checkbox"/>

## Close Company Surcharge

Where entities are considered close companies for Irish tax purposes, changes to disclosures for elections made under s434 TCA 1997 should be borne in mind when completing the return for 2021. The provisions of s434 TCA 1997 permit two close companies jointly to elect for a distribution being paid between them to not be treated as undistributed investment and estate income and thus not to be subject to the close company surcharge.

Additional panels in the Form CT1 have been included where an election under s434 TCA 1997 is made, which now require the disclosure of the amount of the distribution covered by the election, the tax reference number of the other company and the date of the distribution.

It is worth highlighting that as the election under s434 TCA 1997 is a joint election, these disclosures will need to be made by both the company making the distribution and the recipient of such in their respective tax returns.

Surcharges (Section 440 and Section 441 TCA 1997)	
If you are making an election under Section 434(3A)(a), please tick the box	<input type="checkbox"/>
The tax reference number of the other company	<input type="text"/>
The date of the distribution	<input type="text"/>
The amount of the distribution covered by the election	€ <input type="text"/>

## Dividend Withholding Tax

Additional disclosures have been included with respect to distributions made by companies during the taxable period. The tax reference number and the amount of the distribution paid must be disclosed where the distribution is paid to a connected person within the meaning of s10 TCA 1997 or to a beneficial owner of or a participator in the company. This adds to the existing requirement in the Form

CT1 to disclose the date of the distribution, the gross value of such and the amount of DWT, if any, deducted.

Practitioners should be cognisant that a DWT return is required to be filed by the 14th day of the month following that in which a distribution was made by virtue of s172K TCA 1997.

Dividend Withholding Tax - Details of Distributions	
<b>Details of Distribution - 1</b>	
Date of Distribution (dd/mm/yyyy)	<input type="text"/>
Gross Value of Distribution	€ <input type="text"/>
Value of DWT deducted, if any	€ <input type="text"/>
Where the distribution is made to a connected person as defined in Section 10 TCA 1997 or to a beneficial owner or participator, state:	
The tax reference	<input type="text"/>
The amount paid	€ <input type="text"/>

## Other Areas

Although not specifically changes to the 2021 Form CT 1, practitioners should also be mindful of the areas of transfer pricing (around SME exemption, local file and master file documentation), controlled foreign company disclosures and anti-hybrid mismatch considerations under Company Details in the Form CT1.

## Closing Comment

Revenue appears to have used the 2021 return to increase disclosures in certain areas with a view of ensuring compliance across a number of areas. Practitioners should be aware of these changes to ensure that appropriate disclosures are made where applicable and, importantly, ensure that the relevant information is available from clients to facilitate completion of the Form CT1.