

# Taxation of Woodlands in Ireland

## Introduction

Forestry is favourably treated under Irish tax law. To follow is a brief outline of the taxation provisions relating to the ownership and occupation of woodlands in Ireland. Where applicable distinction is made between individuals and corporations. The reader is advised to consult with their tax expert when making decisions relating to their forestry investment

## Stamp Duty

Stamp Duty is applied to the overall consideration of the contract price on a graduated basis from 0% to 9% for non residential properties. Stamp Duty rates are listed below:

Up to €10,000	Exempt
€10,001 - €20,000	1%
€20,001 - €30,000	2%
€30,001 - €40,000	3%
€40,001 - €70,000	4%
€70,001 - €80,000	5%
€80,001 - €100,000	6%
€100,001 - €120,000	7%
€120,001 - €150,000	8%
Over €150,000	9%

- The transfer of property between spouses and within a group of related companies is exempt
- For young trained farmers there is a reduced rate of stamp duty
- **In commercial woodlands the growing timber is exempt from Stamp Duty but the underlying land is not. Therefore it is necessary to have the plantation valued so as to separate the value of the underlying land from that of the growing timber.**

## Capital Gains Tax (CGT)

- Commercial woodlands occupied by individuals are exempt from CGT on the growing timber. However, the underlying land is not exempt. In this instance CGT is charged on the surplus over inflation adjusted cost. It is therefore necessary to have the plantation valued so as to separate the value of the underlying land from that of the growing timber.
- Corporations cannot avail of this exemption.

## Capital Acquisitions Tax (CAT) or Inheritance/Gift Tax

- Commercial woodlands are not exempt from CAT.

- However, forestry qualifies as an agricultural activity and therefore is eligible for agricultural relief.

### **Income Tax and PRSI**

- Woodlands managed on a commercial basis are exempt from income tax.
- The exemption applies to individuals and corporations (where profits are distributed in the form of dividends)
- As of the 1<sup>st</sup> January 2004, income and profits arising from forestry must be included in the annual tax return to the Revenue Commissioners.
- Grant assistance for the establishment, management and reconstitution of woodlands are exempt from income tax.
- Income for commercial woodlands including forest premium is reckoned for the purpose of PRSI

**Note: The above information should be used as a guide. The reader is strongly encouraged to consult with their tax advisor.**