

[19.7.2A] Transfer of site to child (S.603A)

2A.1 This section provides that capital gains tax will not apply on the transfer of a site by:

- a parent (or both parents simultaneously) to a child of the parent or parents – see section 55 Finance Act 2008
- a civil partner (or both civil partners simultaneously) to a child of either civil partner - see section 1(2) and Schedule 1 Finance (No. 3) Act 2011,

where the transfer is to enable the child to construct his/her principal private residence on the site.

For the purposes of this relief “child of a parent” has an extended meaning that is defined in Section 603A(1) of the Taxes Consolidation Act 1997.

2A.2. The value of the site must not exceed €500,000 (€254,000 for disposals prior to 4 December 2007) to qualify for the relief. For disposals on or after 1 February 2007, the site cannot exceed an area of 0.4047 hectare (1 acre) in addition to the area occupied by the dwelling house itself.

2A.3 If the child subsequently disposes of the site without having constructed a principal private residence on the site and occupied it as such for at least 3 years, then the capital gain which would have accrued to the parent/s or civil partner, as the case may be, on the initial transfer is treated as accruing to the child and the relief will be clawed back by way of a CGT assessment on the child. However, this gain will not accrue to the child where he or she transfers an interest in the site to his or her spouse or civil partner.