

[Revised March 2016]

[4.5.2] Computation of companies' chargeable gains

For corporation tax purposes, **chargeable gains** are computed in accordance with capital gains tax principles. However, for the purposes of including chargeable gains in a company's corporation tax computation, the chargeable gain is recalculated to give an amount which, when charged at the appropriate corporation tax rate, produces the same result as if the gains were charged at the appropriate capital gains tax rate.

Subject to exceptions provided for in the Capital Gains Tax Acts, the CGT rate is 33% for disposals on or after 6 December 2012.

For **corporation tax purposes**, the chargeable gain is included in the corporation tax computation. The amount included in respect of chargeable gains in a company's total profits for any accounting period is the total amount accruing to it in that period after deducting any allowable losses and after the net amount is adjusted as above. The liability is assessed for the accounting period in which the gain is accrued and is included with any other profits of the accounting period.

Capital losses to be deducted (computed on the same principles as chargeable gains) are those accruing in the accounting period, and those of previous accounting periods so far as not deducted from previous chargeable gains.

Chargeable gains accruing before 1976-77 are not taken into account; but allowable losses accrued in 1974/75 or 1975/76, in so far as they cannot be allowed against chargeable gains for those years for capital gains tax purposes, are allowable against **gains chargeable to corporation tax**.

A loss is not deductible if it arises in such circumstances that, if it had been a gain, it would not have been chargeable to corporation tax.

Where, in any accounting period, allowable losses exceed chargeable gains, the excess cannot however be set against income in computing profits for the purpose of Corporation Tax.

The computation of chargeable gains is, in general, to be made in accordance with capital gains tax principles as if accounting periods were years of assessment and as if references to income tax were references to corporation tax. The Capital Gains Tax Instructions, with any necessary adaptations, should be observed.

As regards gains accruing to non-resident companies see [Tax Instruction 2.2.4](#).

In the case of a company in liquidation, acquisitions by the company from, and disposals by it to, the liquidator are disregarded.

The instructions in [Tax Instruction 19.2.10](#) as to allowance of interest charged to capital by certain companies as a deduction in computing a capital gain on the disposal of a building, structure or work may be taken to apply for corporation tax as well as for capital gains tax. Section 552(3) TCA applies only to a gain in respect of which the company is chargeable to capital gains tax; but Section 553 contains similar provisions for corporation tax.

Part 20 is concerned mainly with the treatment of chargeable gains in special situations involving groups of companies. Comprehensive instructions are contained in [Tax Instruction 20.1.2](#) et seq.