

[4.8.2] Rental Income Computations

Separate Computation per Property

Section 97(1) TCA 1997 sets out the computational rules for the assessment of profits or gains chargeable under Case V of Schedule D. Specifically, the section provides that “rent” is the gross amount before any deduction for income tax and the amount of profits or gains is the aggregate of the surpluses computed in accordance with section 97(1)(c) TCA 1997 reduced by the aggregate deficiencies as likewise computed in respect of **each** rent or easement.

A computation of the surplus/deficiency is required for each letting and for the total receipts from easements. The legislation does not permit ‘Rent Pooling’, i.e. the adding together of rent and expenses from various lettings to arrive at an overall surplus/deficiency. Separate computations are required to identify ‘uneconomic lettings’ within the meaning of section 75(4) TCA 1997.

There is no requirement to submit a rental computation with the Form 11. However, a separate rental computation in respect of each property must be retained for six years as it may be requested for the purpose of an assurance check or an audit.