

Mid Shannon Tourism Investment Scheme





■ Introduction

The Mid-Shannon Corridor Tourism Infrastructure Investment Scheme (“the Mid Shannon Scheme”) was introduced in the Finance Act 2007 and provides tax relief for qualifying expenditure on certain tourism facilities in the mid-Shannon area. A map indicating the qualifying areas is enclosed together with a list of the electoral divisions in each county.

The scheme is aimed at encouraging the sustainable development of new tourism infrastructure, or the refurbishment of existing tourism infrastructure, in that area with a view to increasing the inflow of tourist visitors to the area.

The commencement date for the Mid Shannon Scheme is 1 June 2008 and the qualifying period for the scheme is 3 years.

■ Qualifying tourism facilities

The types of tourism projects which may qualify for relief under the scheme include buildings and structures used as:

- Education tourism facilities
- Visitor attractions/centres
- Cultural facilities
- Wellness and self development amenities and facilities
- Equestrian facilities
- Facilities for water-sports activities
- Training facilities for adventure activities and/or simulated facilities
- Facilities for boat rental and inland cruising
- Outdoor activity centres
- Certain restaurants and cafés
- Registered holiday camps

■ Exclusions

Certain buildings such as those that facilitate gaming or gambling are specifically excluded from the scheme, as are licensed premises. Restaurants may be included in certain circumstances.

Hotels, guesthouses, holiday hostels and other industrial buildings/structures are not eligible for relief under the Mid Shannon Scheme.

Accommodation facilities that are provided as an integral part of a qualifying project may qualify for relief to the extent that expenditure on such facilities does not exceed 50% of the overall expenditure on the project. This is subject to the overriding condition that qualifying expenditure on accommodation facilities may not exceed qualifying expenditure on non-accommodation facilities in the project.

■ The relief

Relief will be available by way of capital allowances over 7 years for qualifying construction and refurbishment expenditure incurred in the qualifying period. Capital allowances will be granted at a rate of 15% per annum for 6 years, and 10% in year 7, based on the capital expenditure incurred on the construction or refurbishment of the qualifying tourism facility.

The relief applies to qualifying expenditure incurred within the qualifying period.

In the case of refurbishment, the qualifying expenditure must exceed 20 per cent of the market value of the property before work commences.

In areas which are not in the BMW region (i.e. areas in Clare and Tipperary), only 80 per cent of construction and refurbishment expenditure will qualify for relief.

■ Clawback of relief

While relief will be available over 7 years there will be a 15-year holding period in order to avoid a clawback of allowances given. Therefore, if a qualifying tourism facility or a qualifying holiday camp is sold or ceases altogether to be used within 15 years of first being used or, in the case of capital expenditure on refurbishment, within the 15 year period after the building or structure was first used subsequent to the incurring of that expenditure, a balancing charge may arise.

■ Certification

Projects wishing to avail of relief must get approval in advance (for which an application must be made within 1 year of the commencement of the scheme i.e. by 1 June 2009) and also must get formal certification after completion. This approval and certification will be given by the Mid Shannon Tourism Infrastructure Board and will be carried out in accordance with the guidelines issued by the Minister for Arts, Sport and Tourism, in consultation with the Minister for Finance.

Availability of relief under the Mid Shannon Scheme is subject to compliance with State Aid Rules.

■ Restrictions

Capital Allowances will not be available under the Mid Shannon Scheme in the following cases:

Property Developers

Capital allowances for expenditure incurred on the construction or refurbishment of qualifying tourism facilities are not available to a property developer or a person connected with a property developer where

- the property developer/person connected owns the relevant interest for capital allowances purposes in the property; and
- the construction or refurbishment was carried out by the property developer or by a person connected with the property developer.

Grant Assistance

The relief is not available in respect of expenditure incurred where any part of the expenditure has been met, directly or indirectly, by way of grant assistance from the State or from any public bodies e.g. no relief will apply where expenditure is met directly or indirectly by a grant or BES funding.

Limit on offset of allowances for individuals

There is a restriction on the amount of capital allowances a passive investor may set against non-rental income. The amount of the excess of capital allowances over rental income from the property for the year of assessment, which may be set off against an individual's other income in such cases, is restricted to €31,750. A passive investor is an investor who lets the property to an operator or is an individual who is not an active partner in a partnership trade of operating or managing the tourism facility. Existing restrictions which apply on the use of certain specified tax reliefs by high-income individuals apply to the relief under the Mid Shannon Scheme.

This summary has been prepared to provide a general overview of the Mid Shannon Tourism Infrastructure Scheme. It does not purport to be a comprehensive summary of the terms and conditions of the scheme and is strictly for information purposes only. While every effort is made to ensure that the information given in this publication is accurate, it is not a legal document. Responsibility cannot be accepted for any liability incurred or loss suffered as a consequence of relying on any matter published herein. Professional advice should always be taken before acting on any information contained in this guide.

Further Information

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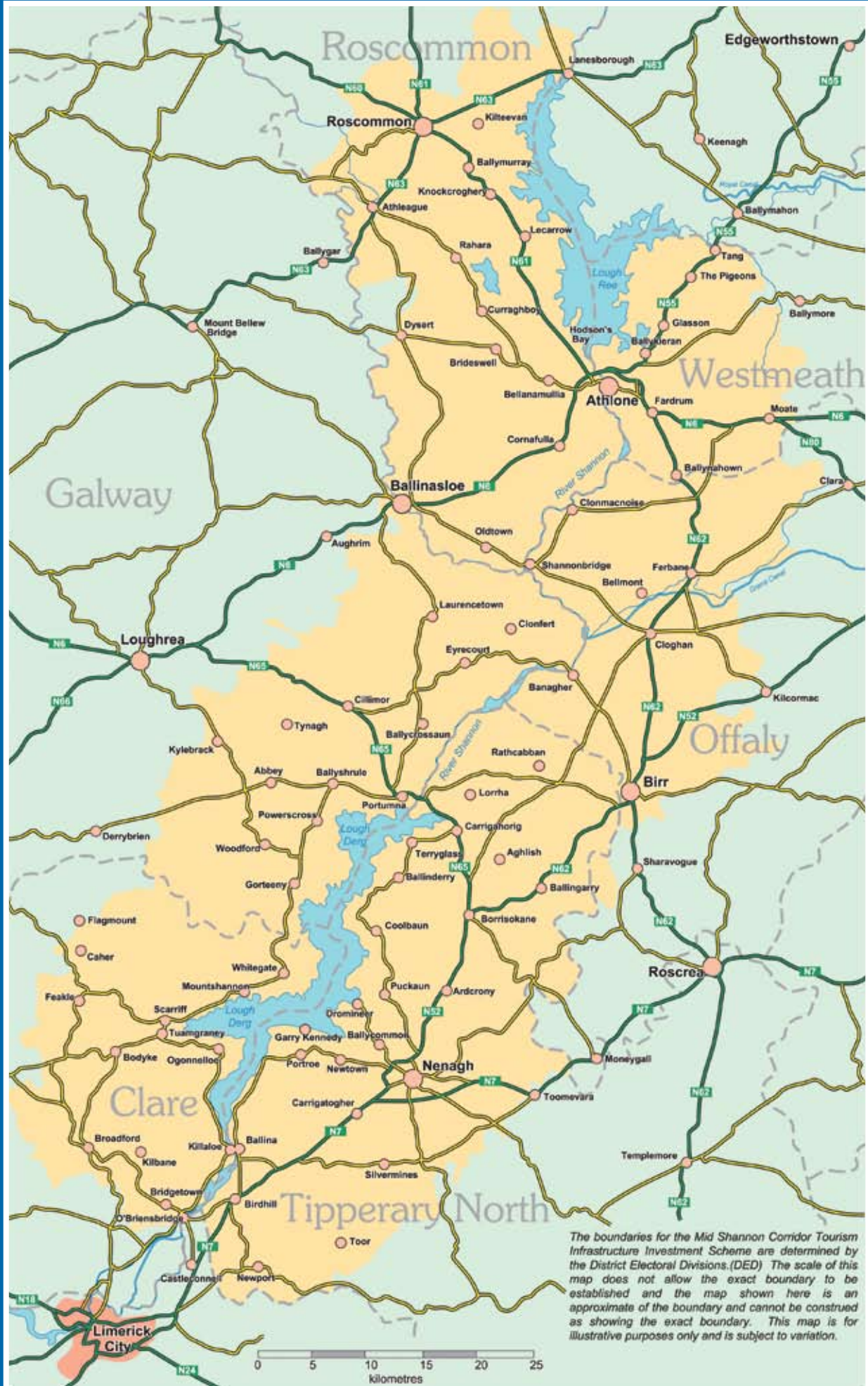
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Further details regarding the criteria for the Mid Shannon Scheme can be found in the "Guidelines on Approval and Certification for the Mid Shannon Tourism Infrastructure Board" issued by the Minister for Arts, Sport and Tourism in consultation with the Minister for Finance which can be viewed and downloaded at www.arts-sport-tourism.gov.ie/

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Description of Qualifying Mid-Shannon Areas

Description of qualifying mid-Shannon areas of Clare

The District Electoral Divisions of Ayle, Ballynahinch, Boherglass, Caherhurley, Cappaghbaun, Carrowbaun, Cloonusker, Coolreagh, Corlea, Derrynagittagh, Drummaan, Fahymore, Feakle, Inishcaltra North, Inishcaltra South, Killaloe, Killokenedy, Killuran, Kilseily, Lackareagh, Lougha, Mountshannon, O'Briensbridge, Ogonnelloe and Scarriff.

Description of qualifying mid-Shannon areas of Galway

The District Electoral Divisions of Abbeygormacan, Abbeyville, Balinasloe, Rural, Ballinasloe Urban, Ballyglass, Ballynagar, Bracklagh, Clonfert, Clontuskert, Coos, Derrew, Drumkeary, Drummin, Eyrecourt, Kellysgrove, Killimor (Portumna rural area), Kilmacshane, Kilmalinoge, Kilquain, Kiltormer, Kylemore, Laurencetown, Leitrim, Lismanny, Loughatorick, Marblehill, Meelick, Moat, Pallas, Portumna, Tiranascragh, Tynagh and Woodford.

Description of qualifying mid-Shannon areas of Offaly

The District Electoral Divisions of Ballycumber, Banagher, Birr Rural, Birr Urban, Broughal, Cloghan, Clonmacnoise, Derryad, Doon, Drumcullen, Eglisk, Ferbane, Gallen, Hinds, Hunston, Killyon, Lumcloon, Lusmagh, Mounterin, Moyclare, Shannonbridge, Shannonharbour, Srah and Tinamuck.

Description of qualifying mid-Shannon areas of Roscommon

The District Electoral Divisions of Athleague East, Athleague West, Athlone West Rural, Ballydangan, Ballynamona, Castlesampson, Caltragh, Cams, Carnagh, Carrowreagh, Cloonburren, Cloonown, Crannagh, Creagh, Culliagh, Drumlosh, Dysart, Fuerty, Kilcar, Kiltoom, Lackan, Lecarrow, Lismaha, Moore, Mote, Rockhill, Roscommon Rural, Roscommon Urban, Scregg, Taghmaconnell, Thomastown and Turrock.

Description of qualifying mid-Shannon areas of Tipperary

The District Electoral Divisions of Aglishcloghane, Ardrony, Ballina, Ballingarry (in Borrisokane rural area), Ballygibbon, Ballylusky, Ballymackey, Ballynaclogh, Birdhill, Borrisokane, Burgesbeg, Carrig, Carrigatogher, Castletown, Cloghprior, Clohaskin, CloghJordan, Derrycastle, Finnoe, Graigue (in Borrisokane rural area), Greenhall, Kilbarron, Kilcomenty, Killoscully, Kilkeary, Kilmore, Kilnarath, Knigh, Lackagh, Lorrha East, Lorrha West, Mertonhall, Monsea, Nenagh East Urban, Nenagh Rural, Nenagh West Urban, Newport, Rathcabban, Redwood, Riverstown, Terryglass, Uskane and Youghalarra.

Description of qualifying mid-Shannon areas of Westmeath

The District Electoral Divisions of Athlone East Rural, Athlone East Urban, Athlone West Urban, Ardnagrath, Auburn, Ballymore, Bellanalack, Carn, Castledaly, Doonis, Drumraney, Glassan, Killinure, Moate, Mount Temple, Moydrum, Muckanagh, Noughaval, Templepatrick, Tubbrit, Umma and Winetown.



Fáilte Ireland
National Tourism Development Authority