

Aherlow Woods



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Aherlow Woods is nestled in the world renowned Glen of Aherlow, just 6km from Tipperary town. It has a wide variety of outdoor activities on its doorstep including hillwalking, cycling, fishing, golf and horseriding.

Aherlow Woods is five minutes from the village of Galbally and Bansha village is also very close. There are many pubs and restaurants nearby.

This may be the last opportunity to purchase a residence in this unique unspoilt location as there are stringent planning controls restricting further development in this nature park.

These holiday homes are Bord Fáilte approved.

They are c.1,400 sq. ft. and will be fitted out to a luxurious four star standard.

The developers will manage the complete holiday village and will provide a guaranteed rental income for the ten year period.

Illustrative Cash-Flow

The following shows an annual cashflow for investors purchasing a property making the following assumptions:

- Investors reclaim the VAT on the property
- Investors borrow 100% of the purchase price
- Investors have sufficient income each year to utilise the tax deductions against their top rate of tax.

Tax Details

Capital Allowances	€	Financing	€	€
Site cost	35,000	Loan		<u>322,750</u>
Cost of Building	<u>265,000</u>			
	300,000	Interest only mortgage @ 3.50% P.A.		11,296
Cost of fitout and furniture	22,750	Guaranteed Annual Income (10 years)		<u>6,000</u>
Total Cost	<u>322,750</u>	Required from own funds before tax saving		(5,296)
Available for capital Allowances		Tax saving annually		
Building	241,680	Capital Allowances	27,012	
Fixtures and fittings	<u>22,750</u>	Mortgage Interest	<u>11,296</u>	
	<u>264,430</u>		38,308	
Annual allowance on building @ 10%	24,168	Guaranteed return (10 years)	<u>6,000</u>	
Annual allowance on fitout @ 12.50%	2,844	Total tax saving @ 47%	32,308	15,185
Total Annual Allowance	<u>27,012</u>	Positive Annual Cashflow		<u>9,889</u>

Provision should be made for stamp duty on the purchase price.

An attractive package for legal fees and finance is available to purchasers if required.

Structure

- The developers are personally guaranteeing a net rental income of €6,000 for ten years.
- A management company is set up to manage common areas of the site.
- Each house owner will own an equal number of shares in the management company.
- Purchasers of the holiday houses will become shareholders of the management company.
- Each house owner will enter into a 21 year lease with the development company.
- Capital allowances can be clawed back if the property ceases to meet the qualifying conditions (see Qualifying Conditions) within 10 years of commencement.

VAT will be charged by the developer at rate of 13.5% and at 21% on the fit-out.

The purchaser should be able to fully reclaim the VAT by registering for VAT if not already registered.

This registration is specifically for a long term lease and it does not impact on any other short-term lettings, which are exempt for VAT purposes. The 21 year lease to the management company is a supply for VAT purposes and VAT would normally be charged on such a supply. However, where both parties are VAT registered, they can avail of a measure of relief known as the 'Section 4A procedure', which provides that VAT does not have to be charged or paid over.

A proportionate VAT repayment may arise if the property is sold before the end of the 21 year lease without there being a continuing lease in place.

Exit Mechanism

- The 21 year lease will include a break clause at the end of ten years.
- Purchasers after ten years will have the option of availing of the break clause and selling the property.
- The owner will sell on his shares in the management company normally for a nominal fee when selling his property.
- Alternatively the owners may continue to let the property.

Qualifying Conditions

The Holiday houses are approved to be included on the Register of Approved Holiday Cottages established by Bord Fáilte under the tourist traffic acts.

Excellence in Tourism who has responsibility for the registration have confirmed in writing that these houses will qualify to be included on their register of approved holiday cottages on satisfaction of certain conditions. The developer has confirmed that these conditions will be met.

The houses must be let solely to tourists and must be used for no other purpose for the months of April to October each year.

No person may occupy the houses for more than two consecutive months at any time or for more than six months in any calendar year without prior consent from Bord Failte.

Advice

The information contained in this document is for information purposes only. The developers and his advisors cannot accept responsibility for any loss or damage, however arising including failure to obtain any tax saving or allowance or otherwise, occasioned by any person acting or refraining from acting as a result of the information enclosed therein. These particulars are issued on the understanding that they will not be construed as forming part of any contract.

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