



LOCAL PROPERTY TAX

WHAT IS IT?

The Local Property Tax (LPT), was introduced in Budget 2013, and is an annual charge which is payable on the market value of residential property owned in the State. Residential property is regarded as any building which is used as, or is suitable for use as, a residence and includes any land and out-buildings associated with a property of up to one acre. The tax will apply in 2013 for any residential properties owned on the **1st May 2013**. In subsequent years the relevant date of ownership will be the 1st November of the preceding tax year. For Example, the 2014 charge will be based on properties owned on the 1st November 2013.

The LPT is a self assessed tax which means that you as an owner of residential property are required to establish the value of each of the properties that you own. You can use a suitably qualified Valuer to obtain professional valuations, however this is not essential. Alternatively, you may choose to take guidance from one of the sources that the Revenue Commissioners have cited to assist you to ascertain valuations. These sources include the following:

- Property valuation guidelines on www.revenue.ie
- The Residential Property Price Register at www.propertypriceregister.ie, which provides actual sales prices of properties since January 2010
- Local estate agents and media

HOW DOES THE LOCAL PROPERTY TAX WORK?

The Revenue Commissioners are in the process of issuing LPT Returns to all property owners which will contain details of the property together with an **estimated** value of the relevant property and the **estimated** liability arising. It is important to note that this Revenue estimate is not a formal valuation of a property nor should the tax stated be regarded as an accurate calculation of your LPT liability. You should satisfy yourself as to the accuracy of the valuation and the amount of tax due as this is a self assessment of the tax due and may be subject to Revenue Audit.

Once you have established the relevant property value to be used, this is the value that will be used for each of the years 2013, 2014, 2015 and 2016. In 2013 only 50% of the annual tax is payable. The amount of the annual tax due is calculated differently depending on whether the value of your property is above or below €1 million.

- **Values Below €1 Million**—For property values below €1 million value banding is operated. The first band is 0 - €100,000 and each of the subsequent 18 bands increases by €50,000 up to €1,000,000. The tax is calculated by applying the rate of 0.18% to the mid point of valuation band that your property value falls into. For example: If your house is valued at €300,000. This falls into the rate band €250,001 - €300,000, the mid point of which is €275,000. The rate of 0.18% is applied to €275,000 resulting in Local Property Tax due for the full year of €495. In 2013 only 50% of this amount is payable €247.
- **Values Above €1 Million**— For values above €1 million the actual value is used. The first €1,000,000 is all taxed at 0.18% and the balance is taxed at 0.25%. For example: If your property is valued at €1,250,000. The first €1,000,000 is all at 0.18% and the balance of €250,000 is at 0.25%. Therefore the Local Property Tax due for the full year is €2,425. (€1,212.50 for 2013).





WHAT PROPERTY IS EXEMPT?

While the charge will apply to most properties certain exemptions apply including the following:

- New and previously unused properties that are purchased from a builder or developer between 01/01/2013 and 31/10/2016 will be exempt until 31/12/2016.
- Properties purchased by a first time buyer between 01/01/2013 and 31/12/2013 are exempt until 31/12/2016.
- Properties constructed and owned by a builder or developer that remain unsold and have not yet been used as a residence.
- Properties in unfinished housing estates.
- Certain residential properties owned by charities and public bodies.
- Registered Nursing Homes.
- Properties fully subject to commercial rates.

WHEN IS THE LOCAL PROPERTY TAX RETURN FILING DATE?

Paper Returns - 07/05/2013

Online Returns - 28/05/2013

Online filing is available to all taxpayers but it is mandatory to file your LPT Returns online if you fall into one of these categories: a) You own more than one residential property. b) You are already required to submit your tax return online under mandatory e-filing. c) Companies that own residential properties. This is a self assessment tax and you are required to file a return irrespective of whether you are sent one or not. Where you receive an LPT Return in error you should notify Revenue within 30 days of the reasons why you are not liable to the tax, as failure to do so will result in Revenue pursuing you for the estimated tax due.

HOW AND WHEN DO YOU PAY THE LIABILITY?

Any one of the following payment methods may be used with each having their own due date.

| Payment Method | Due Date |
|--|------------|
| Payment in full by cash, debit/credit card, cheque, bank draft, postal order | 07/05/2013 |
| Payment online through www.revenue.ie | 28/05/2013 |
| Phased cash payments through an approved service provider commencing | 01/07/2013 |
| Phased payment by deduction from salary, wages, pensions etc. | 01/07/2013 |
| Commencement of Direct Debit payments | 15/07/2013 |
| Payment by Single Debit Authority deducted from Bank Account | 21/07/2013 |

Deferral arrangements for owner-occupiers will be implemented to address cases where there is an inability to pay the LPT under specified conditions. The deferred tax together with interest of 4% per annum will remain a charge on the property until the property is sold or transferred to another person.

WHAT HAPPENS IF YOU DON'T MEET YOUR LPT OBLIGATIONS

Where an LPT Return is not submitted on time, or if an incomplete Return is filed, Revenue will pursue the property owner for the estimated amount of tax using a range of collection options including, mandatory deduction from employment income, occupational pension or certain Government payments, attachment of bank accounts, referral of the debt to a Sheriff or a Solicitor for collection, the withholding of any refund of other tax as payment against LPT due. In addition interest charges at the rate of 8% per annum will apply to late payments and penalties may also arise. Any unpaid LPT, interest and penalties will be deemed to be a charge on the relevant property and would be required to be discharged in full prior to a sale.

It is also important to note that property owners failing to pay the LPT will not be eligible to obtain Tax Clearance Certificates. Self-assessed taxpayers and companies will be liable to a late filing surcharge on Income Tax and Corporation Tax Returns.

