

# Local Property Tax: exemptions and deferrals

## Introduction

Certain properties are exempt from the Local Property Tax and some people may be able to defer payment of the tax if they meet specified criteria.

### **Exemption for residential properties purchased between 1 January and 31 December 2013**

The exemption for properties purchased between 1 January and 31 December 2013 is not restricted to first time buyers. Any person purchasing a property in 2013 will qualify for this exemption from LPT once they occupy the property as their sole or main residence. (This exemption was supposed to only apply to first-time buyers who were owner-occupiers).

If you purchased a second hand property between 1 January 2013 and 1 November 2013 and qualify for this exemption, you can claim your exemption online. [Step-by-step instructions on how to claim the exemption are available on the Revenue website.](#)

### **Exemptions for people with disabilities**

There are some changes to 2 Local Property Tax (LPT) reliefs for certain people with disabilities. The reliefs are:

- A reduction in the chargeable value of a property that has been adapted to make it more suitable for occupation by a person with a disability (where the adaptation work has resulted in an increase in the value of the property). The change is that the adaptation no longer needs to have been grant-aided by a local authority, provided the other qualifying conditions are met.
- A full exemption from LPT for properties that have been adapted, constructed or acquired for occupation by a person who is totally incapacitated. The change is that an award from a Court or the Injuries Board or the establishment of a public trust fund are no longer required to qualify for this exemption.

The changes are effective from 1 July 2013 when Local Property Tax became payable. This means that some people who have already paid LPT may be eligible for a refund of some, or all, of the tax paid.

Legislation has not yet been introduced to give effect to these changes. However pending enactment of the legislation, Revenue will deal with affected cases on an administrative basis. You can read [Revenue's Guidelines on Local Property Tax Relief for Disabled/Incapacitated Individuals \(pdf\)](#).

## **Exemptions from the Local Property Tax**

The following properties are exempt from Local Property Tax.

- New and previously unused properties that are purchased from a builder or developer between 1 January 2013 and 31 October 2016 will be exempt until the end of 2016 (even if sold again in that period).
- Properties purchased between 1 January 2013 and 31 December 2013 are exempt until the end of 2016. The exemption is subject to certain conditions, including that the property must be the person's sole or main residence. If the property is subsequently sold or ceases to be the person's main residence between 2013 and 2016, the exemption no longer applies.
- Residential properties that were constructed by a builder or developer but remain unsold and have not yet been used as dwellings (known as trading stock).
- Certain properties situated in unfinished housing estates (commonly called "ghost estates") [specified by the Minister for the Environment, Community and Local Government \(pdf\)](#).
- Properties certified as having a significant level of pyrite damage. You can read [FAQs about exemptions from LPT for properties with significant pyrite damage on the website of the Department of the Environment, Community and Local Government](#).
- Residential properties that are owned by a charity or a public body and used to provide accommodation and support for people who have a particular need in addition to a general housing need to enable them to live in the community (for example, sheltered housing for the elderly or people with disabilities).
- Registered nursing homes.
- A property which was occupied by a person as his or her sole or main residence and has been vacated by the person for 12 months or more due to long-term mental or physical infirmity. An exemption may be available in situations where the property has been empty for less than 12 months, if a doctor (registered

practitioner) is satisfied that the person is unlikely to return to the property. In both cases, the exemption only applies where the property is not occupied by another person.

- Mobile home, vehicle or a vessel.
- Property fully subject to commercial rates.
- Diplomatic property.
- Properties used by charitable bodies as residential accommodation in connection with recreational activities that are an integral part of the body's charitable purpose such as guiding and scouting activities.
- A residential property purchased, built or adapted to make it suitable for occupation by a permanently and totally incapacitated individual as their sole or main residence (the provisions that an award must have been made by the Injuries Board or a court or a trust must have been established no longer apply). In the case of adaptations to a property, the exemption will only apply where the cost of the adaptations exceeds 25% of the market value of the property before it is adapted. The exemption ends if the property is sold and the incapacitated individual no longer occupies it as his or her sole or main residence.
- Properties that have been adapted for occupation by a disabled person (the requirement for the work to have been grant aided by a local authority no longer applies) can qualify for a reduction in the market value of the property for LPT purposes. This relief only applies where the adaptation work **increases** the market value of the property.

To claim an exemption you must complete your Local Property Tax Return and indicate the exemption condition you satisfy (the [booklet \(pdf\)](#) lists each condition). You should submit your return by the relevant deadline. If you do not make a return and tell Revenue that your property is exempt the Revenue Estimate may become payable.

## **Deferring payment of the Local Property Tax**

You must be an owner-occupier to be eligible for a deferral of LPT and you must occupy the property as your sole or main residence.

If you meet the deferral criteria you can opt to defer the full LPT until your financial circumstances improve or the property is sold.

However this does not mean that you are exempt from the LPT.

Interest is charged on the deferred amount and the deferred amount remains a charge on the property.

Partial deferral arrangements will also operate for owner-occupiers under specified conditions. If you meet the partial deferral criteria you can opt to defer 50% of your LPT liability and pay the balance. Interest of 4% per annum is charged on the deferred amount and it remains a charge on the property.

To qualify for full or partial deferral your gross annual income from all sources must not exceed certain amounts (see table below). If you have an outstanding mortgage the income threshold is increased by 80% of your gross mortgage interest.

<b>Income thresholds for full and partial (50%) deferral of LPT liability</b>		
<b>Liable person (owner-occupiers only)</b>	<b>To qualify for a full deferral your gross income must not exceed</b>	<b>To qualify for a partial (50%) deferral your gross income must not exceed</b>
Single, no mortgage	€15,000	€25,000
Couple, no mortgage	€25,000	€35,000
Single, with mortgage	€15,000 + 80% of gross mortgage interest	€25,000 + 80% of gross mortgage interest
Couple, with mortgage	€25,000 + 80% of gross mortgage interest	€35,000 + 80% of gross mortgage interest

Gross income is your income before any deductions, allowances or reliefs. It includes income from Department of Social Protection payments but does not include Child Benefit.

See the [sample case studies for worked examples of full and partial deferrals.](#)

The Finance (Local Property Tax) (Amendment) Act 2013 introduces three additional categories that may qualify for a deferral of LPT:

- Personal representatives of a deceased liable person where a property has not been transferred or sold within 3 years of a liable person's death may apply for a deferral until (a) the property is transferred or sold or (b) 3 years after the date of death (whichever is earlier).
- A person who has entered into an insolvency arrangement under the Personal Insolvency Act 2012 may apply for deferral of LPT due during the period the insolvency arrangement is in effect.
- A person who has suffered both an unexpected and unavoidable significant financial loss or expense, as a result of which he or she is unable to pay the LPT without causing

excessive financial hardship, may apply for full or partial deferral. Claims for this type of deferral will require full disclosure of a person's financial circumstances and any other information required by Revenue in accordance with the detailed guidelines which will be published on Revenue's website. Following an examination of the information provided, Revenue will determine whether deferral should be granted.

You can get further information in [Revenue's FAQs](#).

## **Where to apply**

### **The Revenue Commissioners**

Local Property Tax (LPT) Branch

P.O. Box 1

Limerick

Ireland

**Tel:**+353 (0) 1 702 3049 (for calls from outside ROI only)

**Locall:**1890 200 255

**Homepage:** <http://www.revenue.ie/en/tax/lpt/index.html>

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