



IRELAND – March 2022

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OVER 300,000 HOMEOWNERS DEFY REVENUE OVER PROPERTY TAX RETURNS

More than 300,000 property owners have yet to file a local property tax (LPT) return months after the deadline, but Revenue is stalling on taking action against them.

Officials said recently-lifted Covid restrictions mean many families are only emerging from the pandemic's financial impact.

It has suspended most of its sheriff enforcement activity, including actions against those who are failing to comply with the property tax rules.

Around 316,000 property owners continue to defy the tax authority by failing to provide an updated valuation for their homes, Revenue said.

The failure of so many to provide a current valuation means they are likely to be underpaying the tax and could face large interest rate penalties.

It comes as Revenue this week takes funds from the bank accounts of homeowners who have opted to pay by annual direct debit.

The rules were changed for this year's property tax, requiring a new valuation for homes, the first such request to revalue since 2013.

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Property owners were required to determine the market value of their property as at last November 1.

The higher-than-expected non-compliance means the property tax amount for these houses where no updated valuation has been provided is based on estimated values put together by Revenue statisticians.

However, the fear is that these valuations may not reflect the true value of the property as they are based on an average for the area.

If the house has had major improvements or is different from the average for the area, it may mean the property tax estimate is too low.

Some of those who have not given an updated valuation are paying the LPT, but based on the 2013 property valuations.

It comes despite the deadline for filing a valuation being extended last year.

Revenue has extensive powers to levy punitive charges if it finds the property tax has been underpaid.

The tax rate was lowered from this year and valuation bands widened.

This means not everyone will pay more tax despite the surge in house values in the decade.

However, officials are anxious to have an accurate picture of home values to ensure people are not underpaying.

The March LPT statistics from Revenue show that for those who have submitted an updated property tax valuation, 54pc say their property is worth less than €262,500.

Twenty per cent have put a value of between €262,501 and €350,000 on their property.

Of 1.98 million properties liable for the tax, updated valuations have been submitted for 1.4 million homes, with filing arrangements being finalised for 175,900 local authority and approved housing body properties.

A Revenue spokesperson said: “Returns for around 16pc of the 1.98 million properties liable for LPT for 2022 have not yet been filed (about 316,000 properties).”

However, Revenue said there are payment arrangements in place for 160,000 properties where returns have not been filed.

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Revenue has strong powers available to it for those who do not co-operate with filing and paying the tax.

These include imposing interest charges of 8pc a year on amounts it is owed, the application of penalties in certain circumstances and referral of the debt to a sheriff or a solicitor for collection.

Revenue said it was conscious that homeowners had only recently emerged from the restrictions imposed due to Covid-19.

“We know that a significant cohort of people have suffered in a number of ways including financially,” a spokesperson said.

This is why it continues to suspend most of its sheriff enforcement activity.

It will continue to review its approach and will keep property owners updated on this.

IRISH HOUSING CRISIS: NEW VACANT PROPERTY TAX TO BE INTRODUCED 'AS SOON AS POSSIBLE' AND 'HAS TO BE PUNITIVE', SAYS GOVT

Ireland has one of the highest rates of vacant properties in the developed world, even as demand for housing far outstrips supply, creating a generation locked out of home ownership.

The Irish government has told Sky News that it wants to introduce a vacant property tax "as soon as possible".

The country has one of the highest rates of vacant properties in the developed world, even as demand for housing far outstrips supply, creating a generation locked out of home ownership.

The minister for housing, Darragh O'Brien, said that the long-promised tax, aimed at incentivising the use of vacant properties, will be introduced "I expect, this year".

"Once the data is collated, and that's something myself and the minister for finance are working on... it will be as soon as possible," he added.

According to the GeoDirectory database, there were more than 112,000 vacant or derelict dwellings in Ireland in the last quarter of 2021.

However, there is no consensus on the precise number.

Data from Ireland's last census, in 2016, put the figure at 183,000.

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That was also the number arrived at by website Money.co.uk in a study last year, which gave a vacancy rate of 9.10% of total housing stock - the 10th highest in the world. England occupied 20th position on the list.

Co Mayo, in the west of Ireland, is particularly badly-hit.

According to GeoDirectory, the county has the highest number of derelict properties in Ireland, and the second-highest rate of vacant properties (derelict being defined as the need for structural work before a building can be reoccupied).

We visited one Co Mayo town that serves as a perfect microcosm of Ireland's vacancy problem.

Ballinrobe's population stands at just 2,800, but according to the Northern and Western Regional Assembly, the town has 199 vacant or derelict buildings - a rate of one empty building for every 14 residents.

To make matters worse, there is not a single property currently available to rent in Ballinrobe.

Imelda Murphy, a native of the town, has lived in the US state of Illinois for 20 years.

She wants to return home, to be close to her elderly parents, who still live in Ballinrobe. But she can't find anywhere to rent in or near the town.

"It's very frustrating," she said. "I'm constantly on hold with the estate agents, and there's zero for Mayo, absolutely complete zero.

"I don't get it, I don't know if the government is doing enough to help. I don't know what to think."

Ms Murphy stood outside her childhood home in the town's Cornmarket, which is now, ironically, is one of the nearly 200 vacant properties.

"I was born and raised in this house," she said. "It wasn't the house like it is right now, it was quite the house in Ballinrobe. When I grew up here, it was such a fabulous home."

"My mum and dad put so much work into the garden, there was a fountain and garden chairs," Ms Murphy added, looking at the overgrown grass and brambles.

Across the street, a terraced row of four homes that laid derelict for 15 years has just been sold by local estate agent Property Partners Emma Gill.

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Associate director Claire Glynn says the firm also manages 150 rental properties but that none are currently available.

"Unfortunately there are no properties on the market in Ballinrobe to rent at the minute," she said. "None whatsoever. We have huge demand. Every day the phone rings and people are looking for rentals, and unfortunately there's no supply."

As well as new grants of up to €30,000 (£25,000) for people buying a derelict property, the Irish government is committed to finally introducing a vacant property tax, penalising landlords who allow properties to remain vacant for a prolonged period of time.

Minister O'Brien told Sky News: "We wanted to collate the data through my colleagues in the Department of Finance, so we know why homes are vacant.

"So if someone's in long-time residential care, I don't want to be taxing them because their home is not being used.

"But there are many other homes, both new and existing, that aren't being used, and we will be bringing forward a tax on vacant properties this year. That's part of the stick approach, with the carrot, which is the grant.

"I get the frustration completely," the minister said. "I'm frustrated myself as housing minister in relation to it. But we're going to do something about it."

Sinn Féin is the largest opposition party in Ireland.

Its housing spokesman Eoin Ó Broin responded by saying "what's really frustrating for the rest of us is that the government's targets for tackling dereliction are anaemic".

"This tax has been in the pipeline for a long time," he said. "My main concern is that it might only be announced in October this year, for a levy next year, but it's unclear if payment will be the following year. So you could have a 12-24 month lead-in time before it's actually levied."

The government won't say how punitive the new tax will be, but it's understood it could be based on Local Property Tax (LPT) returns.

If someone has allowed their property to remain vacant for an extended time, they could be faced with a 300-400% increase in their LPT.

In a period of high inflation in property prices, Mr Ó Broin said the new tax had to be "punitive" to incentivise owners to put their vacant properties back into use.

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"Leaving properties vacant in a housing crisis is like hoarding food in a famine," he said.

Some analysts doubt a new vacant property tax will be a silver bullet for Ireland's vacancy problem, let alone the country's wider housing issue.

But it will play well politically, and similar taxes have been proven to increase supply to the rental market in cities in other countries.

For now, a country that simply doesn't have enough homes to meet demand will continue to bristle with many tens of thousands of empty dwellings, sitting empty and unused.

ABOUT 300,000 PEOPLE TO BE CONTACTED ABOUT PROPERTY TAX RETURN

Revenue says it will be writing to those who have failed to submit a return since deadline

About 300,000 property owners are to be contacted over the coming weeks to remind them of their requirement to submit a Local Property Tax (LPT) return for the 2022-2025 valuation period, Revenue has confirmed.

Property owners were due to submit their LPT return to Revenue in November. To date LPT returns in respect of 1.7 million properties have been submitted.

However, for a further 300,000 properties an LPT return is overdue. This includes about 160,000 properties for which LPT payment arrangements are in place.

Katie Clair, head of Revenue's LPT branch, said property owners must engage with the process.

"All residential property owners were required to submit an LPT return to Revenue last November. A key part of the return is selecting the LPT valuation band that applies to the market value of the property at November 1st, 2021.

"We are writing to property owners who haven't yet submitted their LPT return as a reminder that it is a legal requirement to do so.

"Regardless of whether you have paid in full or have a rollover payment arrangement in place or even where you agree with the notice of estimate that Revenue has made for your property, you still need to file an LPT return to confirm the correct valuation band of your property.

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“Such property owners now need to make sure that they engage with Revenue and submit their LPT return.”

She added that assistance was available for anyone who may need it.

“I urge all property owners who haven’t filed their LPT return to take immediate action and use this opportunity to ensure they are fully compliant with their LPT obligations,” she said.

“The easiest way to file your LPT return is online. You access the LPT online portal on revenue.ie. However, if property owners need assistance in completing their LPT return or have any queries regarding their LPT obligations, they can contact the LPT Helpline at 01 738 36 26.”

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