



## IRELAND – December 2022

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### GOVERNMENT'S 0.3% VACANT PROPERTY TAX IS 'LAUGHABLE', DAIL HEARS

*Housing dominated Tuesday's bout of Leaders' Questions, headed up by public expenditure minister Michael McGrath.*

The Government's vacant property tax of 0.3% has been criticised as "laughable" during Tuesday's Dail debate which was dominated by the housing crisis.

It comes after a report by a banking lobby group found that rents in Ireland have increased by more than 80% in 12 years, compared with an average increase of just 18% across the rest of the EU.

The report found that a substantial increase in housing supply would be needed before house prices and rent prices would fall.

During Leaders' Questions, Social Democrats co-leader Roisin Shortall was among the three opposition TDs who raised the stark findings of the report.

"Two out of three nurses are planning on emigrating, 61% of our primary schools are understaffed, and it's all down to the cost of housing," she said.

Sinn Féin leader Mary Lou McDonald also raised the issue of young people emigrating due to unaffordable house and rent prices.

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“Your policies are driving an entire generation of our young people from here to Perth, to Sydney, to Toronto and beyond,” Ms McDonald said.

“You come in here week after week telling fairy tales, make-believe, imagining that your approach is working when it is plainly failing.”

Ms Shortall told Minister for Public Expenditure Michael McGrath – who took questions from the opposition on Tuesday – that there are tens of thousands of vacant properties across Ireland.

“A proper vacant homes tax can be the fastest, cheapest and more sustainable means of bringing additional homes into use.

“Regrettably, the vacant homes tax that your Government has finally proposed is so low that it’s actually laughable.

“You’ve set the rate at just 0.3% of the value of a property. Minister, do you know that house prices are increasing by 10.8%?

“If the value of your home will increase by more than 10% if you leave it vacant, how on earth is a tax of 0.3% an incentive to bring it back into use?”

“You will soon be Minister for Finance, within the next two weeks, and I’m imploring you to implement a punitive vacant home tax.

“The Social Democrats have proposed a rate of 10% of the value of the home. Will you urgently review the rate of this tax and raised it to a meaningful level?”

Minister McGrath defended the Government’s vacant home tax as “a very significant intervention”.

“It’s the first time that such a tax has been imposed.

“Of course, you can argue about the rate, you can argue about the scope, but we utilised the information that has been gathered by the Revenue Commissioners by way of the returns made in respect of local property tax to construct a new tax and a new intervention with a view to ensuring that as many of those properties as possible come back into use.”

Mr McGrath said that he believes the tax “will play a part” in encouraging vacant property owners to make them available.

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“(I) look forward to the debate on your motion, and the government will consider any constructive measure that you have or anyone that’s in this house has to increase the supply of stock.”

Ms Shortall replied: “Minister, I asked you on what basis do you think that a person who can continue to sit on a vacant property and benefit to the tune of 42,000 next year, on what basis do you think that person would be influenced to bring that home into use, to make it available, as a result of a tax of 1,200 euro?

“That just doesn’t make any sense whatsoever.”

Mr McGrath said that both the “carrot” and “stick” were being used to incentivise vacant properties to be used.

“As is always the case with a new tax, we will keep the rate under review and we will see if it is having the desired effect.”

People-Before-Profit Richard Boyd Barrett criticised the Government for underspending three-quarters of a million euro of their housing budget and raised the fact that the four Dublin local authorities had not built any council houses in the first six months of 2022.

“It is absolutely beyond belief that at the end of this year, you will have underspend the housing budget by 700 million euro and you claim that this is a success for the Housing for All plan,” Mr Boyd Barrett said.

“In the first six months of 2022, in the teeth of this crisis, the four Dublin local authorities built no new council houses and you have failed to spend 700 million euro that was allocated for housing at all.

“What are you going to do about that?”

“Supply is increasing, and that is a fact,” Mr McGrath said.

“New public stock is not just delivered by our local authorities, it’s also delivered by our approved housing bodies and also by the LDA (Land Development Agency).”

## **FARMERS SHOULD BE EXEMPT FROM NEW LAND TAX**

Farmers who can produce a herd number and demonstrate “they are functional” should not have to pay the new residential zoned land tax (RZLT), Independent TD Seán Canney has told the Dáil.

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Deputy Canney said many farmers are “completely unaware” that some of their land is being zoned for residential purposes which leaves them in a “very precarious predicament”.

The RZLT, which comes into effect in 2024, is an annual tax that will be calculated at 3% of the market value of land within its “scope”.

Local authorities have been given responsibility to prepare and publish maps identifying land within the scope of RZLT – generally this will include land that has been zoned for residential development.

But crucially for farmers the scope of RZLT also includes land that has access to “necessary public infrastructure” for development.

### Land tax scope

The first draft maps identifying areas in the scope where land tax will have to be paid were published by local authorities on November, 1 of this year and final maps will be published next year.

The Independent Galway East TD told the Dáil that farmers should be exempt from RZLT because they are private landowners.

“They are not builders. They own the land to farm it and try to make a living from it. They do not hoard it as an investment,” he said

Deputy Canney some farmers could “find themselves paying this tax for the next 20 years until the land is used up”.

“In many small rural towns around the country, farmers are farming right up to the town boundaries and beyond,” he added

“They are now being caught up in this residential tax, even though they are not hoarding land. Their land has been zoned by the local authority without their knowledge or consent.

“They are fearful that they will be paying tax from money they are trying to eke out of the land in order to stave off something that is beyond their control,” Deputy Canney stated.

The Independent Galway East TD said the government must provide a “derogation so that farmers do not have to pay the tax”.

But the Minister for Public Expenditure and Reform, Michael McGrath, appeared to rule this out.

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“Agricultural land zoned for a mixture of uses, including residential, is not in scope as farming is a trade or profession benefiting from an exemption.

“In that respect and in regard to the provision that is there, a facility is being provided for a proposal to be made for land to be dezoned, thereby completely taking a land bank out of this particular new tax,” the minister said.

He also warned that farmers could not have their land zoned and “keep the zoning into the future” while at the same time, avoiding the land tax.

### Disproportionate tax on farm families

The Irish Farmers’ Association (IFA) has accused the government of not “fully grasping the inequity” of the RZLT on farmers.

IFA farm business chair Rose Mary McDonagh said:

‘It’s illogical to press ahead with this poorly-designed, ill-targeted, disproportionate tax on farm families, particularly when the situation differs across the country’.

She said the IFA is getting an “increasing number of calls” from farmers who are concerned about the new tax.

The association said it wants a “complete overhaul of the proposed tax” carried out and are calling for “productive farmed land” to be exempt.

The IFA plan to host an online information briefing for farmers to learn more about RZLT on Thursday, December 8 at 8pm.

## **NEW TAILTE ÉIREANN AGENCY TO PROVIDE STREAMLINED ACCESS TO LAND AND GEOSPATIAL SERVICES TO PUBLIC AND GOVERNMENT**

*Press release from Department of Housing, Local Government and Heritage*

The Tailte Éireann Bill 2022 which today (December 14th, 2022) passed through both Houses of the Oireachtas provides for an authoritative new centralised agency to provide a property registration system, property valuation service, and national mapping and surveying infrastructure for the State. This will be achieved through a merger of the Property Registration Authority, Valuation Office, and Ordnance Survey Ireland into a new body called Tailte Éireann.

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Tailte Éireann will be independent in the performance of its functions, which will include all of the functions currently undertaken by the Property Registration Authority, Commissioner of Valuation, the Boundary Surveyor and Ordnance Survey Ireland. The new agency will be the primary national source of property information and geospatial data and will be a leader in the development and delivery of land information services.

Welcoming the Bill's passage through the Oireachtas, Minister for Housing, Local Government and Heritage, Darragh O'Brien TD, said:

"Tailte Éireann will provide streamlined access to the delivery of enhanced land and geospatial services to the Government as well as other stakeholders and citizens. This will result in more co-ordinated strategic and business planning, evidence-based decision-making, and innovative service delivery in line with Government policy.

"Streamlining services into one entity headed by a single chief executive and Board will allow Tailte Éireann to take advantage of the national geospatial data hub and enable it to efficiently combine and integrate the wealth of authoritative land information held by the Property Registration Authority, the Valuation Office and Ordnance Survey Ireland, to provide citizens, businesses, and policymakers with new land information products and services.

"I would like to thank my officials for their commitment to this Bill and to specifically acknowledge the hard work of the project board and working groups involved in preparing for the establishment of Tailte Éireann."

Minister of State for Planning and Local Government, Peter Burke TD, said:

"Tailte Éireann will provide a comprehensive and secure property title registration system, an independent rateable valuation system, and authoritative national mapping and surveying infrastructure. These are central to the effective management of several sectors of the State's economy, including property, planning, agriculture, local government, environmental, and construction."

Minister of State for Heritage and Electoral Reform, Malcolm Noonan TD, commented:

"As one organisation, Tailte Éireann will facilitate better integration of data both internally and externally in partnership with other State organisations. This will enable Tailte Éireann to be more capable of contributing to and influencing policy formulation that supports social and economic development. The provision of high-quality, reliable, trusted, and maintained geospatial information is essential for a wide range of critical State functions from environmental planning and management, to the effective administration of property and land use."

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## WHAT DO HOMEOWNERS NEED TO KNOW ABOUT IRELAND'S NEW RESIDENTIAL ZONED LAND TAX?

*Those with gardens larger than an acre must register with their local councils but will be exempt from payments under the new regulations*

As part of government measures to combat Ireland's housing crisis, beginning in February 2024, a new Residential Zoned Land Tax, or RZLT, will apply to land and sites that are zoned for housing development and have access to essential infrastructure—including water supply, roads and lighting—but are currently left unused.

"This innovative tax ... is targeted at development companies or property investment funds that are holding land, that are ready to build and with zoning and infrastructure in place. It is intended to prevent land hoarding," said Mark Regan, partner at Regan Solicitors, a law firm in Dublin. "The question will be whether the penalty will be sufficient to achieve the goal."

Although the tax is not aimed at homeowners, owners of residential properties with a garden or yard larger than one acre are required by law to register with their local councils. If the land is attached to a private residence and used as a garden, registered owners will not be liable to pay the new tax.

"In many ways, the name of the tax is misleading as it is aimed at green- and brown-filled vacant sites, not actual residences," Mr. Regan said. "If a property is currently liable to the existing Local Property Tax, it is a residential property and not liable to RZLT."

Local authorities have been preparing maps of all residential zoned land within their boundaries, which are due to be published by May 1. They will be available to view on local authorities' websites or at their public offices. Landowners can submit suggested changes to the updated maps and will be able to appeal decisions they disagree with before a final map of land subject to RZLT is published next December.

"If land is included on the final RZLT map and you are the owner of it on Feb. 1, 2024, payment must be made at 3% of the market value per annum," Mr. Regan said. The valuation should be self-assessed by the landowner, who must submit a tax return by May 23, 2024.

"There is a sufficient transition period to seek advice on specific sites and to make submissions," he said. "Anyone who thinks they might be affected should seek appropriate legal advice."

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