

Local Property Tax

LPT

Frequently Asked Questions
3 January 2013

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General

1.1 What is the Local Property Tax?

- As announced in Budget 2013, an annual Local Property Tax (LPT) will come into effect from 1 July 2013.
- Local Property Tax (LPT) is a tax payable on the market value of residential property. It will come into effect from 1 July 2013.
- It will be administered by Revenue and a half-year charge will apply in 2013.

1.2 Finance (Local Property Tax) Act 2012

Following its signature by the President, the Finance (Local Property Tax) Bill has been enacted into law as the Finance (Local Property Tax) Act 2012 and will be available on the Houses of Oireachtas website. The Explanatory Memorandum (included with the Act) provides a comprehensive guide to the legislation.

1.3 When will Revenue be providing information about LPT?

- Revenue will make it as easy as possible for our customers to understand their obligations regarding LPT.
- Revenue will make it as easy as possible for our customers to file their LPT return and will offer a range of methods for paying the tax, including phased payment arrangements.
- Revenue will engage in a comprehensive public communications campaign throughout the first half of 2013.
- Revenue will write to residential property owners in March 2013. Revenue will include a detailed explanatory booklet on the operation of LPT, valuation procedures and payments methods, as well as an LPT Return form for completion.

2. Liable Persons

2.1 Who will be liable to pay LPT?

- In simple terms an owner of a residential property, including rental properties, will be liable to pay the tax.
- In the case of housing provided by local authorities and social housing organisations, the local authority or housing organisation will be liable for LPT.
- Long-term leases (more than 20 years), life tenancies and situations where a person occupies a residential property on a rent-free basis over an extended

period and without challenge to their right of occupation will be treated as if the occupant owns the property. In these circumstances, the occupant will be liable for LPT.

- Where the residential property is rented on a normal short-term (less than 20 year) lease, the landlord will be liable for LPT.
- If you are acting as a personal representative for a deceased owner (e.g. executor/administrator of an estate) you will be liable for LPT.

2.2 What if I jointly own the property?

- Where there is more than one owner of the residential property, they need to agree who will make the relevant LPT Return and pay the tax.
- If no one pays, Revenue can proceed to collect the tax due from any of the owners.

3. Exemptions

3.1 Will any properties be exempt from LPT?

Certain properties will be exempt from assessment. These are

- Newly constructed, unoccupied and unsold residential properties.
- Where ownership is vested in a public body or an approved charitable body and used to provide accommodation to people with special housing needs such as the elderly or people with disabilities.
- Where a principal private residence is unoccupied due to long term mental or physical infirmity of the owner.
- Mobile home, vehicle or a vessel.
- Property fully subject to commercial rates.
- Houses in certain unfinished developments (unfinished housing estates) as prescribed by law.
- Residential properties enjoying protection in other legislation – e.g. diplomatic property.

Exemptions will also apply in the case of:

- 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**.
- **Second-hand properties purchased by a first time buyer** between 1 January 2013 and 31 December 2013 **will be exempt until the end of 2016**.

Local authority housing and social housing will not be exempt unless it is provided to people with special housing needs such as the elderly or people with disabilities. Liability will rest with the local authority or social housing organisation as owner.

4. Operation of LPT

4.1 How will Revenue know who is liable?

- Revenue is developing a register of residential properties in the State using Revenue data and other sources such as Local Government Management Agency (LGMA) Household Charge data, Non-Principal Private Residence (NPPR) data and Private Residential Tenancies Board (PRTB) data.
- Once LPT legislation is enacted, Revenue will have the necessary statutory basis to obtain information from other bodies, such as utility providers, which will be used to further develop the register of residential properties. This will allow us to contact liable persons in March 2013.

4.2 How will LPT operate?

- Revenue will write to residential property owners in March 2013 and will include an LPT Return form for completion along with an LPT explanatory booklet.
- The booklet will explain everything you will need to know about assessing the value of your property, working out how much you will have to pay, completing the LPT Return form, and deciding what option will suit you best to pay your LPT.
- The completed LPT Return form will have to be sent back to Revenue by 7 May 2013 if filing a paper form.
- If you file your LPT Return form electronically you will have until 28 May 2013 to file it online through www.revenue.ie.
- The return that you submit in 2013 will be valid for the years 2013 to 2016 unless your circumstances change or you wish to select an alternative payment method.

5. Rates

5.1 How do I calculate how much I will have to pay?

The amount you pay will depend on the market value of your residential property on 1 May 2013.

For the purposes of calculating LPT, property values will be organised into **market value bands**:

- The initial band will be €0 - €100,000;

- Subsequent bands will be organised in values of €50,000 width up to €1,000,000
- The tax liability will be calculated by applying the tax rate to the mid-point of the band.
- The rate of LPT will be **0.18%** for properties up to a market value of €1m.
- The Table available at [Appendix 1](#) shows all the value bands, the mid-point of the bands, the amount of LPT to be paid in 2013 and the amount of LPT to be paid for the full year in 2014.
- Residential properties valued **over €1m** will be assessed at the actual value at **0.18%** on the first €1m in value and **0.25%** on the portion of the value above €1m (no banding will apply).

5.2 On-line Calculator

To assist you in calculating the amount you will have to pay in 2013, Revenue has developed an [on-line LPT calculator](http://www.revenue.ie/lpt_reckoner/index_en.html), which is available from the Revenue website at http://www.revenue.ie/lpt_reckoner/index_en.html.

5.3 Calculation Example

The following example will assist you in calculating how much you will have to pay:

Question: If the market value of my residential property is €30,000, how much tax will I have to pay in 2013?

Market value: €30,000

Value Band: €200,000 to €250,000

Midpoint of Value Band: €225,000

Calculation: €225,000 x 0.18% = €405 for a full year.

Divide €405 by 2 = **€202** (rounded down).

Answer: €202 is the amount you will have to pay in 2013.

If you opt for phased payment such as deduction at source from your salary, the amount you will pay weekly will be **€7.77**.

6. Valuation

6.1 How will I value my property?

- Revenue will provide guidance on how to value your property early in 2013.
- The initial valuation of your property on 1 May 2013 will be valid up to and including 2016.

- If you follow Revenue’s guidance honestly, we will accept your property value assessment.
- In the meantime you might find the register of residential property sales, published by the Property Services Regulatory Authority (PSRA) based on Revenue Stamp Duty data (www.propertypriceregister.ie) of assistance for valuing your property.

6.2 Will the value of my property for LPT purposes change for future years?

The valuation of your property for LPT purposes on 1 May 2013 will stay the same for 2013, 2014, 2015 and 2016.

6.3 If I make improvements to my property e.g. by adding an extension, will the value of my property for LPT purposes change for future years?

The valuation of your property for LPT purposes on 1 May 2013 will stay the same for 2013, 2014, 2015 and 2016 no matter what improvements you make to your property.

7. Payment Methods

7.1 What payment methods will be available?

- Revenue will offer a range of methods for paying the tax.
- You can opt to make one single payment or opt to phase your payments in equal instalments from 1 July 2013 until the end of the year.

LPT can be paid in full by -

- Debit/Credit Card (This option is available online only);
- Bank Single Debit Authority¹.
- Cash payments through certain service providers.

LPT payment may be made on a phased basis, in equal instalments through -

- Direct Debit;
- Cash payments through certain service providers;
- Deduction at source from Salary / Occupational Pension.
- Deduction at source from social welfare payments including contributory and non-contributory state pensions and other long-term schemes.
- Deduction at source from all scheme payments made by the Department of

¹ Under a Single Debit Authority you can authorise your Bank/Financial Institution to pay Revenue the specified amount of LPT due. The specified amount will be taken from your bank account in one deduction on a particular date and will be paid directly to Revenue.

Agriculture, Food and the Marine.

7.2 When will the payments commence?

- If you opt for a phased payment arrangement, such as direct debit or deduction at source, payment will be spread evenly over the remainder of the year and will start from 1 July 2013.
- If you decide to pay by a Bank Single Debit Authority, your bank account will be debited on 21 July 2013.

7.3 Can I opt for more than one payment method?

No, you can only select one method of payment.

8. What if I can't afford to pay?

8.1 Deferrals

A system of deferral arrangements for owner-occupiers will be implemented to address cases where there is an inability to pay the LPT under specified conditions:

- Where the gross income does not exceed €15,000 (single) and €25,000 (couple).
- For income stressed owner-occupiers who have an outstanding mortgage, an adjusted gross income limit will apply. The thresholds may be increased by 80% of the mortgage interest payment. This applies until 31 December 2017. The table below provides some examples.
- Marginal relief will apply for owner-occupiers where the income or adjusted income is €10,000 above the income limit (€15,000/€25,000) to permit deferrals of up to 50% of LPT liability.
- Interest will be charged on deferred amounts but at a lower rate (i.e. 4% per annum) than the rate charged in default cases (i.e. 8% per annum). The deferred amount, including interest, will be a charge on the property. Deferred property taxes and interest will have to be discharged on the sale/transfer of the property.

Sample Adjusted Income Thresholds

Mortgage Value €	Deferral Income Limit € Single/ Couple	80% of Mortgage Interest Charge @ 2.75%*	Adjusted Deferral Income Limit** € Single/Couple	80% of Mortgage Interest Charge @ 3.5%*	Adjusted Deferral Income Limit** € Single/Couple	80% of Mortgage Interest Charge @ 4.25%*	Adjusted Deferral Income Limit** € Single/Couple
200,000	15,000 /25,000	4,288	19,228/29,228	5,448	20,448/30,448	6,600	21,600 /31,600
300,000	15,000 / 25,000	6,432	21,432/31,432	8,170	23,170/33,170	9,900	24,900 / 34,900
400,000	15,000 / 25,000	8,580	23,580/33,580	10,892	25,892/35,892	13,200	28,200 / 38,200
500,000	15,000 / 25,000	10,720	25,720/35,720	13,616	28,616/38,616	16,500	31,500 / 41,500

*Based on average interest payments for a 25 year mortgage.

****Indicative values only.** Liabile persons should refer to their personal circumstances to ascertain if the adjusted income thresholds apply.

9. Paying and Filing Electronically

9.1 Can I file and pay LPT electronically?

Yes you will be able to pay and file electronically. The advantages of filing online at www.revenue.ie are:

- You will have three extra weeks until 28 May 2013 to file your LPT Return form;
- You can use the ready reckoner to calculate how much you have to pay, and
- You can pay by direct debit or credit card.

9.2 Will some property owners have to file and pay electronically?

- If you own more than one residential property you will have to pay and file for LPT online.
- If you are already required to submit tax returns and pay electronically to Revenue you will have to pay and file for LPT online.
- Any company that also owns residential properties will have to pay and file for LPT online.

10. Compliance

10.1 What if I refuse to pay?

- When Revenue sends you your LPT Return form, we will also include a notification of an Estimated amount of LPT.
- If you don't send back the LPT Return form and your self assessment of your tax liability, the tax set out in the Revenue Estimate will be collected using normal collection/enforcement options – deduction at source, sheriff, court action, attachment orders.
- Interest and penalties may also apply.
- In circumstances where standard enforcement is not applied for whatever reason, then a charge will be put on your property. You won't be able to sell it without paying the tax together with interest and, where appropriate, penalties.

10.2 What if I haven't paid the correct amount?

- If Revenue has reason to believe that the amount you have declared on your Return does not reflect the market value of your property, we may raise an assessment for a different amount but only if you haven't followed our valuation guidelines.
- Revenue's valuation guidelines will be available early in 2013.

10.3 What will happen if I don't pay on time?

Interest charges will apply to the late payment of property tax for 2013, with effect from 1 July 2013.

10.4 Do I have to send Revenue back the LPT Return form or can I just pay the LPT due?

- Yes it is important to note that you will have to submit your return **and** pay the amount of LPT due based on the self-assessed value of your property.
- If you pay the estimated amount, you will still have to file your LPT Return form with the self-assessed value of your property.
- Revenue will follow up with you if you do not submit your LPT Return form.

10.5 How will Revenue ensure that self-employed liable property owners comply?

- If you are self-employed and don't send back your LPT Return form and your self assessment of your LPT liability, the tax set out in the Revenue Estimate will be collected using normal collection/enforcement options – sheriff, court action, attachment orders.
- If you are self-employed and fail to pay your LPT, Revenue will not issue you with a tax clearance certificate.

- Consideration is also being given to linking the timely submission of property tax returns and income tax returns from self-employed liable property owners.
- Where LPT remains outstanding a charge will attach to that property. This charge will have to be discharged on the sale/transfer of the property.

11. Household Charge and Non-Principal Private Residence Charge

11.1 What about the Household Charge and the Non-Principal Private Residence Charge (NPPR)?

- The Household Charge will be abolished from 1 January 2013.
- The arrears of the Household Charge for 2012 will be capped at €130 if paid to the Local Government Management Agency by 30 April 2013.
- Where the Household Charge for 2012 has not been paid by 1 July 2013 the LPT in respect of the property will be increased by €200. In effect, the arrears of the Household Charge will be converted into LPT and collected through the LPT system. Revenue will pursue this additional liability when the LPT system is fully operational. Interest and penalties under the LPT system will apply to the additional €200.
- The annual NPPR charge will apply for 2013 and the NPPR will be abolished thereafter
- Similar provisions as for arrears of household charge will be put in place for the collection of any arrears of NPPR in due course.

12. Purpose of Local Property Tax

12.1 What will Local Property Tax be used for?

- Local Property Tax will fund the provision of local services administered by local authorities.

13. Communications

13.1 When will I get more detailed information from Revenue?

- Revenue's approach to administering LPT will be to make it as easy as possible for our customers to understand what will be required.
- Revenue will make it as easy as possible for our customers to file their LPT return and will offer a range of methods for paying the tax, including phased payment arrangements.

- Revenue will engage in a comprehensive public communications campaign throughout the first half of 2013.
- Revenue will write to residential property owners in March 2013. Revenue will include a detailed explanatory booklet on the operation of LPT, valuation procedures and payments methods, as well as an LPT Return form for completion.

13.2 Where can I get more information?

- Information is available at www.revenue.ie and on AERTEL page 591 on RTÉ.

14. Key Dates for LPT

- March 2013: Revenue will issue LPT Return form and detailed guidance information to liable residential property owners.
- 1 May 2013: Property Valuation and Property Ownership date.
- 7 May 2013: Due date for filing paper LPT returns.
- 28 May 2013: Due date for filing LPT returns electronically.
- 1 July 2013: Commencement of phased payments such as direct debit, deduction at source from Salary / Occupational Pension or certain payments from the Department of Social Protection and Department of Agriculture, Food and the Marine and cash payments through certain service providers.
- 21 July 2013: Bank Single Debit Authority Payment deducted.

Appendix 1:

Local Property Tax Charge per valuation band at a tax rate of 0.18% 2013 and 2014

Valuation band €	Mid-point of Valuation band €	LPT in 2013 (half year charge) €	LPT in 2014 (full year charge) €
0 to 100,000	50,000	45	90
100,001 to 150,000	125,000	112	225
150,001 to 200,000	175,000	157	315
200,001 to 250,000	225,000	202	405
250,001 to 300,000	275,000	247	495
300,001 to 350,000	325,000	292	585
350,001 to 400,000	375,000	337	675
400,001 to 450,000	425,000	382	765
450,001 to 500,000	475,000	427	855
500,001 to 550,000	525,000	472	945
550,001 to 600,000	575,000	517	1,035
600,001 to 650,000	625,000	562	1,125
650,001 to 700,000	675,000	607	1,215
700,001 to 750,000	725,000	652	1,305
750,001 to 800,000	775,000	697	1,395
800,001 to 850,000	825,000	742	1,485
850,001 to 900,000	875,000	787	1,575
900,001 to 950,000	925,000	832	1,665
950,001 to 1,000,000*	975,000	877	1,755

* It is estimated that 85% to 90% of properties will fall within the first five bands.

** Properties valued over €1m will be assessed at the actual value (no banding will apply) at 0.18% on the first €1m in value and 0.25% on the portion of the value above €1m