



LOCAL PROPERTY TAX

There has been much media coverage over the recently introduced Local Property Tax (LPT). This new tax will affect home owners, self-employed people and employers amongst other people. We have outlined below the issues which you should be aware of when filing the LPT return. The due date for filing the LPT return online via Ros is the **28th of May**.

What is the LPT?

The LPT is a self-assessed tax payable on residential properties located in the State. Residential property also includes land associated with a property up to a maximum of one acre.

Who is liable to pay LPT?

The following persons are liable to pay the LPT:

- Owners of Irish residential property including non-residents.
- Landlords who have let a property under a lease of less than 20 years.
- Tenants with a lease interest in a residential property of greater than 20 years.
- Local authorities that hold residential properties.

You will be liable to pay the LPT for the 2013 year if you own the property on the **1st of May 2013** known as **the ownership date**. For each subsequent year you will be liable if you own the property on the **1st of November** in the preceding year. For example you will be liable for the LPT in 2014 if you own a property on the 1st of November 2013.

How much LPT should I pay?

The LPT is based on the value of the property on the 1st of May 2013 known as **the valuation date**. Property values are organised into a number of bands increasing by €50,000 up to a value of €1 million. The LPT is calculated by multiplying the mid-point of the particular band which the property value falls into by 0.18%. For properties valued in excess of €1 million euro the first €1 million is liable at 0.18% and the value in excess of €1 million is liable at 0.25%.

Only half of the LPT amount is due in 2013. From 2014 onwards the entire LPT will be due each year.

E.g.: Value of house €310,000.

Midpoint of the €300,001 - €350,000 valuation band is €325,000

€325,000* 0.18% = €585 (charge for full year)

€292 (charge for 2013 – half year)

It is important to note that the value assigned to a property in 2013 will remain as the value for LPT purposes for 2014, 2015 and 2016.

How Do I value my property?

Revenue will provide you with an estimate of the value of your property. It is important to note that this is only an estimate / guide and it is up to you to value your property. You can use a variety of methods to value your property including:

- Engaging a professional valuer.
- Examining the property price register (www.propertypriceregister.ie) for sales of similar properties in your area.
- Refer to newspapers, property websites and local estate agents with regard to local property prices.

It is important that you value your property correctly and honestly as you may be liable to interest if Revenue successfully argue that the property is worth more than your valuation.

Submission of LPT return:

LPT returns can be filed online using the Revenue Online System (ROS) or by a paper return.

If you did not file a LPT paper return by the **7th of May** then as a ROS filer you may avail of an extended deadline of the **28th of May**.

If you own more than one residential property, are a company who owns a residential property or are obliged to file other tax returns via Ros you must file the LPT return via ROS.

Taxpayers who already file returns via Ros should have received Revenue estimates via ROS and will be able to file the LPT return via the “My Services” tab on Ros.

Taxpayers who do not currently file via Ros should have received correspondence from Revenue via post. This correspondence will include a Property ID and a PIN number which can be used to file the return at www.revenue.ie.

When the LPT return is filed a notice of assessment will not issue unless Revenue disagree with the return.

Payment of LPT:

There are a number of different ways to pay the LPT. The due date for payment will depend on the method of payment.

Deduction at source: The LPT can be deducted at source from your salary, an occupational pension or from certain social welfare payments. Deductions will commence from July onwards.

Monthly Direct Debit: The LPT can be paid by monthly direct debit. The first direct debit will commence on the 15th of July.

Single Direct Debit: If you decide to pay by way of a single payment the due date for payment is the 21st of July.

Deferral of LPT:

It may be possible to fully or partially defer the payment of the LPT depending on the level of your income. Interest will be charged at a rate of 4% per annum on deferred amounts.

Exemptions:

There are a number of properties which will be exempt in respect of the LPT. These include

- New or unused property purchased between 1 January 2013 and 31 October 2016 will be exempt from LPT until the end of 2016.
- First time buyer of a residential property in 2013 used as a main residence will be exempt until the end of 2016.
- Properties located in “ghost estates”.
- Properties constructed by a developer / builder that remain unsold and have not been used as a residence.
- A property previously occupied as a person’s main residence but has been vacated for 12 months or more due to long term mental or physical infirmity.
- Nursing homes.
- Mobile homes.
- Properties fully subject to commercial rates.
- Properties used by charitable bodies as residential accommodation.

A LPT return should still be filed in cases where a property qualifies for exemption.

Implications of Non-Submission of LPT Returns:

Non-submission of LPT returns or non-payment of LPT amounts may lead to the following:

- Withholding of other tax refunds.
- You will not qualify for a tax clearance certificate.
- You will be unable to sell a property until all LPT and related interest and penalties are paid.
- Self-employed individuals or companies will be liable to a surcharge on the filing of income tax or corporation tax returns.

Issues to be considered by employers:

Employers may be obliged to deduct the LPT at source from employees’ wages from July onwards. It is important that the payroll software is updated to deduct LPT and that payroll operators are fully aware of their obligations.

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Interaction of LPT with the NPPR and the Household Levy:

The NPPR is still payable in 2013 and will be payable in addition to the LPT on residential properties which are not principal private residencies. The NPPR is due to be paid by the 30th of June in relation to properties owned on the 31st of March.

The LPT replaces the €100 Household Levy. However unpaid Household Levy will be collected as part of the LPT. If you have not paid the household charge you can do so at www.householdcharge.ie.

If you require any assistance in relation to LPT do not hesitate to contact our tax department.

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