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Property Tax and Assessment News from Around the World

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EU Concerned By Ireland's Narrow Tax Base

The European Commission (EC) has expressed concerns about Ireland's narrow tax base and its reliance on corporate tax receipts.

In its Winter Semester country report on Ireland, the EC highlighted the dangers of Ireland's over-reliance on a small number of tax headings. In particular, it criticized the use of currently buoyant corporate tax receipts to fund permanent public spending increases.

The report pointed out that corporate tax receipts "tend to be a volatile source of revenue in most economies and particularly in Ireland."

According to the report, corporate tax revenue in Ireland can be "characterized as highly concentrated and prone to volatility."

It recommended that "a detailed examination of the risks linked to the composition of the Irish tax system could help to ensure that public finances have access to a broad set of revenue sources."

The report also contrasted the need for a broader tax base against the Government's decisions to extend various property tax exemptions, retain the nine percent value-added tax rate for tourism, and delay the revaluation of self-assessed property values.

It further cautioned that "cutting personal income taxes – if not adequately supported by a shift towards more growth-friendly sources of revenue – could significantly reduce revenue collection and have a regressive impact on income distribution which could increase inequality."

Commercial rates: your questions answered

What is commercial revaluation?

Revaluations are designed to produce up-to-date valuations of commercial and industrial properties for commercial rates purposes. They are being carried out in each local authority area using rental values on a specific date.

How often does this occur?

The first National Revaluation Programme in over 150 years has yet to conclude. Once it is completed the assessment has to take place again every five to 10 years.

What areas have been revalued?

So far revaluation has been completed in Dublin City Council, Fingal, Dun Laoghaire-Rathdown, South Dublin, Limerick city and county, and Waterford city and county rating authority areas.

The next stage of the programme takes in Carlow, Kildare, Kilkenny, Leitrim, Longford, Offaly, Roscommon, Sligo, and Westmeath county councils. Also, South Dublin is undergoing a second revaluation.

How is it assessed?

A number of valuation methods are used by the Valuation Office to assess a property's net annual value. However, the most common method is direct comparison with annual rental values of similar properties in the area.

Other classes of properties such as pubs, hotels and service stations are valued by using trading data for the property.

What if the business owner disagrees with the valuation?

Business owners can make representations within 40 days from the date of issue of the proposed valuation certificate. Following consideration of the representations, the Valuation Office will send a final valuation certificate. This will be the basis for the commercial rates charged. There is a right of appeal to the Valuation Tribunal, an independent body. While a Valuation Tribunal decision is final in relation to the valuation amount, there is a further right of appeal to the High Court on a point of law.

How are rates assessed?

The valuation of a property is based on its annual rental value at the date of valuation. This is then multiplied by the annual rate on valuation (ARV) to give the amount of commercial rates payable each year. The ARV is set every year by local authorities.

Will the local authority get more in rates from the revaluation?

No. The Valuation Office says the purpose of revaluation is to redistribute the commercial rates liability more fairly between ratepayers rather than to increase the total amount of commercial rates collected by a local authority.

Under the Valuation Act 2001, as amended by the Valuation (Amendment) Act 2015, the commercial rates income of the local authority is capped in the year following a revaluation. Any increase is limited to the rate of inflation.

Rural business owners to protest commercial rate rises

Some businesses are facing a fourfold increase in their tariffs after new valuations

Hundreds of rural business owners are expected to make representations at Valuation Office clinics across three Midland counties on Monday amid fears of a sharp increase in commercial rates.

Valuation Office staff will be on hand at local authority offices in Roscommon, Westmeath and Longford where the recent issuing of commercial valuation certificates has prompted protest meetings.

Similar walk-in clinics are to be in operation in Leitrim next week.

Efforts to update commercial valuations in rural Ireland have caused anger and anxiety among many business owners.

On January 12th, the Valuations Office – the State's property valuation agency – issued 6,300 valuation certs to businesses in Longford, Roscommon and Westmeath. A further 1,100 certs were issued in Co Leitrim on January 19th.

The proposed valuations are used to calculate commercial rates for 2018 using a multiple set by each local authority.

Although businesses are being invited to make representations and an appeal system is in place, this first attempt to revaluate commercial properties in 150 years is being viewed by some as an attack on rural business.

Longford-Westmeath Labour TD Willie Penrose said “three or fourfold increases” were common.

He raised the issue in the Dáil, and attended a meeting for businesses in Mullingar, Co Westmeath, last Monday.

Mr Penrose said if the Government was serious about protecting and encouraging businesses in rural Ireland it should look at the possibility of not imposing rates for three or four years.

Derek Scanlon, president of the Longford Chamber of Commerce, which also held a meeting on the issue with local businesses last Monday, said it did a survey of members “and 44 per cent were facing an increase”.

He said in one business owner’s case the proposed valuation meant an increase in annual rates from €30,000 to €60,000 a year, the equivalent of a job or potentially keeping the business open.