



IRELAND - January 2017

PROPERTY TAX NETS €463M BUT HOMES UNDERVALUED..... 1

Property tax nets €463m but homes undervalued

Most homeowners are still valuing their homes differently to Revenue when it comes to assessing their liability for property tax.

Now Revenue has warned people could be asked to justify the difference and make up any shortfall.

Some 58% of the 1.68m properties subject to the tax, more than 974,000 homes, are self-assessed to differently to Revenue, with 41% or 688,800 of them undervalued according to Revenue estimates.

Those assessments and estimates were made in 2013 and apply until November 2019 but, so far, only 11,000 properties have had their valuations increased by a combination of revised self-assessment and intervention by Revenue. A spokesperson pointed out many of the differences fell within one valuation band and so were either assessed as either €50,000 lower or higher than the Revenue estimate.

“It is worth noting that 28% of property owners self-assessed to one band lower, and 8% to one band higher, bringing the total self-assessed local property tax valuation at, or within, one band change from the Revenue estimate to 78%.

“Revenue did not carry out house-to-house assessments but rather estimates for areas so it’s not unreasonable that there would be legitimate differences between a self-assessed figure and an estimate,” said the spokesperson.

However, 13% of property owners, 218,400, valued their home lower by two or more valuation bands and the spokesperson said they should remain prepared to show documentary proof of how they came to that assessment. “We have an ongoing compliance programme and we will be getting around to this.”

Latest figures show homeowners paid €463m in property tax in the last 12 months and while €70m of that was overdue for 2015 and earlier years, another €50m was pre-payments by owners keen to get ahead of the deadline for 2017.

However, not all were willing payers. It took 300,000 reminder letters and the refusal of 20,300 tax clearance requests to get the message to those who were more reluctant to pay up.

A further 80,000 property owners were subject to mandatory deductions from their salary or pension.

Where payment was still not forthcoming, 864 outstanding bills were referred to the sheriff and 40 cases to the Revenue’s external solicitors for collection.

The result is compliance was very strong at 97% nationally with only small regional variations. Property owners in Laois and South Dublin county council areas were the most compliant, with 99.8% paying up, while Donegal had the lowest rate, at 92.6%.

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There were 47,000 claims for exemptions from the tax, the biggest group being first-time buyers, 11,800 of whom were exempted by law but there were also claims on behalf of 7,000 unsold homes held by builders and developers and 5,300 other new homes bought but unused.

A total of 48,000 property owners sought to defer payment of the tax, 46,200 of them because they were below set income thresholds.

The countdown to the next payment date is underway with payment due by next Wednesday for those who want to pay in a single transaction by credit card, debit card or cheque. Those who want to authorise a single debit from their bank account also need to notify Revenue of the details by next Wednesday although the money will not be debited until March.

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