



IRELAND – July 2017

GOVERNMENT MAY RAISE PROPERTY TAX ON VACANT HOMES 1

Government may raise property tax on vacant homes

Property tax could be doubled on vacant properties in areas of high demand

The Government is considering introducing steep rises in property tax on vacant properties and using the proceeds to help cut income tax or build more homes.

Property tax could be as much as doubled for owners of vacant homes situated in areas of the country where there are high demands for housing.

Sources said the move was one of a number of options Taoiseach Leo Varadkar was considering to increase the amount of money he has to spend in the October budget.

Mr Varadkar last week said he would cut income tax even if he has to raise other taxes to pay for it.

The prospect of increasing property tax in so-called “rent pressure zones” is set to be examined by Minister for Finance Paschal Donohoe and Minister for Housing Eoghan Murphy.

The rent pressure zones are areas in which rents are permitted to rise by only 4 per cent annually and which are experiencing housing shortages generally.

All of Dublin, Cork city and some of its suburbs, areas of Galway city and parts of commuter counties around Dublin, such as Meath, Wicklow and Kildare, have been classified as rent pressure zones.

There are 189,000 vacant properties across the country but Mr Murphy has said about 90,000 of these are situated in in-demand areas.

Policy stance

He is due to publish a strategy on vacant homes in the coming weeks and has said he wants to pursue an aggressive policy stance on the issue.

The idea of doubling the property tax on vacant homes in rent pressure zones had been previously floated by Fine Gael Louth TD Fergus O’Dowd.

Senior Government sources said “something along those lines” could be introduced in the October budget.

Such a move could also raise a “handy bit of revenue” that could be diverted to the cohort of the electorate Mr Varadkar says he wants to help.

One source described these voters as “early risers who work hard, pay too much tax and can’t afford a home”.

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The revenue could then be diverted towards moves to reduce income tax or help build more homes.

The total yield for the exchequer from property tax in 2016 was €463 million.

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