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Property Tax and Assessment News from Around the World

IRELAND – March 2017

Rate values due next week

Thousands of rate payers all over Sligo will receive their new rate revaluation certs next Monday.

That's according to the Head of Valuation Services on Rates Revaluation with the Valuation Office, Declan Lavelle.

Mr Lavelle gave a presentation to Sligo County Council at this month's Council meeting.

Properties all over Sligo have been undergoing rates revaluations since October 2015 to bring their Rateable Values back into line with current property rental values.

They haven't been updated since 1988.

Mr Lavelle said the process was not to increase the annual rates income, but rather redistribute it i.e. if one property comes down in value, another property will go up in value.

"For every increase in rates somewhere, there's a reduction in rates elsewhere," he told members.

The process will be repeated every 5-10 years from now on.

People will have 40 days to appeal their new valuation - by April 24th.

"There's plenty of room on these documents to say what they think so let us know," said Mr Lavelle.

Cllr Michael Clarke said: "A large amount of businesses who closed will cite rates as one of the reasons for them going out of business."

Mr Lavelle said that was reflected in the system, whereby if you have a lot of vacant properties you have a drop in rates valuation.

But he also argued that a drop in rates liability "can rejuvenate an area."

He said rural shops and Post Offices were closing everywhere. "Service stations for certain communities have become an economic focal point. The market and world is changing and we have to reflect that," he said.

Newly co-opted Cllr Chris MacManus asked if charities who rent properties would be exempted.

Mr Lavelle said a property occupied by a charity and used for charitable services is exempt. But said that "Retail is not a charitable service, though its proceeds might be used for charity."

"I'm not looking forward to March 20th," said Cllr Joe Queenan. "It will mean more money out of my pocket."

Cllr Paul Taylor asked if creches would be exempt and was told "No, if it's there for the purpose of making a profit it's ratable, even if it's making a loss."

"In your opinion is that right?" said Cllr Taylor. "We only implement policy," said Mr Lavelle.

Major revamp of country's commercial rate system to reclaim main streets from takeaways

Towns and cities will soon have bespoke taxes tailored to certain businesses, in a bid to revitalise the main street and prevent one type of shop from taking over.

Local Government Minister Simon Coveney is preparing for a major revamp of the country's archaic commercial rates system.

For the first time, local authorities will be given powers to slash rates for businesses under the bill being brought to Cabinet.

The powers being introduced by Mr Coveney will also see the introduction of different rate levels depending on the "business function".

This is to ensure there is not an over-abundance of similar outlets such as takeaways and fast-food restaurants in one area, sources say.

Many smaller communities have bemoaned the fact that their once vibrant main streets are being taken over by just one type of business.

The new legislation plans to streamline the rates system, encourage certain types of businesses into an area and make it easier for their owners to keep up with payments.

The most significant element of the plan is the introduction of a rates "alleviation scheme" which will give councillors the powers to reduce bills for businesses. It means thousands of businesses can hope for significantly reduced bills.

"I want a system that creates a level playing field to support commercial rates payers throughout the country, whether they are small start-ups, SMEs or large multinationals," Mr Coveney told the Irish Independent.

In another major change, there will be a removal of the requirement on ratepayers to pay their annual bills in two instalments.

This has been blamed for crippling small businesses, particularly in rural Ireland. Instead, businesses will now be able to spread out their costs throughout the year as part of the plan seen by the Irish Independent.

Commercial rates are paid by the occupiers of commercial premises and are central to the funding of local authorities, accounting for almost €1.5bn of their income each year.

However, the legislation governing the levying of commercial rates dates back to the early 1800s.

Various amendments to the law since then have resulted in a situation where there are over 20 pieces of legislation relating to commercial rates, according to Mr Coveney's department.

The Cork South Central TD says the bill will consolidate the various pieces of legislation to make the rates system more straightforward for businesses and local authorities.

It will also be seen as a major play for business support as Mr Coveney positions himself ahead of a likely Fine Gael leadership tilt, once Taoiseach Enda Kenny steps down.

As part of the overhaul, there will also be improved powers for local authorities to collect rates that are outstanding.

For 2015, the most recent year when audited financial data is available, local authorities collected 82pc of rates levied.

"A modernised rates framework is good news for all users of local authority services and offers a real opportunity for local authorities to improve the quality of those services," Mr Coveney said.

"Local authorities are key enablers of local economic development and I intend to give councillors further new powers to look at options such as rates alleviation to support specific economic activities or particular areas, taking account of their own local circumstances."

Notice of Indicative ARV for calculation of 2018 Commercial Rates

Indicative ARV for County Kildare for 2018 is 0.24

The Valuation Office is conducting a revaluation of all commercial properties throughout County Kildare to come into effect for the year 2018 as part of its ongoing programme to revalue all such properties within the State. The revaluation of all commercial and industrial properties in the Kildare County Council rating authority area has now reached the Proposed Valuation Certificate issue stage.

On 10th March 2017 Proposed Valuation Certificates were issued to ratepayers in Kildare. This Certificate states the "Proposed Valuation" (Net Annual Value) for each property.

The Proposed Valuation (Net Annual Value) of the property is multiplied by the “Annual Rate on Valuation” (ARV) to calculate the indicative amount of commercial rates payable for 2018. Ratepayers in County Kildare can calculate their estimated rates liability for 2018 by using the indicative ARV set out above.

The ARV is determined by the Kildare County Council as part of the budgetary process each year.

THE INDICATIVE ARV FOR COUNTY KILDARE FOR 2018 IS 0.24

To calculate the indicative commercial rates liability for 2018 please multiply the “Proposed Valuation” (Net Annual Value), as advised by the Valuation Office, by 0.24.

(Example 1) - Peter O Brien (fictional business) - Proposed Valuation as advised = €15,790

Estimated Rates Liability for 2018 = €15,790 * 0.24 = €3,789.60

(Example 2) - Mary Murphy (fictional business) - Proposed Valuation as advised = €25,000

Estimated Rates Liability for 2018 = €25,000 * 0.24 = €6,000

Ratepayers who are satisfied with their proposed valuation do not have to respond to the Valuation Office.

Ratepayers who are dissatisfied with any material aspect of the Proposed Valuation Certificate may make representations to the valuation manager up to and including 18th April 2017. Final Valuation Certificates will be issued in September 2017 and will take effect from January 2018.

A tax on empty homes would fund renovations

Vexed by empty homes, Peter McVerry Trust, the homeless and housing charity, has conducted some research to test the appetite for a vacant-property tax in Ireland.

The charity enlisted Ireland Thinks, a research firm, to survey 1,200 people from February 27 to March 3, and the results were released last week before Ireland's first empty homes conference. Six in 10 people said they were in favour of a tax.

What would an empty homes tax look like? The Peter McVerry Trust isn't all hot air and no substance. It has researched this and looked at international models for taxing empty homes.

The trust cites the Vancouver empty tax, which is set at 1% of the property's value. The UK bases its model on council tax rates. In Scotland, if a house is empty, the owners may have to pay double the council tax.

The McVerry Trust suggests using local property tax bands as a starting point for a 100% levy on empty homes. The trust estimates this could raise almost €18m per year and, if the money were ring-fenced, renovate more than 440 homes annually.

Were the Irish government to go with the Vancouver model, it would generate almost €54m annually, in Dublin alone, according to the charity's figures. That's based on the assumption that 18,000 houses would be vacant for one year or more, with an average property price of €299,000. That money could renovate up to 2,690 empty properties each year, according to the trust.

If you're sitting on an empty house worth €299,000, you would be liable for a flat tax of €2,990 a year. Of course, for all this to work, a wide net would have to be cast over the various culprits who leave properties vacant. Vulture funds may not blink at that charge for one house, but if they have scores lying vacant then it could have an impact. Local authorities and Nama should also come under the remit of the scheme. For warring families fighting over their inheritance, a tax such as this one could be the jolt they need to solve their disputes

Valuation Office posting Proposed Valuation Certificates to commercial and industrial ratepayers in Offaly

Valuation Office holding 'Walk-In Clinics' in Offaly this month

The Valuation Office, the State property valuation agency, today commenced the process of posting approximately 2,400 Proposed Valuation Certificates to commercial and industrial ratepayers in the Offaly rating authority area.

The proposed valuation of each rateable property in Offaly has been arrived at by reference to relevant local market information and trading data at the specified valuation date of October 30, 2015, collected and analysed by the Valuation Office.

This is an important milestone in the revaluation of all non-domestic property in Ireland which is currently underway through a programme known as the National Revaluation Programme.

Provision for a revaluation of all non-domestic property in Ireland was made under the Valuation Act of 2001 as amended by the Valuation (Amendment) Act 2015. Neither residential property nor agricultural lands are rateable and consequently will not be affected by the revaluation.

The Proposed Valuation Certificates posted to Offaly ratepayers will state the valuation that the Valuation Office proposes entering for each property when the new Offaly valuation list is published on September 15, 2017.

The valuations will be used to calculate the rates charged by Offaly County council in 2018 and subsequent years. It is important to note that the proposed valuation entered on the Proposed Valuation Certificate is not a bill for rates but is a statement of the proposed valuation on which rates will be paid from January 1, 2018.

If a ratepayer accepts that the valuation set out in the Proposed Valuation Certificate is correct, they do not need to respond to the Valuation Office. If a ratepayer is dissatisfied with his or her proposed valuation or any of the details contained in the

Proposed Valuation Certificate he or she should make “representations” to the Valuation Office within 40 days of the date of issue of the said Certificate.

The closing date for making representations for Offaly ratepayers will be April 11, 2017. If making representations, an occupier must provide clear reasons and supporting evidence to justify any proposed changes, including an alternative valuation.

The Valuation Office will have a number of ‘Walk-In Clinics’ across Offaly on the following dates:

- Wednesday & Thursday March 15 & 16: 9.30am – 4.30pm: Tullamore: Offaly County Council, Áras an Chontae, Charleville Road, Tullamore,
- Wednesday & Thursday March 15 & 16: 9.30am – 4.30pm: Birr: Offaly County Council, Birr Municipal District Office, Wilmer Road, Birr, Co Offaly
- Tuesday & Wednesday March 21 & 22: 9.30am – 4.30pm: Edenderry: Offaly County Council, Edenderry Municipal District Office, Town Hall, O’Connell Square, Edenderry,

These clinics will provide ratepayers with an opportunity to discuss their valuation on a one to one basis with Valuation Office valuers who have been working on the Offaly revaluation project.

When all the representations made by ratepayers have been considered, the Valuation Office will issue Final Valuation Certificates in early September 2017 and publish a new valuation list for Offaly County council on September 15.

These final valuations will then be used by the Offaly County Council to calculate their respective rates charges for the 2018 rates year and subsequent years. The valuation is a key element in establishing the rates liability but is not the amount of rates actually payable. While the Valuation Office determines the valuation, each local authority determines levies and collects the actual rates payable.

Ratepayers who are dissatisfied with their final valuation will have the right to appeal their valuation to the Valuation Tribunal, an independent body set up for that purpose.

Rates system needs reviewing in Louth

A review of the rates valuation system is needed to help local businesses which are about to face increased difficulties because of Brexit, Cllr Emma Coffey argued at the monthly meeting of Louth County Council.

She called on the council to contact the relevant Government Minister and request a review of the legislation so that the state valuation system would take into account the ability to pay the rates on business profits and cash flow, as well as incorporating a self-assessment aspect. She had also called for a rates reduction on a sliding scale to be given to new SME businesses and start ups as well as a reduction of rates to all SMEs/family businesses who were able to prove that they had traded at loss levels during the recession.

She feared that if such a review wasn't carried out it would have a hugely detrimental impact on businesses now that it was apparent that there was going to be a hard Border of some sort between north and south.

There were, she continued, 15 different pieces of legislation governing commercial rates and the system was outdated, with no uniform approach throughout the country.

During the crash, people didn't have the ability to pay, and those who survived those hard times should be given an acknowledgement by way of a reduction for the loss of trading.

'Small businesses are the life blood of towns,' noted Cllr Tommy Byrne. He complained that the local authority was still charging Celtic Tiger rates.

Cllr Mark Dearey favoured the introduction of a single site tax which would take into account the public services such as lighting, bus routes etc.

He said that town centre traders were affected by decisions taken in the council chamber which has allowed zoning to spread away from the town centre.

Brixit was very worrying for businesses in the county, declared Cllr Frank Godfrey, as small businesses are already suffering with a lot of empty shops.

Cllr Tomas Sharkey said he would like to hear the advice of their director of finance Bernadette Woods as to what impact the proposal would have on the council's balance sheet and how it would affect their 2018 accounts.

He took the view that commercial rates were just one of the overheads of business, like heating, light and rent.

Chief Executive Ms Joan Martin pointed out that the commercial rates were one of the few sources of income which the council had any control over and was fundamental to their ability to provide services.

She told councillors that income from rates had already been spent and stated that the council was having a considerable level of success in collecting outstanding rates.

While there were those who fell in the 'can't pay' category,w there were a lot of 'won't pays', which meant that Louth was languishing at the very bottom of the league when it come for the collection of rates.
Businesses paid for other services such as lighting and other government bills but unlike Revenue, the council doesn't have the same powers of enforcement.

Cllr Dearey proposed an amendment that the proposals to give reductions be removed and this was passed.

Drogheda Independent