



## IRELAND – May 2017

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<b>CONFUSION AND SERIOUS CONCERNS OVER COMMERCIAL RATES REVALUATION IN KILKENNY.....</b>	<b>1</b>
<b>UPDATE ON THE VACANT SITES REGISTER .....</b>	<b>2</b>
<b>RATES REVALUATION 2017 .....</b>	<b>3</b>
<b>BUSINESS GROUPS CALL FOR SHAKE-UP OF COMMERCIAL RATES .....</b>	<b>4</b>

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### **Confusion and serious concerns over Commercial Rates revaluation in Kilkenny**

LOCAL councillors have called for further clarity on the the ongoing Commercial Rates revaluation process, which they say has left a lot of ratepayers worried and confused.

At this week’s meeting of Kilkenny County Council, elected members said they had been getting calls on the matter from people who believed their Rates were in line for a substantial increase. One councillor, Fine Gael’s Johnny Brennan, said he had been ‘savaged’ in the local post office over the matter, and there was a lot of confusion out there.

The Valuation Office is conducting a revaluation of all commercial properties throughout County Kilkenny, to come into effect for the year 2018. This process has now reached the Proposed Valuation Certificate issue stage, and on May 11, proposed valuation certificates were issued to most ratepayers in Kilkenny. The balance is scheduled to issue on May 25. This Certificate states the ‘Proposed Valuation’ (Net Annual Value) for each property.

However, the letters have met with a mixture of concern over apparent large increases for some businesses. There is also some confusion over how the figures are being worked out.

The issue was initially raised by Cllr David Kennedy, who said he had received a number of calls from concerned ratepayers who believed they were in line for serious increases. Cllr Andrew McGuinness said he had also received a number of phone calls on the matter.

In some cases, there appears to be a lack of clarity or misunderstanding over the letters which have been issued. In other cases, however, several businesses say they are looking at increases that are simply unaffordable.

The council’s head of finance Martin Prendiville said he had a full team on board to deal with the issue.

Ratepayers who are dissatisfied with any material aspect of the Proposed Valuation Certificate may make representations to the valuation manager within a period of 40 days from the date of issue of the Certificate. In the case of those issued on May 11, this is up to and including June 19. Final Valuation Certificates will be issued in September 2017 and will take effect from January 2018.

A series of ‘walk-in’ clinics on the matter have now been organised over the coming days to assist people. Valuation office staff will be present to answer queries relating to the recent issue of Proposed Valuation Certificates for Reval 2017. They will explain the revaluation process and offer guidance on making representations. No appointment is necessary.

### **International Property Tax Institute**

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

## Update on the Vacant Sites Register

### The Urban Regeneration and Housing Act 2015 - Another Property Charge?

Do you own a vacant property? Is it in an area in need of housing? If so you may be subject to a charge of 3% of the market value of your property very soon.

Dublin City Council is in the process of compiling its Register and will be issuing notifications to property owners in the first quarter of 2017.

#### Your property may be affected if:

- The site is in excess of 0.05 hectares. This is likely to apply to most land/property owners.
- The land is zoned for residential or regeneration purposes. Commercial, recreational, agricultural or industrial use will not be affected.

If your property is over 0.05 hectares and in an area zoned for residential or regeneration purposes there is a further test to determine whether the charge will be applied.

**Residential Land** The site must be situated in an area in *need of housing, be suitable* for the provision of housing and the whole or the majority of the site must be **vacant or idle**.

**Regeneration Land** The site, or the majority of the site, must be vacant or idle. The vacant site has an adverse effect on existing amenities or reduces the amenity provided by existing public infrastructure and facilities.

**The Act's aim is to reduce the number of properties lying dormant in areas in need of housing and the Local Authorities have been given wide powers to determine whether or not a property is to be included.**

Other considerations:

- Housing strategy for the area
- House prices and rent in the area
- The number of households qualified for social housing in the area
- Whether the number of habitable houses available for purchase or rent is less than than 5% of the total number of houses in the area
- Whether the site is served by the public infrastructure and facilities to enable housing to be provided
- Whether the site being vacant or idle has adverse effects on the character of the area.

### The Register

The Act requires that the Register be a publicly available document and is currently available on the websites of Local Authorities.

- It must contain the name and address of the property owner and the market value of the property.
- A map of the property must also be included.

### What happens next?

If your property is to appear on the Register, the relevant local authority must provide notification of intention to include it before 1 June 2018.

Once notification is received, the property owner may appeal the decision to the Local Authority.

If the appeal is unsuccessful, the property owner has a further right of appeal to An Bord Pleanála.

### The Damage

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A 3% levy of the market value is payable in arrears and the charge for 2018 will be payable in January 2019. The market value is to be determined and reviewed at least every 3 years.

The Planning Authority is entitled to inspect the property and report on its value at such reasonable times as the Planning Authority considers necessary. If access is denied, a valuation will be estimated by a suitably qualified person authorised by the Planning Authority.

An appeal of the market value of the property can be made to the Valuation Tribunal with a right of appeal to the High Court on a point of law. Once a demand for payment is received, the site owner may appeal this to An Bord Pleanála and an appeal will be considered where the site is no longer vacant in the relevant year or the amount of the levy is incorrectly calculated.

A vacant site may be deemed to have zero market value where no market exists for the site or the site is situated on contaminated lands and the estimated costs of remedial works necessary in order to use or develop the site exceeds the market value of the site itself.

It should be noted that where the property in question is subject to a loan, the amount of the levy can be reduced. Where the loan is greater than the market value of the property, the amount of the levy is 0%.

An unpaid vacant site levy will remain as a charge on the land concerned. This will have implications on the sale of a property which has been subject to the levy. The levy will have to be discharged prior to sale and a certificate of discharge will be required to be provided to the purchaser.

### Rates Revaluation 2017

Notice of Indicative ARV for calculation of 2018 Commercial Rates

Indicative ARV for County Kilkenny for 2018 is 0.21

The Valuation Office is conducting a revaluation of all commercial properties throughout County Kilkenny 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 Kilkenny County Council rating authority area has now reached the Proposed Valuation Certificate issue stage.

On 11th May 2017 Proposed Valuation Certificates were issued to most ratepayers in Kilkenny. The balance is scheduled to issue on 25<sup>th</sup> May. 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 Kilkenny can calculate their estimated rates liability for 2018 by using the indicative ARV set out above.

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

The Indicative ARV for County Kilkenny for 2018 is 0.21

To calculate the indicative commercial rates liability for 2018 please multiply the "Proposed Valuation" (Net Annual Value), as advised by the Valuation Office, by 0.21

#### Example 1

Peter O'Brien (fictional business) - Proposed Valuation as advised = €15,800

Estimated Rates Liability for 2018 = €15,800 \* 0.21 = €3,318

#### Example 2

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

Estimated Rates Liability for 2018 = €25,000 \* 0.21 = €5,250

Alternatively an estimate of your rates liability for 2018 can be computed using the [calculator](#) at the [bottom of this page](#) and inputting the valuation set out in the Proposed Valuation Certificate to calculate next year's indicative rate and also by inputting your rate bill for 2017 you will be able to calculate any difference in amounts payable.

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**It should be noted that the Annual Rate on Valuation is indicative only. It is based on the total value of proposed valuations for Kilkenny as calculated and advised by the Valuation Office and may be subject to change, at the conclusion of the revaluation process and at the Council's budget meeting for 2018 scheduled for November this year**

#### Making Representations

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 within a period of **40 days** from the date of issue of the Certificate. In the case of those issued on 11<sup>th</sup> May, this is up to and including **19<sup>th</sup> June 2017**. Final Valuation Certificates will be issued in September 2017 and will take effect from January 2018.

The Valuation Office website, [www.valoff.ie](http://www.valoff.ie), sets out detailed information about the revaluation and the representations process. The Valuation Office also has a dedicated Customer Support Team to deal with revaluation queries who can be contacted by Email to [ckReval2017@valoff.ie](mailto:ckReval2017@valoff.ie) or by phone at **01 8171199** between 9:30am and 5:30pm from Monday to Friday, excluding public holidays.

It is important to have your Property Number and Pin Number, provided on the Proposed Valuation Certificate, available for all online queries.

#### Walk-in Clinics

Valuation office staff will be present to answer queries relating to the recent issue of Proposed Valuation Certificates for Reval 2017. They will explain the revaluation process and offer guidance on making representations. No appointment is necessary.

#### ***Details of dates, locations and times as follows;***

*Monday 22nd May and Tuesday 23rd May.*

Springhill Court Hotel, Waterford Road, Kilkenny

9.30am-4.30pm

*Wednesday 24th May.*

Kilkenny County Council Area Office, Ferrybank Shopping Centre, Ferrybank.

9.30am-4.30pm

*Tuesday 30th May.*

Butler House, Patrick Street, Kilkenny

9.30am-4.30pm

*Thursday 1st June.*

Kilkenny County Council Area Office, Kilkenny Street, Castlecomer.

9.30am-4.30pm

#### *Download Related documents*

[Carlow Kilkenny Explanatory Guide.pdf \(size 214.3 KB\)](#)

[Carlow Kilkenny FAQs.pdf \(size 124.2 KB\)](#)

[Valuation Order Kilkenny County Council.pdf \(size 865.4 KB\)](#)

[Kilkenny Revaluation Information Form Sample.pdf \(size 341.6 KB\)](#)

[Kilkenny PVC Specimen Shop.pdf \(size 427.9 KB\)](#)

#### **Business groups call for shake-up of commercial rates**

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Commercial rates are based on an outdated system of “clauses, clichés, and constraints” that need reform, according to the boss of Cork Business Association.

Chief executive Lawrence Owens was responding to a survey of more than 1,600 businesses across the country by the Irish Small and Medium Enterprises Association (Isme), which found that three out of five small firms expect huge increases in commercial rates when they are next assessed.

According to the results of the survey, more than half will appeal against an increase in rates. Ulster businesses pay the most, averaging just over €20,000, while businesses in Leinster, excluding Dublin, pay just under €8,900. Dublin City businesses in isolation pay almost €10,500 and businesses in Munster pay €10,200, while businesses in Connacht pay €13,300 on average.

Isme chief executive Neil McDonnell said rates “disproportionately affect small and medium enterprises as, unlike other taxes, they must be paid whether the business is profitable or not”.

He said Isme is calling for a fundamental rethink in how commercial rates are charged.

Mr Owens echoed Mr McDonnell’s call, claiming the current system is rooted in anachronistic principles from the 1800s.

“Retail worldwide especially is in a phase of change,” said Mr Owens. “In Cork, most SMEs are family-owned and want to continue into the future. But rates are probably the second-highest cost after wages. We would like to see more power and flexibility given to the local authority when it comes to rates. A little empathy and common sense goes a long way.”

Mr Owens said Cork is coming off a turbulent period when the bus strike hit trade in the city centre particularly hard.

“It couldn’t have been a worse 20 days for traders in the city centre,” he said. “If we had a little flexibility and less rigidity in the future, it would make a big difference for suffering traders. The current system is outdated and full of clauses, clichés, and constraints that simply don’t reflect business in the 21st century.

Mr Owens said Isme’s suggestion of a 50% set commercial rate and 50% calculated on profitability is worth considering.

Isme said more than two-thirds of the 1,660 respondents to the survey want to see such a system. More than half have fewer than 10 employees, while another two-fifths of businesses had fewer than 50.

Mr McDonnell said: “Commercial rates are hurting many small businesses across the country, forcing some to let staff go and, in some cases, forcing business closure. We urge those in a position of influence to address this situation. Businesses understand the need to pay local authority rates to help fund local services, but most of these now attract utility charges. Small business can’t be asked to pick up the tab just because politicians have baulked at the water charges issue.”

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