



# IRELAND – December 2017

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## **Committee seeks to reduce local property tax hikes in 2019**

Under updated house valuations, owners in Dublin face liability for 100%-plus increases

An Oireachtas committee will on Tuesday take the first steps to modify a dramatic hike in the local property tax (LPT) which is due to kick in in 2019.

The all-party budgetary oversight committee has invited the Revenue Commissioners to its meeting as it begins to review the manner in which the tax will be re-evaluated and calculated in 2019.

At present more than 1.7 million householders pay LPT based on valuations of their homes made in 2013, when the property market was at a low point.

The last government deferred revaluations of properties until 2019. However, since 2013 property prices have increased substantially, particularly in the Dublin region where they have climbed over 60 per cent since the lowest point in some areas.

Four years ago, a suburban house in Dublin valued at €240,000 was liable to LPT of €405 per annum. Many of the houses in that bracket have since doubled in value. If the house is worth €480,000 in 2019, its owner will pay €855 in that year, more than double the current rate of €405.

Outside Dublin and surrounding commuting counties, the increases in property prices have been far more modest. In Donegal, for example, values have increased by only 10-15 per cent in some areas. Likewise, there have been relatively small increases in property values in counties such as Leitrim, Roscommon, Monaghan, Cavan and Longford.

### **Compliance rate**

In 2016, Revenue collected a total of €443 million in LPT from 1.88 million properties. In all, €169 million of that was raised in the four Dublin local authorities. Revenue reported that 97 per cent of householders were in compliance with the tax.

If the re-evaluations were to go ahead without revision, it would mean the annual take from LPT in 2019 could be close to €1 billion if property prices continue to increase over the next 12 months.

When the original valuations were made in 2013, less than 10 per cent of all properties in the State were worth €300,000 or more. The rate in three of the four Dublin local authorities is twice that, according to the latest property price indexes. And in the fourth, Dún Laoghaire, almost 60 per cent of properties are now valued at over €300,000.

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At present, councils have some discretion on varying the LPT charge in their area, but there is a 15 per cent limit on how much it can be increased or reduced. The committee may also look at that limit, and assess the impact of increasing that threshold.

Minister for Finance Paschal Donohoe has said he is willing to review the proposed changes but any adjustment would be made in next year's budget ahead of the 2019 introduction.

### Two heterosexual Irish men marry to avoid inheritance tax on property

Matt Murphy, 83, intends to leave his house to his carer Michael O'Sullivan, 58, but it would have left him with a €50,000 tax bill

Two Irish men have married in Dublin to avoid paying €50,000 in inheritance tax on a house.

Best friends Matt Murphy and Michael O'Sullivan are both heterosexual, but decided to get married when they discovered how much tax would have to be paid on the house Murphy, 83, intended to leave in his will to O'Sullivan, 58, who is his carer.

Same-sex marriage was legalised in Ireland following a referendum in May 2015.

"I've known Matty for 30 years. We became very friendly after my second relationship broke up," O'Sullivan, a father of three, told the Irish Mirror.

"I have been bringing Matt out in my car to various parties and all that kind of thing. He became friends with all my friends, they all loved him."

Each man went through some tough times, with O'Sullivan becoming homeless and Murphy suffering from giant cell arteritis, which affects the optic nerve.

"I stayed over with him for a while and eventually Matt said 'Why don't you come and stay here?' I would go over and stay with him the odd time but never full time."

Murphy could not afford to pay O'Sullivan as a carer. "Eventually Matt said the only way he could pay me was to leave me the house. He said he would give me the house so I have somewhere to live when he goes."

However, O'Sullivan knew that would mean a huge tax bill and the house would have to be sold to pay it. He said Murphy "was chatting a friend down the country in Cashel, Co Tipperary, and she jokingly said we should get married.

"Then one night he turned around and said it to me and I said I would marry him."

O'Sullivan paid tribute to Ireland's LGBT community. "The equality gay and lesbian people did for this country, that they fought hard for, they were discriminated against for most of their lives, they got equality for themselves but also for everybody else."

The couple got married in a former hospital on Dublin's Grand Canal Street, followed by a meal for five at the nearby Gasworks bar.

O'Sullivan was previously married to a woman. It is Murphy's first marriage.

During the wedding ceremony O'Sullivan spoke of his husband's great kindness, the Irish Times reported, while Murphy sang Willie Nelson's Let the World Go By: "With someone like you, a pal good and true / I'd like to leave it all behind and go and find / A place that's known to God alone."

O'Sullivan said after the ceremony: "I love Matt and he loves me, as friends."

### Property tax receipts to increase by up to €3m next year

Seven local authorities opt to raise basic rates, with review of LPT regime due in 2019

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The Revenue Commissioners expect an increase in tax receipts from the local property tax (LPT) of between €2 million and €3 million next year as seven local authorities opt to up the basic rates payable on properties.

Speaking to an Oireachtas Budgetary Oversight committee, Revenue principal officer Keith Walsh said the result of the local authority increases was a “marginal” increase in LPT receipts.

Asked whether the tax could jump significantly for homeowners when it is reviewed in 2019, he pointed to research from 2015 that said 48 per cent of homeowners would not have moved bands if the tax was revised then.

However, People Before Profit TD Richard Boyd Barrett noted figures released on Tuesday from the Central Statistics Office suggesting property prices in Ireland had risen 86 per cent since the economic crash.

While Mr Walsh conceded that liabilities would increase as a result of that price rise, because of the wide-ranging nature of the LPT bands, it did not follow that every homeowner would automatically be paying more.

The review of LPT, which is due in 2019, will come against a backdrop of increasing deferrals of payments.

Mr Walsh said there were 62,000 deferrals of LPT this year, with around 95 per cent of those falling into the category of “below the income threshold”. He said that was an increase on previous years.

Asked whether the Revenue had begun to prepare for the 2019 review, Mr Walsh said such preparations would not begin until the end of next year, when Revenue will begin putting IT infrastructure in place to deal with the data collection that will be needed.

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