



IRELAND – April 2020

Contents

IRELAND	1
CORK CITY COUNCIL LOSING OUT ON MILLIONS IN COMMERCIAL RATES DUE TO COVID-19 MEASURES.....	1

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Cork City Council losing out on millions in commercial rates due to Covid-19 measures

Cork City Council has already lost out on €6 million worth of commercial rates due to the Covid-19 pandemic.

Up to the end of March this year €4.91 million was collected, which is down significantly on 2019, despite an increase in the number of businesses under the City Council’s remit.

The boundary extension which came into force midway through 2019 for most aspects of council business, came into force for rates payment from January 1, meaning Cork City Council had anticipated a significant revenue increase in 2020.

In 2019, by the end of March, €8.25 million was collected in commercial rates. This year the local authority had anticipated to collect approximately €11 million in the same timeframe. However, they have received less than half of that at just under €5 million.

Cork City Council confirmed to The Echo that the net deficit in rates collection to the end of March 2020 is approximately €6 million.

The loss in revenue for Cork City Council comes off the back of measures announced by the Government to defer rates payments from businesses, primarily in the retail, hospitality, leisure and childcare sectors.

The measures have been put in place for a three month period, and will remain in force until the end of May, meaning a significant shortfall can be expected by the local authority.

According to budget figures from Cork City Council, approximately €95 million was anticipated to be collected in rates in 2020. That figure makes up 43% of the local authority’s expected annual income.

Their projected total rates collection figure for 2020 was up approximately €26 million on 2019, due to the boundary changes that have come into force.

Councillor Terry Shannon has said that the council couldn't afford to write off the rates for businesses completely, unless a once-off grant from the Government is given. He said that the financial loss to the council would be too great.

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"What people seem to forget is that City Council is a business like everybody else, and we need income too," he said. "We have nearly 2,000 staff that need to be paid and all the services need to be paid for."

Cllr Shannon went on to say that while there have been calls for commercial rates to be written off by the council, other businesses such as utility companies aren't doing so.

"From our point of view we're happy to give a deferral because obviously this is a time when money isn't coming in, so obviously money can't go out. The issue for us will be in terms of collecting it afterwards," he said.

"When the lights come back on, we will talk to all those traders who have issues and we won't be found wanting in terms of trying to come to some sort of an arrangement with them in terms of keeping up to date."

Cork City Council have been in contact with the Department in relation to calling for financial backup for local authorities to write off rates.

"We're happy to write off rates if we can recoup that money from central Government," Mr Shannon said. "If we are successful in our lobbying of Government, then that's a happy day for everybody."

"Otherwise, that kind of a loss will mean we'll have to cut back services, and we have a wages bill as well."

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