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## TAX ISSUES

**In this bulletin dated August 2009 we set out changes and expected changes in taxes and pensions which we all need to consider and suggested action which might be appropriate.**

The issues dealt with include :

- €200 tax charge on non principal private residences
- The Commission on Taxation
- Pensions / Retirement Benefits

### **€200 Levy on Non Principal Private Residences**

Legislation has recently been passed to impose a €200 tax on Irish residential property. The main types of residential property liable for the charge are private rented property, vacant property and holiday homes. Generally, the charge applies to houses which are not used by the owner as their sole or main residence. The main exemptions are:

- principal private residence (expected to be the subject of a separate Property Tax in next Budget)
- heritage buildings
- buildings forming part of trading stock of a business
- building occupied under a shared ownership lease
- building leased to a housing authority or the HSE
- properties owned by certain charities
- properties which through judicial separation or divorce become the principal residence of the other spouse
- certain granny flats occupied by a relative rent free

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The legislation provides that the liability to pay the €200 charge is determined on the basis of ownership of the property in question on a single day each year. For 2009 the date is **31 July 2009**.

The charge must be paid within two months of the liability date (**30 September 2009**)

The liability date for 2010 is **31 March 2010** with the charge falling due on **31 May 2010**.

Late payments attract a late fee of €20 per month or part thereof.

A new website **www.nppr.ie** has been set up to answer questions and facilitate electronic payments.

*Action Required: If you have a second residential property please contact our Tax Department to discuss the effect of this legislation on you.*

## **The Commission on Taxation**

The Commission on Taxation Report is expected to be published within the next few weeks. This is the tax equivalent of “Bord Snip” and will effectively review all tax breaks, tax allowances and tax credits to advise the Government how cuts might be made.

The Report when published is expected to form the basis of Government tax strategy going forward and should provide interesting reading. The topics expected to be covered would include :-

- pensions
- business property relief for gift / inheritance tax
- retirement relief for CGT
- potential increases in capital taxes
- capital allowances
- property allowances in designated areas
- tax exemptions e.g. patents

Action could take place immediately on publication with regard to some matters and again at Budget.

*Action: We will issue a bulletin covering the Commission on Taxation when it is published. If however you are likely to be effected by changes in the relief's set out above it would be a good idea to contact our Tax Department.*

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## **Pensions / Retirement Benefits**

With the Commission on Taxation about to report and the Government looking for savings and additional taxation, it is widely expected that changes may be forthcoming with regard to tax breaks on pension funding (could be reduced from marginal rate to standard rate with additional limits on contributions).

There is also the possibility that the pension lump sum could be both reduced and/or subject to taxation.

Anybody over 50 needs to urgently review their pension position.

*Action Required: If you are aged over 50 you should contact our Tax Department to discuss your options.*

## **Irish Rented Property**

There is a legal obligation to register details of all Irish residential tenancies with The Private Residential Tenancies Board (PRTB). All relevant information including registration forms and charges can be found at The Boards website [www.prtb.ie](http://www.prtb.ie)

Landlords not registering with the PRTB leave themselves open to prosecution and potential fines.

There is also a serious tax sanction for non – registered property in that in order to receive a tax deduction for mortgage interest it is necessary under tax law that Irish rented property is registered with the PRTB.

*Action Required: Check that all Irish residential tenancies are registered with the PRTB. Contact our Tax Department to discuss any issues you may have.*

**Call Gerry Higgins or John Comerford for more details.**

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