

Budget 2012 – Stamp Duty

The Minister for Finance announced the following changes in relation to stamp duty in his Budget speech on 6 December 2011.

New Rate for Non-Residential Property

A new lower rate of 2% will apply to instruments relating to non-residential property. In conjunction with the introduction of the single rate of 2%, which will apply to the entire amount of the consideration attributable to non-residential property, the current exempt threshold of €10,000 has also been abolished.

Apportionment

In the case of a mixed use property the consideration must be apportioned, as provided for in section 45(2) or section 52(5) of the Stamp Duties Consolidation Act 1999, on a just and reasonable basis between the residential and non-residential elements of the property.

A surcharge can arise under section 16 of the Stamp Duties Consolidation Act 1999 where the apportionment is not just or reasonable.

Aggregation

As a single rate of 2% will now apply to non-residential property, aggregation is no longer relevant in determining the stamp duty liability where a transaction forms part of a larger transaction or of a series of transactions involving non-residential property. Accordingly, there is no longer a requirement for a transaction certificate to be inserted in an instrument where the consideration is wholly attributable to non-residential property. A transaction certificate is still required in an instrument where the consideration is either wholly or partly attributable to residential property.

Effective Date

The above changes apply to instruments executed on or after 7 December 2011 subject to the transitional arrangements referred to below.

Transitional Arrangements

Transitional arrangements will apply where, as a result of the new single rate, a taxpayer is disadvantaged compared to the stamp duty treatment applicable prior to 7 December 2011. The transitional arrangements will apply where an instrument is executed on or after 7 December 2011 and before 1 July 2012 solely in pursuance of a binding contract which had been entered into prior to 7 December 2011.

To avail of the benefit of the transitional arrangements, the instrument must contain the following certificate:

“It is hereby certified that this instrument was executed solely in pursuance of a binding contract entered into prior to 7 December 2011”.

Consanguinity Relief

Consanguinity relief, provided for under Schedule 1 of the Stamp Duties Consolidation Act 1999, will cease to apply to non-residential property where the instrument is executed after 31 December 2014.

Contact Details

Enquires regarding the stamp duty Budget changes should be made to:

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