

Home Renovation Incentive

Guide for Homeowners or Landlords



This Guide updates the December 2015 version

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Revenue

Cáin agus Custaim na hÉireann
Irish Tax and Customs



myAccount

myAccount is a single access point for all Revenue's secure services (except ROS) and is the quickest and easiest way to manage your tax affairs.

To access **myAccount**, you must be registered first. The registration process on **www.revenue.ie** is simple to use and once registered, a temporary password will be sent to you.

You will be able to access a range of Revenue services from **myAccount** such as:

- PAYE Services: claim credits and refunds, declare income, submit a return and add your new job or pension
- Home Renovation Incentive (HRI)
- Local Property Tax (LPT)
- Tax Clearance
- Payments
- MyEnquiries
- Receipts Tracker

The benefits of using **myAccount** include:

- Quick, convenient, easy and secure service.
- 24 hour, 365 days access.
- Single password for all online services.
- Instant retrieval of forgotten passwords (in most cases).
- Accessible using multiple devices (desktop computer, smartphone, tablet, etc.).
- Updating of profile details, including change of address.

For more information visit **www.revenue.ie/myAccount**.

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1. What is the Home Renovation Incentive (HRI)?

The Home Renovation Incentive (HRI) provides tax relief for you by way of an income tax credit at **13.5% of qualifying expenditure** on:

- repair,
- renovation, or
- improvement works.

These works **must** be carried out on your main home or rental property by HRI qualifying Contractors.

The amount of your HRI tax credit depends on the amount you spend on qualifying works. You need to spend over €4,405 (before VAT) on the property to qualify for the HRI tax credit. This €4,405 (before VAT) can be the total from any number of jobs on the property, carried out and paid for from 25 October 2013 to 31 December 2018 for Homeowners and from 15 October 2014 to 31 December 2018 for Landlords. You can spend as much as you like on the property but you can only claim the HRI tax credit on amounts up to €30,000 (before VAT) (see section 9).

If there are no grants or insurance claims, the lowest HRI tax credit amount is €595 per property (€4,405 at 13.5%) and the highest HRI tax credit is €4,050 per property (€30,000 at 13.5%) (see section 14).

For example, if you paid €3,800 (before VAT) to a HRI qualifying electrician for rewiring your home or rental property and €800 (before VAT) to a HRI qualifying painter for painting work on your home or rental property, your HRI tax credit is $€4,600 \times 13.5\% = €621$.

2015 will be the first year for HRI tax credits for Homeowners. 2016 will be the first year for Landlords. Your HRI tax credit will be included in your tax credits over two years, starting the year after the work is carried out and paid for. If you are on PAYE, the HRI tax credit will be spread evenly throughout the two years (see sections 15 and 16).

2. How does HRI work?

The HRI is intended as a support for Homeowners or Landlords who engage tax compliant Contractors to carry out qualifying work (see section 4 and 6). To achieve this objective, a number of checks have been built in. You need to satisfy yourself that your Contractor is tax compliant and that he or she will tell Revenue online about the work and payments. Revenue also needs to be sure that the work was done and payments were made before giving you the HRI tax credit.

The scheme operates through Revenue HRI online which you'll find via [myaccount](#) on www.revenue.ie or on Revenue's Online Service (ROS) if you are registered for ROS.

Before work starts -

- Tell the Contractor that you will be applying for a tax credit under the HRI scheme for the work done.
- Ask the Contractor to confirm to you that he or she is participating in the scheme and will enter the details of the work on HRI online.
- Give your Contractor your Property ID - NOT your PPSN or Local Property Tax PIN as these are important personal information.
- Tell the Contractor if it's a rental property. If the work involves the conversion of the property to rental units, tell the Contractor the post conversion number of rental units.

- Your Contractor will enter the work details to HRI online.
- You should access HRI online to check that the work details have been entered.

After work starts -

- Your Contractor will enter payment details to HRI online.
- You should access HRI online again to check that the payment details have been entered (a sample of the HRI online look up screen is at Appendix 1 on page 16).

The year after the work is carried out and paid for -

- You should access HRI online to claim your HRI tax credit.

Your Local Property Tax and Household Charge must be up to date at the time of the claim.

Important advice

You won't qualify for the HRI tax credit if your Contractor is not a HRI qualifying Contractor (see section 13). You won't be able to claim the HRI tax credit if your Contractor hasn't entered the works and payments details to HRI online.

While tax compliant Contractors will have no problem with entering details to HRI online, you are in control of the process. If you are being fobbed off and told by the Contractor that he or she will enter the details to HRI online when the job is done, you should choose a different Contractor (see sections 10, 12 and 13).

Before any work starts and before you pay over any money, you should check that the work details have been entered to HRI online by the Contractor.

If you don't see the work details on HRI online, don't engage the Contractor.

If you have any doubt that your Contractor will not enter the payment details to HRI online, you may wish to consider holding some portion of the payment until you see the portion paid on HRI online. This is a matter between yourself and your Contractor.

3. What's 'qualifying expenditure'?

'Qualifying expenditure' means:

you must be paying for

- the type of **works** (see section 4)
- on the type of **property** (see section 6)

and you must be paying

- the type of **Contractor** (see section 13)

covered by the HRI.

For example:

If you paid €500 (before VAT) to a HRI qualifying plumber for repairs to the central heating system in your home or rental property, this is qualifying expenditure. Your total qualifying expenditure must be over €4,405 on the property (before VAT) to claim the HRI tax relief (see section 9).

4. What type of works qualify?

Examples of repair, renovation or improvement works that qualify under the Incentive include:

| | |
|-------------------------|-----------------------------------|
| Painting and decorating | Plastering |
| Rewiring | Plumbing |
| Tiling | Bathroom upgrades |
| Fitted kitchens | Window replacement |
| Extensions | Attic conversions |
| Garages | Driveways |
| Landscaping | Septic tank repair or replacement |

The VAT rate on works carried out must be 13.5%. **If you are unsure if your repair, renovation or improvement works qualify, contact your local Revenue office.**

5. What type of works don't qualify?

Carpets, furniture, white goods (such as fridges, dishwashers) and services (such as architects' fees) with a VAT rate of 23% don't qualify. Materials you buy yourself such as paint, tiles and so on, will not be included when working out the qualifying expenditure.

6. What type of property qualifies?

A qualifying property is:

- your main home, which you must own and live in, or
- a second hand home, which **you have bought and will live in as your main home after** the works have been carried out.

- your rental property which must be, or will be within 6 months of the completion of the works, occupied by a tenant and registered with the Private Residential Tenancies Board.

7. What type of property doesn't qualify?

You can't get the HRI tax relief on:

- holiday homes
- new builds
- a refurbishment or reconstruction of an uninhabitable house.

8. When do the works have to be carried out?

Qualifying works must be carried out **and** paid for **on or after 25 October 2013 and up to 31 December 2018 for Homeowners and on or after 15 October 2014 and up to 31 December 2018 for Landlords**. The works can be carried out as one job or on a phased basis. The works can be carried out by one or more Contractors. **Each Contractor** must qualify for the HRI and must enter details to HRI online (see sections 11, 12 and 13).

Where planning permission is required and is in place by 31 December 2018, works carried out and paid for up to 31 March 2019 will qualify.

9. How much qualifies for the HRI tax credit?

You can claim tax relief on all qualifying expenditure, once you spend over €4,405 (before VAT) on the property. This €4,405 (before VAT) can be the total from any number of jobs on the property carried out and paid for from 25 October 2013 to 31 December 2018 for Homeowners, from 15 October 2014 to

31 December 2018 for Landlords. You can spend as much as you like on the property but you can only claim the relief on amounts up to €30,000 (before VAT).

Important

If you are having qualifying work done but you're not spending over €4,405 (before VAT) on the property, it's still worth choosing a HRI qualifying Contractor and having the work details entered on HRI online. You may have more qualifying work carried out on the property between now and 31 December 2018. All your spending on the property, added up, could reach the €4,405 (before VAT). It will be very difficult to go back to a Contractor, to try to get him or her to enter details to HRI online, for a job from a year or more ago.

In addition, if you are using a HRI qualifying Contractor, you can be sure that he or she is tax compliant.

If you are claiming a grant for the works, for example a Better Energy Home Scheme wall insulation grant, you need to be aware that the qualifying expenditure will be reduced by three times the grant amount.

For example:

You paid €10,000 for external wall insulation.

You received a €2,700 Better Energy Home Scheme grant.

The €10,000 is reduced by €8,100 ($€2,700 \times 3$).

Leaving qualifying expenditure of €1,900 ($€10,000$ less $€8,100$).

Even though the €1,900 is below the minimum of €4,405, the works still qualify for the HRI as the total amount paid for the work is above the minimum.

If the works are the subject of an insurance claim, the qualifying expenditure is reduced by the insurance amount due or received.

More information on this is available in the HRI FAQs on **www.revenue.ie**.

10. How should I choose a Contractor?

While the decision is yours, good practice on engaging a Contractor can be summarised as follows - make sure you take some time when selecting a Contractor to carry out the work; look for written quotes from several Contractors; remember that the cheapest quote does not necessarily mean the best value or quality work; also ask for examples of previous work or references from previous clients; ask for an agreement in writing before the Contractor begins any work, describing what the Contractor will do and the costs. You may also wish to check if the Contractor is insured.

It's also good practice to keep copies of all documents relating to the work.

11. What should I give to my Contractor?

Before any works start, you should give your Contractor details of your Property ID (which was included on any Local Property Tax (LPT) letters from Revenue) as well as rental property details (see section 2). Your Contractor will need the Property ID to enter your works and payments details on HRI online.

Important

Do not give your Contractor your PPSN or the PIN you received in connection with LPT as these are important personal information.

12. What does my Contractor have to do?

Before any works start, your Contractor should enter details on HRI online of all qualifying works he or she is about to carry out for you.

After the work starts and as you pay for the work, your Contractor should enter details of the payments to HRI online. You should ask your Contractor to enter the payments as soon as possible.

13. How do I know my Contractor is a 'HRI qualifying' Contractor?

A HRI qualifying Contractor is one who is participating in the HRI. This means the Contractor is registered for VAT **and** is tax compliant.

You will know your Contractor is a HRI qualifying Contractor when you check HRI online and see the work details the Contractor entered.

Once you see the details on HRI online, you know the Contractor qualifies.

You don't need to ask for evidence of his or her VAT registration, tax compliance, Tax Clearance Certificate or RCT Rate Notification.

If the Contractor is not a HRI qualifying Contractor, he or she will not be able to enter the details to HRI online.

It's **really important** to check that the works details are on HRI online before work starts. If you don't check and the Contractor is not a HRI qualifying Contractor you won't be able to claim the HRI tax credit.

14. How much is the HRI tax credit?

This depends on the amount you spend on qualifying works as well as any grants or insurance claims you may receive during the HRI period (on or after 25 October 2013 and up to 31 December 2018 for Homeowners and on or after 15 October 2014 and up to 31 December 2018 for Landlords).

If there's no grant or insurance claim, the lowest tax credit amount for a property is €595 and the highest tax credit amount is €4,050.

For example:

- (a) You paid a HRI qualifying plasterer €3,000 (before VAT) for plastering work in your property and you paid a HRI qualifying painter €2,050 (before VAT) for internal and external painting work on your property

Your HRI tax credit is $€5,050 \times 13.5\% = €681.75$

- (b) You paid a HRI qualifying electrician €5,000 (before VAT) for rewiring your property

Your HRI tax credit is $€5,000 \times 13.5\% = €675$

- (c) You paid a HRI qualifying builder €40,000 (before VAT) for an extension on your property

Your HRI tax credit is $€30,000 \times 13.5\% = €4,050$.

15. How do I make my claim?

You can claim your HRI tax credit through HRI online the year after the work is carried out and paid for. For Landlords, works carried out and paid for from 15 October 2014 to 31 December 2014 are classed as 2015. Your Local Property Tax and Household Charge must be up to date at the time of the claim.

16. How will I receive my tax credit?

Your HRI tax credit will be included in your tax credits over two years. If you pay Income Tax through the self-assessment system, your HRI tax credit will be divided evenly between the two years. If you are on PAYE, your HRI tax credit will be spread evenly throughout each year. Your HRI tax credit is 13.5% of the qualifying expenditure before VAT. It will begin in the year after the work is carried out and paid for.

For example:

You hired a HRI qualifying builder to carry out a bathroom renovation on your home for €10,000 (before VAT at 13.5%). The work was carried out and paid for in April 2014. Your builder entered the details to HRI online.

You hired a HRI qualifying painter to carry out painting on your home for €2,000 (before VAT at 13.5%). The work was carried out and paid for in September 2014. Your painter entered the details to the HRI online.

You claim your HRI tax credit in January 2015.

Your HRI tax credit is $€12,000 \times 13.5\% = €1,620$.

You receive your HRI tax credit of €810 in 2015 and €810 in 2016.

If you are on PAYE, your HRI tax credit will be divided evenly across your pay dates for each year.

If you don't use all of your HRI tax credit in any year, it won't be refunded to you but the unused amount will be given as a HRI tax credit in the next and following years.

Appendix 1 HRI online Look Up Works and Payments screen

English / Gaelic

Revenue
Cuide agus Caidéis na Míreanna
Look Up and Look Up

G. Smith
PPSN 1234567T

1. Getting Started 2. Works Summary 3. Works and Payment Details

Works and Payments

Works Details

| Works ID | Contractor Name | Property ID | Address | Claimant Name |
|----------|-----------------|-------------|-----------------------------------|---------------|
| 1303 | G. Smith | 01234567.2H | 250 The Main Street, New Town. | John O'Brien |

Works Description

| Works Description | Estimated Value | Estimated Start Date | Estimated End Date |
|-------------------|-----------------|----------------------|--------------------|
| Allie Conversions | €10,000 | 10/03/2014 | 10/04/2014 |


Payment Details

| Payment ID | Payment Date | Net Payment | VAT @ 13.5% | Net Payment | VAT @ 23% | Payment Total |
|------------|--------------|-------------|-------------|-------------|-----------|---------------|
| 1309 | 08/04/2014 | €904.00 | €1220.40 | | | €10260.40 |

Total Spend @ 13.5%: €904.00 | Total VAT @ 13.5%: €1220.40

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Appendix 2 HRI online tax credit Claim screen



Ealaíonn agus Seirbhísí do Ghairneoirí
With Staff and Customers

English / Gaeilge

WELCOME RE OTKO

PPSN 00000009R

1. Getting Started 2. Claims

↑↑ Claims

Payments Previously Claimed

| Payment ID | Works ID | Claim Date | Payment Date | Net Payment @ 13.5% VAT @ 13.5% | Payment Total | | | |
|-------------------------------------|------------|------------|--------------|---------------------------------|------------------------|-------------------------|--------------------|--------|
| Payments Available for Claim | | | | | | | | |
| <input type="checkbox"/> Select All | Payment ID | Works ID | Payment Date | Net Payment @ 13.5% VAT @ 13.5% | Original Total Payment | Remainder To Be Claimed | Amount Paid By You | |
| <input type="checkbox"/> | 4071 | 4109 | 01/12/2013 | 4000.00 | 540 | €4,540.00 | €4,540.00 | 4540.0 |
| <input type="checkbox"/> | 4070 | 4109 | 01/12/2013 | 2000.00 | 270 | €2,270.00 | €2,270.00 | 2270.0 |

Select the payments for your claim, change the amount paid by you if required and press continue.
* Payments marked with an asterisk cannot be claimed at this time.

Total Spend @ 13.5%: €6,000
|
 Total VAT @ 13.5%: €810.00
|
 Total Claimed: €0.00
|
 Total Selected: €0.00

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Continue

[Revenue Home](#) | [ROS Help](#) | [Accessibility](#) | [System Requirements](#)

Further Information

You can find further information on the HRI including FAQs and examples, as well as videos, on our website at www.revenue.ie or you can phone your Revenue LoCall service, whose number is listed below.

- ◆ **Border Midlands West Region** **1890 777 425**
Cavan, Donegal, Galway, Leitrim, Longford,
Louth, Mayo, Monaghan, Offaly,
Roscommon, Sligo, Westmeath
- ◆ **Dublin Region** **1890 333 425**
Dublin (City and County)
- ◆ **East & South East Region** **1890 444 425**
Carlow, Kildare, Kilkenny, Laois,
Meath, Tipperary, Waterford,
Wexford, Wicklow
- ◆ **South West Region** **1890 222 425**
Clare, Cork, Kerry, Limerick

Please note that rates charged for the use of 1890 (LoCall) numbers may vary among different service providers.

If you are calling from outside the Republic of Ireland, please phone + 353 1 702 3011.

Time Limit for Repayment Claims: A claim for repayment of tax must be made within four years after the end of the tax year to which the claim relates.

Accessibility: If you are a person with a disability and require this leaflet in an alternative format the Revenue Access Officer can be contacted at accessofficer@revenue.ie

This leaflet is intended to describe the subject in general terms. As such, it does not attempt to cover every issue which may arise in relation to the subject. It does not purport to be a legal interpretation of the statutory provisions and consequently, responsibility cannot be accepted for any liability incurred or loss suffered as a result of relying on any matter published herein.