

# Home Renovation Incentive

## Guide for Contractors

This Guide updates the December 2015 version

March 2017

# 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 Minister for Finance announced the Home Renovation Incentive (HRI) in his Budget 2014 speech on 15 October 2013, Budget 2015 speech on 14 October 2014 and Budget 2016 speech on 13 October 2015.

HRI is designed to give tax compliant Contractors an advantage over unregistered Contractors and to provide employment and business opportunities in the residential property renovation sector.

The Incentive provides tax relief for Homeowners or Landlords who engage HRI qualifying Contractors (see section 3) to carry out HRI qualifying work (see section 4) on their main home or rental property (see section 5).

The tax relief is by way of an Income Tax credit, split evenly over two years, at 13.5% of qualifying expenditure (see section 6).

This effectively reduces the rate of VAT to zero on qualifying work to a value of €30,000. Homeowners or Landlords who get work done by unregistered Contractors, in fact pay VAT on all materials used. In reality a “cash job” is never really “VAT free”.

The introduction of HRI has seen an increase in residential property renovation activity and is contributing to a gradual pick up in employment and self-employment in the construction sector. Contractors, who have been out of the system, can avail of the opportunities that HRI presents by ensuring their VAT and RCT registrations are active and their tax affairs are in order.

If you have been working on a casual basis in the sector, now is the time to regularise your tax affairs (see section 3). Considering the reduced scale of activity in the construction sector in recent years, the reality is that significant tax arrears are unlikely.

## 2. How does HRI work?

The Home Renovation Incentive operates through HRI online which is available to Contractors on Revenue's Online Service (ROS) and Homeowners or Landlords via **myAccount** or ROS on **www.revenue.ie**.

You can access ROS and HRI online on desktops, smartphones and tablets. Instructions for smartphones and tablets are available at <https://www.ros.ie/helpcentre/help.html?lang=en#/a=gettingStarted/smartphone-tablet>

The following are the steps involved.

### Before work starts -

- Tell the Homeowner or Landlord about HRI.
- Ask them for the Property ID (NOT their PPSN or Property PIN) which was included on any Local Property Tax (LPT) letters from Revenue.

If they don't have the Property ID, they can use the option on the LPT login screen on **www.revenue.ie** to have it posted to them.

- Ask them if it's a rental property. If the work involves the conversion of the property to rental units, ask for the post conversion number of rental units.
- Enter the work details to HRI online (a sample of the HRI online Input Works screen is at Appendix 1 on page 12).  
Enter the full estimated cost of the work, even if it's over €30,000 (before VAT) or a grant is being claimed.
- Tell them you have entered the details and that they can check them on HRI online on **www.revenue.ie**.

**If you are using a smartphone or tablet you can show them there and then that the details are on HRI online.**

## **Note**

If Homeowners or Landlords are having qualifying work done but aren't spending over the minimum qualifying amount of €4,405 (before VAT) on the property, it's still worth entering the details to HRI online. They may have more qualifying work carried out between now and 31 December 2016. All their spending on the property added up could reach the €4,405 (before VAT).

### **After work starts -**

- Enter all payment details to HRI online (a sample of the HRI online Input Payments screen is at Appendix 2 on page 12).
- Tell the Homeowner or Landlord you have entered the details and that they can check them on HRI online.

**If you are using a smartphone or tablet you can show them there and then that the details are on HRI online.**

You shouldn't wait until the job is done to enter the details to HRI online. If Homeowners or Landlords have any doubts that you will not enter the payment details to HRI online, they may insist on retaining some portion of the payment until you enter the balance to HRI online. This is a matter between yourself and the Homeowner or Landlord.

## **Important**

**Homeowners or Landlords won't be able to claim the HRI tax credit if you don't enter the works and payments details to HRI online.**

Only HRI qualifying Contractors (see section 3) can enter details to HRI online.

Homeowners or Landlords can be assured, once they see the details you entered to HRI online, that you are a HRI qualifying Contractor and they will be able to claim the tax credit.

### **3. What's a 'HRI qualifying Contractor'?**

A HRI qualifying Contractor is one who is registered for ROS, VAT and RCT as well as being tax compliant. For RCT Subcontractors, this means a zero or 20% RCT Rate. For RCT Principals, it means being tax compliant.

You won't be able to access HRI online if you are not registered for both RCT and VAT. If you are registered for RCT and have a 35% RCT Rate you won't be able to enter details to HRI online.

If you are not already registered for VAT, even if your turnover is below the VAT registration limit (currently €37,500), you need to register.

If you are not already registered for RCT, you need to register as an RCT Subcontractor.

### **Important**

**If you haven't already done so**, now is the time to register with Revenue and regularise your tax affairs.

Details on Revenue's online registration system are available at <http://www.revenue.ie/en/online/eregistration/faqs.html>.

If you have a 35% RCT Rate, contact your local Revenue office to agree a plan to bring your tax affairs up to date. Once a plan is in place, your RCT Rate will be reduced to 20%, which means you'll qualify for HRI.

## **4. What type of work qualifies?**

Repair, renovation or improvement works qualify under the Incentive. These include (this list is not exhaustive):

Painting and decorating	Plastering
Rewiring	Plumbing
Tiling	Bathroom Upgrades
Fitted Kitchens	Window Replacements
Extensions	Attic Conversions
Garages	Driveways
Landscaping	Septic tank repair or replacement

The VAT rate on works carried out must be 13.5%.

Expenditure on carpets, furniture, white goods (such as fridges, dishwashers) and services (such as architects' fees) with a VAT rate of 23% do not qualify for relief.



## 5. What type of property qualifies?

A qualifying property is:

- a Homeowner's main home, which he or she must own and live in, or
- a Homeowner's second-hand home, which he or she has bought and will live in as his or her main home after the works have been carried out.
- a Landlord's 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.

The following don't qualify:

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

## 6. What's 'qualifying expenditure'?

'Qualifying expenditure' means the Homeowner or Landlord is paying the type of Contractor (see section 3) for the type of works (see section 4) on the type of property (see section 5) covered by HRI.

## 7. 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 one job or multiple jobs, carried out by one or more Contractors. **Each Contractor** must qualify for the HRI and must enter details to HRI online (see sections 2 and 3).

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.

## 8. How much is the tax credit for Homeowners or Landlords?

The amount of the HRI tax credit depends on the amount the Homeowner or Landlord spends on qualifying works. They 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, by any number of Contractors, 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.

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%).

Examples of the value of the tax credit are -

Total cost of work including VAT@13.5%	Total cost of work before VAT@13.5%	VAT@13.5% (tax credit)
<b>€5,000*</b>	<b>€4,405*</b>	<b>€595</b>
<b>€11,350</b>	<b>€10,000</b>	<b>€1,350</b>
<b>€22,700</b>	<b>€20,000</b>	<b>€2,700</b>
<b>€34,050</b>	<b>€30,000</b>	<b>€4,050**</b>
<b>€50,000</b>	<b>€44,052</b>	<b>€4,050**</b>

**\* Minimum qualifying spend**  
per property

**\*\* Maximum tax credit**  
per property

The Homeowner or Landlord can claim the HRI tax credit using HRI online in the year after the work is carried out and paid for. For Landlords, work carried out and paid for on or after 15 October 2014 and up to 31 December 2014 is classed as 2015.



### Appendix 3 - Contractor's checklist

		No
Registrations (once-off)	Are you registered for VAT?	Register now at <b>www.revenue.ie</b>
	Are you registered for RCT?	
	Are you registered for ROS?	
RCT Rate	Is your RCT Rate 35%?	Contact your local Revenue office now to bring your tax affairs up to date
Before work starts	Have you entered the works to HRI online?	Enter the details before work starts
	Have you advised the Homeowner or Landlord to check the works on HRI online?	Advise them now
As work progresses	Have you entered the payments to HRI online?	Enter the details as payments are received
	Have you advised the Homeowner or Landlord to check the payments on HRI online?	Advise them now

## Further Information

You can find further information on HRI including FAQs and examples, as well as videos, on **[www.revenue.ie](http://www.revenue.ie)**

## Contact details

A 'Contact Locator' on Revenue's website **<http://www.revenue.ie/en/contact/index.html>** enables customers to speedily ascertain appropriate Revenue contact details applicable to them. These include telephone number, e-mail and postal address, fax number and the appropriate office for personal callers. These details may be easily accessed by customers who are only required to key in their PPS Number or Company Tax Reference Number.

**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](mailto: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.