Local Property Tax

LPT

Guidelines for Deferral or Part Deferral of Payment of LPT

Revenue
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1. Introduction and overview

A person who is liable to pay local property tax (LPT) may opt to defer, or partially defer, payment of the tax if certain qualifying conditions are met. Where a person qualifies for a full deferral then 100% of the liability can be deferred. Where a person qualifies for partial deferral then 50% of the liability can be deferred.

Deferral is not an exemption. Payment of the tax is deferred, meaning that it becomes payable later and carries an interest charge. Where a person is considering deferral because he or she is concerned about his or her ability to pay LPT in a single payment then it may be more prudent to consider using one of the phased payment options that spreads payment across the year rather than seeking a deferral.

This Guide provides general information on deferrals and outlines the qualifying conditions and application procedure for deferral under each of the five categories of deferral.

1.1 Categories of deferral

There are five separate categories of deferral of LPT available:

- income threshold,
- mortgage-adjusted income threshold,
- personal representative of a deceased person,
- personal insolvency, and
- hardship grounds.

Sections 2 to 6 below provide more detailed information on these categories.

1.2 Duration of deferral

The duration of deferrals will vary according to the category of deferral and the particular circumstances of the claimant. Assuming no change in circumstances, in general, the duration of deferrals will coincide with the valuation period. The first valuation period was 2013 to 2021. The current valuation period is 2022 to 2025. However, particularly with the 'income threshold' deferral category, a person's annual income may change from year to year and exceed the permitted threshold in some years.

There is an overall limit on the amount of LPT, including the accrued interest, that can be deferred. Where this amount reaches the stage where it starts to exceed the value of a person's property, deferral cannot be claimed for any further liabilities. The amount already deferred at that stage can, however, continue to be deferred.

A deferral will be terminated on the occurrence of certain events. At that stage, the amount already deferred, including the accrued interest, must be paid. The sale of a property, or its transfer by way of a gift or inheritance, are the main such events. However, in the case of a gift or inheritance of the property, Revenue may allow the deferral to continue where the person who receives the gift or inheritance also meets the qualifying conditions for a deferral. Another 'termination' event is the receipt of winnings, gifts, inheritances or capital sums of any kind, depending on the value of the amount received.

1.3 Interest and a charge on the property

Interest at an annual rate of 3% will be charged on all amounts of LPT that are deferred for the year 2022 onwards. The annual interest rate was 4% for the years 2013 through to 2021.

The reduced deferral interest rate of 3% is effective from 1 January 2022. Interest chargeable on any deferred amount, whether deferred for an earlier year or for the year 2022 onwards, starts to be charged at the revised rate from 1 January 2022. This means that the interest due for years up to 2021 (regardless of when deferred) remains at 4% until 31 December 2021 and is reduced to 3% after that date.

The interest is not compound interest, meaning that interest is applied to the amount of LPT deferred and not to the interest accruing on deferred amounts. For example, LPT that was due for the year 2018 amounting to €260 has been deferred for each year since. By the end of 2021, €31.20 will have accrued on the deferred amount. No further interest charge is applied to the €31.20 amount that is also outstanding.

Any deferred amount, including accrued interest, will be a charge on the property and will have to be paid to Revenue on the sale / transfer of the property.

1.4 Application for deferral

In connection with the second valuation date of 1 November 2021, property owners are required to submit an LPT return to Revenue by 7 November 2021. Applications for deferral, or partial deferral of LPT should be made on this return. An application for an 'income threshold' deferral after the LPT return has been submitted should be made in writing to Revenue. There is no specific form for such applications.

In addition to completing the LPT return, property owners applying for a deferral in the case of a category other than 'income threshold' are also required to submit additional information on the LPT2 form (available at **www.revenue.ie/en/property/documents/lpt/form-lpt2.pdf**).

LPT2 forms and other deferral applications may be submitted to Revenue via MyEnquiries, Revenue's secure online correspondence service, which is available on both **myAccount** and ROS or on the LPT online service at **www.revenue.ie**. Alternatively, paper forms and applications should be sent to LPT Branch, P.O. Box 100, Ennis, Co. Clare.

1.5 Owner-occupiers

A deferral in the case of the categories of 'income threshold' and 'mortgage-adjusted income threshold' can only be claimed by a person who occupies a property as his or her only or main residence. This means that these categories of deferral cannot be claimed by a person in respect of a rental property or a second home. This condition does not apply, however, in the case of the other three categories of deferral.

1.6 Paying deferred LPT

A claimant who has deferred payment of his or her LPT liability may, at any time, make either a full or partial payment of the deferred amount. Where Revenue receives a partial payment of the deferred amount it will credit that payment to the oldest period of deferred LPT first.

1.7 Change of circumstances

It is a condition of any deferral that, if a claimant's circumstances change, Revenue must be notified. A change of circumstances may result in the deferral being terminated in respect of future LPT if the qualifying conditions cease to be met. In addition, certain events, such as the sale / transfer of a property or the receipt of money by way of winnings, gifts, inheritances or capital sums of any kind, will cause the tax deferred up to that point, including accrued interest, to become immediately payable.

1.8 Appeals against Revenue's refusal to grant a deferral

The claimant has the right to appeal to the independent Tax Appeals Commission (TAC) where Revenue refuses to grant a deferral. Where Revenue determines that a claimant is not entitled to a deferral it will notify that person in writing. The claimant then has 30 days to submit his or her notice of appeal to the TAC. The claimant's self-assessment of the amount of LPT due must, however, be paid pending the outcome of the appeal.

1.9 False claims for deferral

Where a claimant is found to have obtained a deferral of LPT on the basis of false or inaccurate information then Revenue reserves the right to immediately withdraw the deferral facility and collect the outstanding tax. In such circumstances Revenue will also apply the standard annual interest charge of 8% instead of the 3% deferral rate. The claimant may also be liable to a penalty of the full amount of the LPT due for making a false statement to obtain the deferral.

1.10 Further information

More detailed information and examples in relation to the different categories of deferral are set out in the following pages. Further information in relation to LPT is available at **www.revenue.ie** in the 'Property' section of the home page. You can contact Revenue using MyEnquiries, Revenue's secure online correspondence service, which is available in both **myAccount** and ROS. Information is also available from Revenue's LPT Helpline 01 738 3626.

2. Deferral based on income thresholds

The income threshold that determines whether a deferral may be claimed in respect of the **LPT liability payable in a particular year** is based on a person's estimate of his or her likely **gross income for the preceding year**. At the liability date for a year, i.e. 1 November in each year, a person should estimate what his or her likely gross income will be for that year and **not for the year in which LPT is actually payable**. This means that eligibility for a deferral in 2022 is based on an estimate at 1 November 2021 of the likely gross income up to the end of 2021. Gross income is all income before any deductions, allowances or reliefs that are allowed to be deducted when calculating a person's taxable income for income tax purposes. It includes income that is exempt from income tax and income received from the Department of Social Protection but excludes child benefit.

2.1 Application process

The table and examples below outline the criteria required to qualify for either a full or partial deferral of LPT on the basis of 'income thresholds'. Claimants should ensure they qualify under one of the specified criteria outlined in the Table at 2.2. A claimant who is satisfied that he or she qualifies for a deferral should complete the Deferral Section on the LPT return by entering the appropriate deferral category.

This type of deferral is granted on a self-assessment basis. This means that there is no approval process. The deferral is granted automatically on receipt of a fully completed LPT return. When a claimant enters the deferral category number 1 or 3, on the return, he or she is treated as making a formal declaration that the qualifying conditions for the deferral are met. Claims may subsequently be selected by Revenue for verification checks.

Important:

A single person or a couple whose **only income** is a payment from the Department of Social Protection (DSP) will qualify for a full deferral because the current DSP payment rates are below the LPT income thresholds.

2.2 Income threshold gross income

	Gross Income
Full Deferral	Gross income for the year in which the relevant liability date falls is unlikely to exceed €18,000 (single or widow/er) and €30,000 (couple*).
Partial Deferral	Gross income for the year in which the relevant liability date falls is unlikely to exceed €30,000 (single or widow/er) and €42,000 (couple*).

*A couple includes a married couple, civil partners and certain cohabitants. Cohabitant is defined in Section 172 of the Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010. For LPT deferral purposes, the required period of cohabitation is at least two years where the couple have children or at least five years where they do not have children.

2.3 Termination of 'income threshold' deferrals

In cases where a property is sold, or otherwise transferred, the amount of LPT that has already been deferred, including accrued interest, will become payable at that point. However, in the case of a gift or an inheritance, the amount already deferred may continue to be deferred where the new owner, in his or her own right, also satisfies the conditions for deferral.

The only other situation in which an existing deferral may continue is where one member of a married couple, civil partnership or cohabiting couple dies. Where this happens, the deferral will remain in place until the following valuation date (i.e. 1 November 2021 for the period 2013 to 2021 or 1 November 2025 for the period 2022 to 2025), without any reference to the income threshold of the surviving spouse / partner / cohabitant.

2.4 'Income threshold' deferral examples

Example 1: couple (no mortgage) who qualify for full deferral

Seán and Eileen are married and owner-occupiers. At 1 November 2021, their estimated gross income for 2021 is €28,000. As they are under the €30,000 limit, they qualify for a full deferral of their LPT liability for 2022. If they decide to opt for a full deferral, they should select this option on their LPT return. A charge for the deferred amount, including annual interest at 3%, will be placed on the property.

Example 2: change in gross income following deferral

Declan qualified for and claimed a full deferral of his €90 LPT liability for 2022 as his estimated (at 1 November 2021) gross income for 2021 was €17,000 which was below the income threshold of €18,000. His estimated gross income at 1 November 2022 remains below €18,000 and the deferral continues automatically for 2023. However, at 1 November 2023, having changed jobs, his estimated gross income for 2024 is €35,000. This means that he does not qualify for either a full or a partial deferral for his 2024 LPT liability. He must notify Revenue of his changed circumstances.

However, he can continue to defer the amount already deferred for 2022 and 2023. This amount is:

2022: €90 + €5.40 interest @ 3% (i.e. €2.70 for 2022 and 2023)

2023: €90 + €2.70 interest @ 3%

Total amount deferred for 2022 and 2023: €188.10

Example 3: single person (no mortgage) who qualifies for partial deferral

Emma is single and an owner-occupier. At 1 November 2021, her estimated gross income for 2021 is €23,000. Therefore, her gross income is over the limit (€18,000) to qualify for a full deferral but under the limit (€30,000) to qualify for a partial (50%) deferral.

If Emma decides to opt for a partial deferral of her LPT liability, she should select this option on her LPT return. She should also select (on her LPT return) the payment method she will use to pay the balance of her LPT liability. A charge for the deferred amount, including accrued interest at 3%, will be placed on the property.

Example 4: death of one member of a married couple, civil partnership or cohabiting couple

Prior to his wife's death in December 2022, Pat and his wife had qualified for, and claimed, a full deferral of LPT for 2022 based on their joint income. Pat is concerned that he will no longer qualify for a deferral as his gross income will exceed €18,000, the income threshold for a single person.

However, in these circumstances, the full deferral will continue up to and including 2025. On 1 November 2025, depending on his gross income at that time, Pat may make a claim for a further deferral if he satisfies the qualifying conditions at that time.

Even if he doesn't qualify, the amount that is deferred up to the end of 2025 may continue to be deferred.

Example 5: inheritance of a property from a person who had claimed a deferral

Joan inherits a property on the death of her widowed mother. Her mother had a full deferral in place up to the time of her death and Joan is now concerned that she will be liable for the outstanding LPT. The transfer of the property to Joan means that the tax deferred to that point, including accrued interest, becomes payable at the date of transfer unless Joan satisfies the conditions for a deferral in her own right.

3. Deferral based on 'mortgage-adjusted income threshold'

This deferral category operates in the same way as the 'income threshold' category except that the income thresholds are higher as they can be increased where a claimant pays interest on a mortgage used to purchase his or her only or main residence. The increase is limited to 80% of the gross interest (i.e. before tax relief at source is given) that is estimated will be paid by the person in a particular year.

As with the 'income threshold' category, a claimant must estimate his or her likely gross income at a liability date for the year in which the liability date falls and the amount of mortgage interest that is likely to be paid by the end of that year. At the liability date of 1 November 2021, a claimant must estimate his or her gross income for the full year 2021 and the mortgage interest that will be paid during that year. This will determine if the claimant qualifies for a deferral of the LPT payable for the year 2022.

The application process is the same as that described in section 2 above in relation to the unadjusted 'income threshold' category except that the deferral categories may be selected for either a full deferral or a partial (50%) deferral.

The table below and examples outline the criteria required to qualify for either a full or partial deferral of LPT on the basis of 'mortgage-adjusted income thresholds'. Before completing the LPT return, claimants should ensure they qualify under one of the specified criteria outlined in the table.

Mortgage-adjusted income thresholds

	Adjusted Gross Income
Full Deferral	Gross income for the year in which the relevant liability date falls is unlikely to exceed the adjusted income limit. This adjusted income limit is calculated by increasing the €18,000 (single or widow/er) and €30,000 (couple*) thresholds by 80% of the expected gross mortgage interest payments.

Partial Deferral	Gross income for the year in which the relevant liability date falls is unlikely to exceed the adjusted income limit. This adjusted income limit is calculated by increasing the €30,000 (single or widow/er) and €42,000 (couple*) thresholds by 80% of the expected gross mortgage interest payments.

*A couple includes a married couple, civil partners and certain cohabitants. Cohabitant is defined in Section 172 of the Civil Partnership and Certain Rights and Obligations of Cohabitant Act 2010. For LPT deferral purposes, the required period of cohabitation is at least two years where the couple have children or at least five years where they do not have children.

3.1 Termination of deferral

The circumstances in which a deferral will be terminated are the same as those described in section 2 above in relation to the unadjusted 'income threshold' deferral category. However, the mortgage-adjusted deferral is being phased out. In relation to the second valuation date of 1 November 2021, covering the years 2022 to 2025, **the mortgage-adjusted income thresholds apply only for properties in respect of which mortgages were taken out before 1 November 2020,** enabling a deferral to be claimed for the year 2021. Deferrals can continue to be claimed where mortgages were taken out before 1 November 2020 as long as the qualifying conditions continue to be met.

3.2 Mortgage-adjusted income threshold deferral examples

Example 1: single person with a mortgage before 1 November 2021

Deirdre is a single owner-occupier with a mortgage. She took out a mortgage for her house in February 2019 and qualified for a partial deferral of her LPT liability for the years 2020 and 2021.

At 1 November 2021, her gross income since the beginning of 2021 is €35,000, comprising €30,000 salary and €5,000 from the tax-exempt rent-a-room scheme. She does not expect any change in this level of income for the remainder of 2021 and expects her overall gross income at 31 December 2021 to be €42,000. She expects to be able to continue to meet her gross mortgage interest payments of €2,000 per month, i.e. €24,000 by 31 December 2021. To qualify for a full deferral, Deirdre's estimate of her likely gross income must not exceed €18,000 plus 80% of her gross mortgage interest payments. She will have a mortgage-adjusted income threshold of €18,000 + (€24,000x 80%) = €37,200.

As Deirdre's estimated gross income (€42,000) is greater than her full deferral adjusted income threshold (€37,200), she does not qualify for a full deferral.

To qualify for a partial deferral, Deirdre's estimated gross income must not exceed €30,000 plus 80% of her gross mortgage interest payments. She will have an adjusted income threshold of €30,000 + (€24,000x 80%) = €49,200.

As Deirdre's estimated gross income (€48,000) is less than her partial deferral adjusted income threshold (€49,200), she qualifies for a partial (50%) deferral. If she wishes to opt for partial deferral, she should select the partial deferral option on her LPT return and select one of the payment methods for payment of the balance of her LPT liability on the return form. A charge for the deferred amount, including accrued annual interest at 3%, will be placed on the property. The interest for 2020 and 2021 is at 4%.

Example 2: couple with a €200,000 mortgage and gross income of €50,000

Joe and Ciara are a married couple who have a mortgage on their principal private residence since 2012 and can therefore continue to qualify (depending on their gross income) for the 'mortgage-adjusted income threshold' deferral. Their annual mortgage interest payment for 2021 is approx. €7,000. Therefore, their adjusted income threshold for a full deferral is €30,000 + (€7,000 x 80%) = €35,600.

Because their joint salaries of €50,000 exceed their adjusted income threshold, they do not qualify for a full deferral of LPT.

Nor will they qualify for a partial (50%) deferral because their €50,000 gross income still exceeds their adjusted income threshold for partial deferral of €47,600, i.e. €42,000 + (€7,000 x 80%).

4. Other deferral categories

The operation of the other three categories of deferral are set out in sections 4.1 to 4.4 below. As with income-based deferrals, deferrals for personal representatives of a deceased liable person and personal insolvency deferrals are accepted on a self-assessment basis. However, in the case of deferrals based on hardship grounds, Revenue must approve an application before LPT can be deferred.

4.1 Deferral for personal representatives of a deceased liable person

In the normal course of events, a personal representative is liable to pay any LPT arising in respect of a property forming part of a deceased person's estate where the LPT is outstanding at the date of death or arises in respect of a liability date falling during the period of the administration of the estate. However, where a liable person who was the sole owner of a property dies, that person's personal representative may apply for a full deferral of LPT for a maximum period of three years commencing with the date of death. Where the personal representative is in a position to transfer the property to a beneficiary of the estate, or where it is sold within the three years, the deferral ends at that earlier date. A deferral can be claimed for any LPT outstanding at the date of death, any LPT already deferred by the deceased person and LPT becoming payable following death. This type of deferral is not restricted to owner-occupiers.

A personal representative who wishes to claim a deferral should complete all questions in both Section A (Details of liable person) and Section B of the LPT2 form. The completed form should be sent to LPT Branch, PO Box 100, Ennis, Co. Clare.

Important:

Applying for deferral of LPT under this category using the LPT2 form does not remove the requirement to submit the statutory LPT return. **The LPT return must be submitted in all cases.**

4.2 Deferral based on personal insolvency

A person who enters into a Debt Settlement Arrangement or a Personal Insolvency Arrangement under the Personal Insolvency Act 2012 may apply for a deferral of LPT for the periods for which the insolvency arrangement is in place. The deferred LPT, including accrued interest, will become due when the particular insolvency arrangement ceases to have effect.

This type of deferral is not restricted to owner-occupiers.

Before LPT can be deferred on these grounds, the insolvency arrangement must be formally agreed between the claimant and the Insolvency Service of Ireland (ISI). The 'Insolvency Case Number' must be included in Section C of the LPT2 form.

Where a claimant meets the criteria for a deferral of LPT on the basis of personal insolvency then he or she should complete all questions in both Section A (Details of liable person) and Section C of the LPT2 form. The completed LPT2 form should be sent to LPT Branch, PO Box 100, Ennis, Co. Clare.

Important:

Applying for deferral of LPT under this category using the LPT2 Form does not remove the requirement to submit the statutory LPT return. **The LPT return must be submitted in all cases.**

4.3 Deferral based on hardship grounds

This category of deferral is intended to provide for situations where a liable person, who does not qualify for an income-based deferral, was in a position to meet his or her LPT liability until something unexpected happened to cause a significant financial loss or cost. This type of deferral is not restricted to owner-occupiers.

Where a person suffers an unexpected and unavoidable significant financial loss or expense within the current year, as a result of which he or she is unable to pay LPT or maintain phased payment arrangements, without causing excessive financial hardship, then he or she can apply for a full or partial deferral. Claims for this type of deferral will require full disclosure of the particular loss or expense and details of the person's financial circumstances and any other information required by Revenue. Following an examination of the information provided, Revenue will determine whether to grant a deferral (full or partial) but will not refund any payments made by the claimant up to that point. The deferred LPT, including accrued interest, will become due when the deferral arrangement ceases to have effect.

Deferral on hardship grounds will not be granted where expenses, although significant in amount, are not unexpected and which a person would be expected to budget for in the normal course of managing his or her financial affairs, for example, expenditure on such items as mortgage repayments, college fees, the purchase of a car, family weddings or holidays etc.

In considering the question of hardship, the claimant's personal circumstances may be taken into account; in particular, whether the house is occupied by other household members who, although not liable for LPT, may have income and would be expected to contribute to the payment of household expenses, including LPT.

In order to be considered for a deferral of LPT on hardship grounds, the loss suffered by the claimant must reduce the remainder of his or her gross income[1] to the threshold levels applying to the 'income threshold' or 'mortgage-adjusted income threshold' full deferral categories, or, the total loss suffered must be at least 20% of his or her gross income. However, it does not necessarily follow that, if either or both of these conditions are met, deferral will be granted automatically. The onus is on the claimant to demonstrate by reference to details of his or her income and outgoings, the amount of LPT payable and, in the light of whatever other resources are available to him or her, **that payment of the LPT payable would cause excessive financial hardship.**

Examples of the type of losses / expenses that will be considered in granting deferrals on hardship grounds are:

- emergency medical expenses,
- significant repairs to a private residence that are necessary to maintain the house in a habitable condition and which arise unexpectedly,
- expenses in connection with a serious accident or death of a family member,
- loss of employment or a business, and
- a bad debt incurred by a self-employed person.

In considering such matters, the degree to which a loss is insured against or that the person is otherwise indemnified against (such as redundancy payments / compensation payments, etc.) will be taken into account. Also, where tax relief applies to an unexpected expense, Revenue will set any tax repayment due in respect of the expense against the deferred LPT.

[1] As with income-based deferrals, gross income is all income before any deductions, allowances or reliefs that are allowed to be deducted when calculating a person's taxable income for income tax purposes. It includes income that is exempt from income tax and income received from the Department of Social Protection but excludes child benefit.

When applying for deferral of LPT on hardship grounds, the claimant should complete all questions in both Section A (Details of liable person) and Section D of the LPT2 form. The completed LPT2 form should be sent to LPT Branch, PO Box 100, Ennis, Co. Clare.

Important:

Applying for deferral of LPT on hardship grounds using the LPT2 form does not remove the requirement to submit the statutory LPT return. **The LPT return must be submitted in all cases.**

4.4 Supporting documentation

The claimant must also attach all relevant documentation that supports the application for a deferral on hardship grounds.

Specifically, this must include receipts / invoices in relation to the relevant expenses incurred and bank statements (typically, three most recent months for each current account and up to date for deposit accounts) relating to the claimant. Revenue may look for further additional documentation with regard to the claimant or with regard to any other household members depending on the circumstances of any individual case, before approving a deferral.

4.5 Examples of deferrals on hardship grounds

The following examples illustrate the type of situations in which Revenue will consider a claim based on excessive hardship. The fact that a loss or expense exceeds 20% of a claimant's gross income or that it reduces his or her gross income below the deferral income thresholds does not mean that deferral is necessarily granted automatically. The onus is on the claimant to demonstrate, by reference to details of his or her income and outgoings, the amount of LPT payable and, in the light of whatever other resources are available to him or her, that payment of the LPT would cause excessive hardship.

Example 1: couple who are granted a partial deferral

Mary and Pat are married and are mortgage free on both their family home and on a second rental property that has been unoccupied since the last tenants left a year ago. Their estimated gross income for 2021 is €60,000. Because of their gross income and the exclusion of second homes from deferral, they do not qualify for an 'income threshold' deferral. However, the rental house suffered severe storm damage that required repairs costing €32,000 for which they were not insured.

Gross Income	€70,000
Unexpected significant expense	€32,000
Adjusted gross income	€38,000

As the unexpected significant expense is greater than 20% of their gross income, Revenue may consider an application for a deferral. This will be a partial deferral because their adjusted gross income is above the €30,000 threshold for full 'income threshold' deferral but below the €42,000 threshold for partial deferral.

Appropriate documentary evidence must be provided in support of the claim that, as a result of the loss, payment of the LPT would cause excessive hardship.

A charge for the deferred LPT, including accrued annual interest, at 3%, will be placed on the property.

Example 2: couple with a mortgage who are granted a full deferral

Brian and Anne are cohabitants who own their own home and estimate they will make mortgage interest payments of €10,000 in 2021. Their estimated gross income for 2021 is €55,000, which exceeds the adjusted income limit of €30000 that would allow for a full deferral. However, Brian had significant unexpected and un-reimbursed medical expenses in 2021.

Gross Income	€55,000
Unexpected significant expense	€20,000
Adjusted gross income	€35,000
Adjusted income threshold	€38,000 (€30,000 + €8,000)

As the unexpected significant expense is both greater than 20% of their gross income and reduces the adjusted gross income below the threshold for full ‘mortgage-adjusted income threshold’ deferral, Revenue may consider an application for a full deferral starting with the year 2022. Appropriate documentary evidence must be provided in support of the claim that, as a result of payment of the un-reimbursed medical expenses, payment of the LPT would cause excessive hardship.

A charge for the deferred amount, including accrued annual interest at 3%, will be placed on the property.

Example 3: single person with a mortgage who qualifies for a partial deferral

Eamonn is single. His estimated gross income for 2021 is €55,000. He pays mortgage interest of €10,000. Eamonn’s father had a serious accident while abroad and was uninsured. Eamonn had to travel abroad to accompany his father back to Ireland and incurred significant expenses of €25,000 for the trip and medical bills.

Gross income	€55,000
Unexpected significant expense	€25,000
Adjusted gross income	€30,000
Adjusted income threshold	€26,000 (€18,000 + €8,000)

Because the unexpected significant expense is greater than 20% of his gross income, Revenue may consider an application for a deferral. This will be a partial deferral because Eamonn’s adjusted gross income is above the €26,000 threshold for full ‘mortgage-adjusted income threshold’ deferral but below the €38,000 (€30,000 + €8,000) threshold for partial deferral. Appropriate documentary evidence must be provided in support of the claim that, as a result of the unexpected expenses, payment of the tax would cause excessive hardship.

A charge for the deferred amount, including accrued annual interest at 3%, will be placed on the property.

Example 4: married couple who qualify for a partial deferral

John and Helen are married, over the age of 65, retired and in receipt of pensions totalling €50,000 in 2021. After suffering a stroke, John is admitted to long-term care and makes a contribution under the ‘Fair Deal’ Scheme of €16,900.

Gross income	€50,000
Unexpected significant expense	€16,900
Adjusted gross income	€33,100

As the ‘Fair Deal’ costs are in excess of 20% of their gross income, Revenue may consider an application for a deferral. This will be a partial deferral because John and Helen’s adjusted gross income is above the €30,000 threshold for full Category A deferral but below the €42,000 threshold for partial deferral. Appropriate documentary evidence must be provided in support of the claim that, as a result of the ‘Fair Deal’ costs, payment of the tax would cause excessive hardship.

A charge for the deferred amount, including accrued annual interest at 3%, will be placed on the property.

Example 5: single person with a mortgage who does not qualify for a deferral in spite of suffering a financial loss

Alan is single and self-employed. His estimated gross income for 2021 is €45,000. He pays mortgage interest of €12,000. Alan suffered a loss of €25,000 during the year as a result of a bad debt and applied for a deferral given that his loss was in excess of 20% of his estimated gross income and because his adjusted gross income was below his adjusted threshold.

Gross income	€45,000
Unexpected significant expense	€25,000
Adjusted gross income	€20,000
Adjusted threshold	€27,600 (€18,000 + €9,600)

Alan provided documentary evidence to Revenue in support of his application for deferral, which confirmed that he had €30,000 on deposit in the bank and also owned shares in a successful company. Revenue refused Alan's application for a deferral on the basis that, although his loss was significant, he had enough liquid assets available to facilitate payment of his LPT without causing him excessive hardship.

Contact Details:

Further information relating to LPT is available as follows:

Web:	**www.revenue.ie**
Email:	**lpt@revenue.ie**
By Post:	**LPT Branch, P.O. Box 100, Ennis, Co Clare**
Phone:	**01 738 3626 (ROI only); +353 1 702 3049 (from outside ROI)**

The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.

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