

# GUIDELINES ON LOCAL PROPERTY TAX RELIEF FOR DISABLED/INCAPACITATED INDIVIDUALS

## 1. Introduction

These guidelines deal with two reliefs applying to local property tax (LPT) which are relevant to properties occupied by individuals who are either disabled or permanently and totally incapacitated. There are two different types of LPT relief:

1. **A reduction in the chargeable value of a property** that has been adapted to make it more suitable for occupation by a person with a disability where the adaptation work has resulted in an increase in the chargeable value of the property. Up to the year 2017, the adaptation work must increase the chargeable value to the extent that it moves into a higher valuation band. From the year 2017, the relief will operate by allowing the chargeable value to be reduced by a fixed annual amount of €50,000. (see Section A below for details of this relief)
2. **A full exemption from the charge to LPT** for properties that have been constructed or acquired because of their suitability for occupation by individuals who are permanently and totally incapacitated to such an extent that they are unable to maintain themselves and whose condition is so severe that it dictates the type of property that they can live in. The exemption also applies to properties that have been adapted to make them suitable for occupation by such individuals. (see Section B below for details of this relief)

Eligibility for the first relief originally depended (among other things) on the payment of a local authority grant towards the cost of the adaptation work. However, this condition was later relaxed to extend the relief to those disabled individuals who, for various reasons, do not apply for or do not receive such a grant but who would otherwise be eligible for the relief.

Eligibility for the second relief originally depended (among other things) on the payment of a court award or an award from the Injuries Board or on the establishment of a public trust fund for the benefit of an incapacitated individual. However, this condition was later relaxed to extend the relief to those severely incapacitated individuals who, for various reasons, do not meet these conditions but who would otherwise be eligible for the exemption.

Examples illustrating how both reliefs operate are contained in the Annex to this document.

## 2. Summary of qualifying conditions for both reliefs

Sections 2.1 and 2.2 below contain a summary of the conditions that must be met before a liable person becomes eligible for the reliefs. **It is recommended that potential applicants for relief read the detailed information in relation to both types of relief that is set out in sections 3 and 4 below.**

### *2.1 Reduction in the chargeable value of a property*

Eligibility for this relief depends on meeting **all** of the following conditions:

- the property must have been adapted for the sole purpose of making it more suitable for occupation by a disabled individual,
- following its adaptation, the property must be occupied as the sole or main residence of the disabled individual,
- the chargeable value of the property must increase as a result of the adaptation work, and
- a relevant local authority grant must be paid towards the cost of the adaptation work, **or** where such a grant is not paid, the liable person must receive approval from Revenue for the relief following the submission of the relevant application form to Revenue.

The application form requires information to be provided to Revenue on:

- the adaptation work that was carried out,
- the cost of the adaptation work,
- the chargeable value of the property after the adaptation work was completed, and
- the chargeable value attributable to the adaptation work.

As part of the application process, a disabled individual's doctor is required to provide certain information in relation to the individual's condition, focusing primarily on:

- the disabled individual's degree of mobility,
- why the adaptation work that was carried out was considered necessary, and
- how the adaptation work made the property more suitable for occupation by the disabled individual.

There is an upper limit on the amount by which the chargeable value of an adapted property can be reduced which effectively means that the value of an adapted property may, at most, move into the next lower valuation band resulting in an annual tax reduction of €90. This is the position regardless of whether the increase in the chargeable value that is directly attributable to the adaptation work is sufficient to move the property into the next higher valuation band (position up to the year 2017) or whether the chargeable value is reduced by a fixed annual amount of €50,000 (position from the year 2017).

## ***2.2 Exemption from the charge to LPT***

Eligibility for this relief depends on meeting **all** of the following conditions:

- the property must be occupied as the sole or main residence of an individual who is permanently and totally incapacitated from maintaining himself or herself by earning an income from working,
- the property must have been constructed or acquired because of its suitability for occupation as a residence by a permanently and totally incapacitated individual,
- where an existing property was adapted, the adaptation work must have been carried out for the sole purpose of making the property more suitable for occupation by a permanently and totally incapacitated individual and the cost of the adaptation work when it is completed must exceed 25% of the chargeable value of the property before the adaptation work was carried out, and

- the incapacitated individual must have received a court or an Injuries Board award or had a public trust fund established for his or her benefit, **or** where there was no such award or trust fund, the liable person must receive approval from Revenue for the exemption following the submission of the relevant application form to Revenue.

The application form requires information to be provided to Revenue on:

- why the property that was constructed or acquired is suitable for occupation by the incapacitated individual,
- where an existing property was adapted, a description of the adaptation work that was carried out and how it made the property more suitable for occupation by the incapacitated individual, and
- the chargeable value of the property.

As part of the application process, a disabled individual's doctor is required to provide certain information in relation to the individual's condition, focusing primarily on:

- the nature of the individual's incapacity,
- the incapacitated individual's degree of mobility,
- why the property that was constructed or acquired is suitable for occupation by the incapacitated individual, and
- how (if relevant) the adaptation work made the property more suitable for occupation by the incapacitated individual.

Different arrangements apply in the case of incapacitated individuals who are **under the age of 16 years**. In such cases:

- Revenue will accept that the necessary degree of incapacity is established by reference to whether a Domiciliary Care Allowance is being paid by the Department of Social Protection.
- A doctor is not required to provide information in relation to the child's condition. However, an occupational therapist is required to provide information on the degree to which the child's incapacity has affected his or her mobility and the reason why the particular property and/or adaptations were considered necessary.

## **A. REDUCTION IN CHARGEABLE VALUE**

### **3. Reduction in the chargeable value of a property**

Section 15A of the Finance (Local Property Tax) Act 2012 (as amended) allows the chargeable value of a property that has been adapted to make it more suitable for occupation by an individual with a disability to be reduced in certain circumstances and depending on the timing of the adaptation work. **Eligibility for the relief depends on meeting all of the qualifying conditions set out in section 2.1 above.**

#### **3.1 How the relief operates**

### ***3.1.1 Increase in chargeable value of adapted property and amount of reduction allowed***

The carrying out of the adaptation work **must have the effect of increasing the chargeable value of the property**. Adaptation work will not necessarily have this effect and, depending on the type of work, may actually result in a reduction in chargeable value. While the construction of, say, an extension to a property might be expected to increase the chargeable value of the property, other adaptation works such as the construction of access ramps or the fitting of stairlifts and grab rails are unlikely to add to a property's marketability and may even reduce the chargeable value. Revenue will not accept as a matter of course that the effect of having a property adapted will be to increase its chargeable value.

The relief operates differently depending on whether the adaptation work is carried out before or after the first LPT valuation date of 1 May 2013. In relation to LPT payable for the year 2017 onwards, the operation of the relief will change and will no longer depend on when the adaptation work was carried out. The table in section 3.1.1.6 below summarises how the relief operates for the different periods.

#### ***3.1.1.1 Adaptation work carried out before 1 May 2013 and LPT payable for the years 2013 to 2016***

The chargeable value of an adapted property in the years 2013 to 2016 can be reduced only where the adaptation work was carried out before 1 May 2013, the first valuation date on which the chargeable value was to be established. However, it may happen that the effect of having a property adapted will not actually result in any reduction in the property's LPT liability. This is because the chargeable value of an adapted property may require a reduction of up to €50,000 to bring about a one-band reduction in the chargeable value.

It is not the cost of the adaptation work that is to be deducted from the chargeable value of a property but only the amount by which the chargeable value has increased as a direct result of the adaptation work that was carried out, i.e. the amount of the chargeable value that is directly attributable to the adaptation work. Any such increase in chargeable value will almost certainly be less than the cost of the adaptation work. Even relatively substantial adaptations such as the construction of an extension may not have the effect of moving a property into a higher valuation band so there might not be any net effect for LPT purposes as a result of the adaptation work. However, in the case of properties with a chargeable value in excess of €1m, any increase in chargeable value attributable to adaptation work will affect the LPT liability because such properties are taxed on the basis of their actual chargeable value and not a valuation band.

Because the adaptation work was carried out before 1 May 2013, a liable person will not have been in a position to establish the chargeable value on completion of the work and will not be expected to have estimated what the position would have been at that time. Instead, on 1 May 2013, the liable person will have had to estimate on that date the effect of the earlier adaptation work on the chargeable value, i.e. he or she will have to ask the questions "what is the value of my house now? What would the value be if I hadn't had the adaptation work carried out?"

#### ***3.1.1.2 Adaptation work carried out after 1 May 2013 and LPT payable for the years 2013 to 2016***

The chargeable value of an adapted property in the years 2013 to 2016 can not be reduced where the adaptation work was carried out after 1 May 2013. This is because the (pre-adaptation) chargeable value as established on the first valuation date of 1 May 2013 continues to be the chargeable value until the next valuation date which is 1 November 2019. Thus, any increase in the value of a property, for whatever reason, between these two valuation dates is ignored. This is the situation for all properties and not just those adapted for occupation by a disabled person. So, while the chargeable value isn't actually reduced as a result of the adaptation work, the liable person doesn't face a higher LPT liability as a result of the increase in the value of the property.

### ***3.1.1.3 Adaptation work carried out at any stage and LPT payable for the year 2017 onwards***

The chargeable value of all adapted properties can be reduced from the year 2017 onwards regardless of whether the adaptation work was carried out before or after 1 May 2013, but only where the adaptation work has the effect of increasing the value of the property. It will no longer be necessary to establish the part of the chargeable value that is attributable to the adaptation work. **Instead, the relief will operate by allowing the chargeable value to be reduced each year by a fixed amount of €50,000, regardless of the particular circumstances.** Where the qualifying conditions for the relief are not met on or before the liability date of 1 November 2016, which date determines the LPT liability for the year 2017, the relief will not apply until the year 2018 or later, depending on when the conditions are met.

Because all but one of the valuation bands have a fixed width of €50,000, this amount will ensure a reduction of a single valuation band and thus a reduction in the annual LPT liability of €0. Where this one-band reduction already applies in relation to adaptation work carried out before 1 May 2013, the new fixed €50,000 deduction will not result in any additional relief. A property whose chargeable value is in the first valuation band of zero to €100,000 will not benefit from this fixed €50,000 reduction as the property is already in the lowest possible band and liable to the minimum LPT charge. The annual reduction in the LPT liability for a property valued at more than €1m will depend on the amount by which the chargeable value exceeds €1m; at most, the reduction will be €125 where the chargeable value was at least €1,050,000 (i.e. €50,000 x .25%).

While it will no longer be necessary to establish the part of the chargeable value attributable to the adaptation work that can be deducted from the chargeable value, a liable person will still have to establish, on completion of the adaptation work, that the adaptation work had the effect of increasing the value of the property.

### ***3.1.1.4 Upper limit on reduction in chargeable value***

There is an upper limit on the amount by which the chargeable value of an adapted property can be reduced. This limit is a variable amount for the years 2013 to 2016 **but will become a fixed amount of €50,000 commencing with the year 2017.**

For the years 2013 to 2016 the upper limit on the amount that can be deducted from the chargeable value is the lower of the chargeable value attributable to the adaptation work and the maximum grant payable under the relevant local authority scheme at the time the work is

carried out. For this purpose, the maximum grant can be taken to be the amount shown in the following table.

<b>MAXIMUM GRANT PAYABLE UNDER LOCAL AUTHORITY SCHEMES</b>			
<b>Time work commenced</b>	<b>Local authority scheme (see section 3.3)</b>	<b>Property less than 12 months old</b>	<b>Property more than 12 months old</b>
1 March 1993 to 31 October 2007	2001	€12,700	€20,320
1 November 2007 to date	2007	€14,500	€30,000

The LPT valuation bands increase progressively by fixed amounts of €50,000 and the maximum grant payable under the local authority schemes is €30,000. Therefore, at most, it is only possible for adaptation work to reduce the chargeable value of the adapted property by a single valuation band. A property that was valued at the upper end of a particular band before the adaptation work is taken into account might move to the lower end of that band but would still incur the same LPT liability as before adaptation. In the case of properties valued at more than €1m, the maximum possible annual LPT reduction is €75 (i.e. €30,000 @ .25%)

For the 2001 local authority scheme, the upper limit is a percentage of the cost of the work that is approved by the particular local authority and that is determined by when the work was started. Where no local authority grant was paid, Revenue will, instead, use the maximum grant payable as the upper limit for comparison with the chargeable value that is attributable to the work. This upper limit is €12,700 where a property is less than 12 months old and €20,320 where a property is more than 12 months old.

Commencing with the year 2017, the chargeable value can be reduced by a fixed annual amount of €50,000, regardless of the particular circumstances, provided of course, that all of the qualifying conditions are met.

### ***3.1.1.5 Termination of relief***

The person with the disability must occupy the property as his or her sole or main residence after the adaptation work is completed. However, the chargeable value of the adapted property can continue to be reduced where the disabled person ceases, at a later stage, to occupy the property as his or her sole or main residence provided that the property is not sold or is not otherwise transferred to a different liable person.

### ***3.1.1.6 Summary of operation of relief***

<b>LPT payable for the years 2013 to 2016</b>	<b>LPT payable for the year 2017 onwards</b>
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<b>Adaptation work before 1 May 2013</b>	<b>Adaptation work after 1 May 2013</b>	<b>Adaptation work at any stage</b>
Reduction in chargeable value established at 1 May 2013 where increase in chargeable value attributable to adaptation work is sufficient to move property into a higher valuation band	No reduction in chargeable value established at 1 May 2013 as increase in chargeable value following adaptation work is ignored	Chargeable value established at 1 May 2013 reduced by €50,000 where adaptation work increases value of property

### 3.2 Establishment of disability and necessity for adaptation work

Where a local authority grant is paid, the relevant local authority satisfies itself about the applicant's eligibility for the grant and the reasonableness of the cost of the adaptation work. Where tax relief in the form of a reduction in the chargeable value of an adapted property is claimed, it is claimed on a self-assessment basis without the need to apply to Revenue for the relief.

However, where a property is adapted without the payment of a local authority grant, a liable person, who meets the other required conditions (see section 2.1 above), must apply to Revenue for the tax relief. The required application form (LPT6) is included in the Annex to these guidelines. The primary purpose of this form is to establish that the particular property is occupied by a disabled individual and that the property has been adapted solely for the purpose of making it more suitable for such occupation.

#### 3.2.1 Establishment of disability

To qualify for the tax relief an adapted property must be occupied by a disabled individual as his or her sole or main residence. The meaning of disability is taken from the Disability Act 2005 and means "***a substantial restriction in the capacity of an individual to carry on a profession, business or occupation in the State or to participate in social or cultural life in the State by reason of an enduring physical, sensory, mental health or intellectual impairment.***"

A disability in its own right is not necessarily sufficient for eligibility for tax relief as the extent of the disability and the associated mobility difficulties must be taken into account in determining whether an individual requires a suitably adapted property.

A disabled individual's doctor is required to provide certain information in relation to the individual's condition on the application form, focusing primarily on the extent of the individual's mobility. Thus, information must be provided in relation to:

- The nature and the extent of the disability;
- How long the disability is expected to continue;

- Whether the disability is progressive;
- The extent to which the person's disability affects his or her mobility;
- How mobile the disabled person is.

### ***3.2.2 Establishment of necessity for adaptation work***

When deciding whether or not to pay a grant towards the cost of adapting a property, a local authority considers whether the proposed adaptation work is reasonably necessary for the purpose of making the property suitable for occupation by a disabled individual. The purpose of adapting a property must be to increase or maintain the functional independence of a disabled individual. The adaptations must help to overcome the restrictions that arise as a result of the disability. Relief is not available for the carrying out of general improvements/maintenance works to a property or for work that is of general benefit to the household rather than specifically addressing the special needs of a disabled individual. The key question for the disabled individual is "would I still need the particular adaptation if I did not have a disability?"

A disabled individual's doctor is required to explain on the application form why the adaptation work that was carried out was considered necessary.

### **3.3 Local authority grant schemes**

The adaptation work must either be grant-aided by a local authority or the reduction must be approved by Revenue as described in section 3.2 above. **Only one of these two conditions must be met.**

The local authority grant must be paid towards the cost of the work in accordance with the terms of certain schemes for housing adaptations that are administered by the local authorities. The two relevant local authority grant schemes are:

1. Housing Adaptation Grant for People with a Disability as provided for in the Housing (Adaptation Grants for Older People and People with a Disability) Regulations 2007 (S.I. No. 670/2007), and
2. Disabled Persons Grants as provided for in the Housing (Disabled Persons and Essential Repairs Grants) Regulations 2001 (S.I. No. 607/2001). This is the current scheme and came into operation from 1 November 2007.

**Both sets of Regulations provide for more than one type of scheme, but it is only the grants that are paid to disabled persons and not on the basis of age that are to be taken into account for the purposes of this LPT relief.**

## **B. EXEMPTION FROM THE CHARGE TO LPT**

### **4. Exemption for permanently and totally incapacitated individuals**



Section 10B of the Finance (Local Property Tax) Act 2012 (as amended) provides a full exemption for certain residential properties that are occupied by individuals who are permanently and totally incapacitated to such an extent that they are unable to maintain themselves and whose condition is so severe that it dictates the type of property that they can live in. **Eligibility for the relief depends on meeting all of the qualifying conditions set out in section 2.2 above.** These conditions are described in more detail below.

#### **4.1 Nature and extent of incapacity**

To be eligible for the exemption, a property must be occupied by an individual who is permanently and totally incapacitated from maintaining himself or herself. This is a high threshold of incapacity. An individual must be incapacitated to the extent that he or she is unable to maintain himself or herself. “Maintain” in this context means to support oneself by earning an income from working. Total incapacity in this context means that the individual is not capable of earning a living from any kind of work. The incapacity must also be permanent, i.e. there must be no prospect of the individual recovering or of the condition improving to the extent that the individual becomes able to maintain himself or herself.

It is not possible to provide a list of medical conditions that can be accepted automatically as meeting the requirements for relief. There are inevitably variations in the severity of many conditions which mean that an individual who has a mild form of a particular condition may not meet the requirements for the relief while someone with a severe form of the condition may do so. Ultimately, whether a property is eligible for LPT exemption will be determined by the extent of an individual’s incapacity, whatever his or her underlying condition.

Although elderly people above retirement age do not generally maintain themselves by working to earn an income, infirmity or reduced capacity that is attributable **solely** to old age and not to any underlying medical condition is not treated as permanent and total incapacity for the purposes of eligibility for the LPT exemption.

##### ***4.1.1 Establishment of nature and extent of incapacity***

The payment of a court award or an Injuries Board award involves an assessment of the extent of an individual’s incapacity. Public trust funds tend to be established in the case of very severe incapacity. Following the payment of such an award or the establishment of a public trust fund, the LPT exemption is claimed on a self-assessment basis without the need to apply to Revenue. However, it should be noted that many of the personal injuries in relation to which awards are made by the Injuries Board are of a relatively minor nature so that an award in itself is not a sufficient condition for exemption.

Where an award is not received or a public trust fund is not established, the liable person in relation to the property for which an exemption is sought, and who satisfies the other required conditions for the LPT exemption, must apply to Revenue for the exemption. The required application form (LPT7) is included in the Annex to these guidelines. The primary purpose of this form is to establish that the particular property is occupied by an individual who is permanently and totally incapacitated to the extent that he or she is incapable of maintaining himself or herself by working and earning an income and that the particular property has been acquired and/or adapted solely for the purpose of its suitability for such occupation.

An incapacitated individual's doctor is required to provide certain information in relation to the person's condition on the application form, focusing primarily on the extent of the individual's incapacity/mobility. Thus, information must be provided in relation to:

- The nature and the extent of the incapacity;
- Whether there is any prospect of improvement in the condition;
- The extent to which the individual's incapacity has affected his or her mobility;
- How mobile the incapacitated individual is.

#### ***4.1.2 Incapacitated individuals under the age of 16 years***

In the case of incapacitated individuals who are under the age of 16 years, Revenue will accept that the test of permanent and total incapacity is met where the Department of Social Protection pays a Domiciliary Care Allowance. In order to qualify for Domiciliary Care Allowance a child must have a disability so severe that he or she needs care and attention and/or supervision substantially in excess of another child of the same age. This care and attention must be given by another person, almost all of the time, so that the child can deal with the activities of daily living. The child must be likely to require this level of care and attention for at least 12 months.

The arrangements differ from the arrangements described in sections 4.1 and 4.1.1 above in two respects. Firstly, the necessary degree of incapacity is not established by reference to whether the individual is permanently and totally incapacitated to the extent that he or she is unable to maintain himself or herself by working and earning an income but, instead, by whether a Domiciliary Care Allowance is being paid. Secondly, a doctor is not required to provide information in relation to the child's condition. However, an occupational therapist is required to provide information on the extent to which the child's incapacity has affected his or her mobility and the reason why the particular property and/or adaptations were considered necessary. The required application form (LPT8) is included in the Annex to these guidelines.

#### **4.2 Acquisition/adaptation of a property and its suitability for occupation by an incapacitated individual**

The property must have been constructed or acquired because of its suitability for occupation by a permanently and totally incapacitated individual or adapted to make it suitable for occupation by such an individual. The incapacitated individual must occupy the property as his or her sole or main residence. The linking of the incapacity with the suitability for occupation requirement effectively means that the nature of the incapacity will invariably relate to the physical mobility of an individual and not to intellectual or sensory incapacity. For example, individuals who have certain sensory or intellectual disabilities may be capable of living in a normal property whereas individuals who have severe mobility difficulties may require a suitably adapted property.

As the purpose of acquiring a particular property or adapting a property must be to facilitate its occupation by an incapacitated individual, exemption is not available where general improvements/maintenance works have been carried out or work that is of general benefit to the household rather than specifically addressing the special needs of an incapacitated individual. The key question is would it be possible for the incapacitated individual to occupy a 'normal' property.

#### ***4.2.1 Expenditure on adaptation work***

Where a property is adapted to make it suitable for occupation by an incapacitated individual, the **cost of the adaptation work** (and not the value attributable to the adaptation work) when it is completed must exceed 25% of the chargeable value of the property before the adaptation work is carried out. A liable person should therefore establish the chargeable value of his or her property both before and after the work is carried out. In the case of adaptation work that was carried out before the introduction of LPT, a liable person is required to retrospectively establish the chargeable value of the property that would have applied before the adaptation work was carried out.

#### **4.3 Termination of exemption**

The incapacitated individual must occupy the property as his or her sole or main residence before the exemption is first claimed. However, the exemption can continue to apply after the incapacitated individual ceases to occupy the property as long as the property is not sold or otherwise transferred, such as by way of a gift or an inheritance. The exemption does not end following a sale or a transfer of the property provided that the incapacitated individual continues to live in it.

### **5. Claiming the LPT relief**

Where all of the conditions for a relief are met, other than where a liable person is required to apply to Revenue for approval, a liable person should claim the relief on a self-assessment basis. While some of the conditions for the reliefs were relaxed after the introduction of LPT, the reliefs are being retrospectively applied to 1 July 2013. As a result there may be liable persons who paid LPT in accordance with the then current legislation and who subsequently became eligible for relief. Such persons should apply to Revenue for a refund of some, or all, of the LPT previously paid. The amount of any refund will depend on whether the individual qualifies for a reduction in the chargeable value of his or her property or a full exemption from payment of LPT.

The conditions that were relaxed after the introduction of LPT were the requirements to have received a local authority grant towards the cost of adapting a property, to have received a Court or Injuries Board award or to have had a public trust fund established for the benefit of an incapacitated individual. Where none of these conditions are met but where all of the other qualifying conditions for the particular relief are met, a liable person in relation to the particular property may apply to Revenue for approval for the relief. The liable person should submit the relevant completed application form (either LPT6, LPT7 or LPT8 included in the Annex to these guidelines) to Local Property Tax Branch, Revenue Commissioners, P.O. Box 1, Limerick. Further information or assistance is available by contacting the LPT Helpline on 1890 200 255.

A false claim may result in the imposition of penalties under section 147 of the Finance (Local Property tax) Act 2012 (as amended).

## Examples

The following examples illustrate various aspects of the operation of the two LPT reliefs.

### A. REDUCTION IN CHARGEABLE VALUE

#### 1. Pre 1 May 2013 adaptation work doesn't increase chargeable value

Before the introduction of LPT, Joe converted the sitting room in his house into a bathroom suitable for use by his disabled wife at a cost of €15,000. He received a grant from his local authority under the 2007 scheme. He estimated that the market value of his house would have been €60,000 before the conversion, i.e. in the valuation band €50,001 to €200,000. For LPT purposes, he estimates that the market value of his house would have fallen to €50,000 as a result of the conversion which would have moved it into a lower valuation band, i.e. €100,001 to €150,000. As the adaptation work did not increase the chargeable value of his property, he was not eligible for the relief and no further reduction in the chargeable value could be claimed. He was not required to do anything other than submit the usual LPT return in respect of the first LPT valuation date of 1 May 2013 declaring a valuation band of €100,001 to €150,000.

In 2017, Joe will not be eligible for the fixed deduction of €50,000 from the chargeable value of his house as the adaptation work did not result in an increase in its chargeable value which is one of the qualifying conditions for the relief.

#### 2. Pre 1 May 2013 adaptation work increases chargeable value but not by enough to change valuation bands

In 2012 Janet extended her house at a cost of €50,000 to facilitate her elderly mother who is wheelchair-bound. She received the maximum available grant of €30,000 under the 2007 scheme towards the cost of the work from her local authority. Before the extension was built, she estimated the market value of her house at €10,000, i.e. in the valuation band €100,001 to €150,000. On completion of the work she estimated that the market value had increased to €30,000. However, as this increased value remained within the same valuation band of €100,001 to €150,000, Janet can not benefit from the relief and was not required to do anything other than submit the usual LPT return declaring a valuation band of €100,001 to €150,000.

However, from 2017 on, Janet will be entitled to a fixed annual deduction of €50,000 from the chargeable value of €10,000 that she declared in respect of the first LPT valuation date of 1 May 2013. This deduction will have the effect of moving her house into the lowest valuation band of zero to €100,000 and reducing her annual LPT liability by €35. Janet should write to Revenue to claim this relief.

#### 3. Pre 1 May 2013 adaptation work increases chargeable value to extent that it moves into a higher valuation band

During 2012 Gerry built an extension to his house for use as a bedroom by his severely disabled daughter. The house was not eligible for an exemption from the charge to LPT under section 10B of the Finance (Local Property Tax) Act 2012 (as amended). The cost of the extension, including fitting out, was €75,000 and Gerry received the maximum available grant of €30,000 under the 2007 local authority scheme. Before the extension was built, he estimated the market value of his house at €240,000, i.e. in the valuation band €200,001 to €250,000. On completion of the work he estimated that the market value had increased to €275,000, which put the chargeable value into the next higher valuation band of €250,001 to €300,000. He was eligible for the relief as the increase was directly attributable to the adaptation work.

However, the reduction in the chargeable value is restricted to the lower of the cost of the adaptation work or the maximum grant payable by the local authority. The cost of the work, €75,000, exceeds €30,000, the maximum grant payable. The reduced chargeable value is therefore €245,000 (i.e. €275,000 less €30,000). Even though the reduced chargeable value falls into the same valuation band as the pre-adaptation chargeable value, Gerry must notify Revenue in writing of the value that is attributable to the adaptation work. He must also submit any relevant supporting documentation if requested by Revenue.

Gerry has already benefited from a reduction in chargeable value and will not benefit from any additional relief from 2017 as the new fixed amount deduction of €50,000 would result in a chargeable value of €225,000 (i.e. €275,000 less €50,000), which is in the same valuation band as already applies, i.e. €200,001 to €250,000.

#### **4. Property adapted after 1 May 2013**

John successfully applied to his local authority for a grant towards the cost of adaptation work under the 2007 scheme for persons with a disability. He carried out the adaptation work during 2014. For LPT purposes, he valued his property on 1 May 2013 at €310,000, i.e. in the valuation band €300,001 to €350,000. On completion of the adaptation work, John estimated that the work had caused the value of his house to increase to the extent that it would then fall into the valuation band €400,001 to €450,000. However, he continues to have the same LPT liability for the years 2015 and 2016 as any increase in the chargeable value of a property that happens after the 1 May 2013 valuation date is ignored until the next valuation date which will be 1 November 2019.

From 2017 on, John will be able to deduct a fixed amount of €50,000 from the chargeable value of €310,000 he declared for his property on 1 May 2013. This will put his property into the next lower valuation band of €250,001 to €300,000 and reduce his LPT liability by €90.

#### **5. Local authority grant not paid towards cost of adaptation work**

Because of her disability, Sarah carried out adaptation work to her house before the introduction of LPT. The value that she attributed to the adaptation work had the effect of moving the chargeable value of her house into the next higher valuation band. She did not qualify for a local authority grant towards the cost of the work as her income exceeded the allowable limit for the grant scheme. When she became aware in June 2015 that this requirement for the payment of a local authority grant was being waived, she submitted the relevant application form to Revenue with information provided by her doctor about the

nature of her disability and why he considered the adaptation work to have been necessary. Revenue approved her application and refunded the additional €270 (i.e. €90 x 3) LPT that had already been paid for the years 2013, 2014 and 2015 and that was attributable to the house having moved into the next higher valuation band.

As Sarah has already qualified for the maximum amount of relief, the introduction of the fixed annual deduction of €50,000 from the declared chargeable value of her house from the year 2017 will not change her situation.

## **B. EXEMPTION FROM THE CHARGE TO LPT**

### **6. Permanently incapacitated but able to maintain oneself**

Rose has been blind from birth and has had her house adapted in various ways to make it more suitable for her needs. Although Rose is permanently incapacitated, she is not totally incapacitated and she maintains herself by earning an income. She does not qualify for an LPT exemption regardless of whether or not she received an award from a court or from the Injuries Board.

### **7. Purchase of a suitable house**

James was involved in a serious car accident that left him totally and permanently incapacitated and unable to do work of any kind. He did not obtain any kind of compensation award. Before the accident, he lived on the 6<sup>th</sup> floor of a building in a small apartment. This proved totally unsuitable for his wheelchair and the other specialised equipment that he needed after the accident. He had no option but to move out of the apartment. He sold it and purchased a bungalow that was suitable for his needs. To qualify for an exemption from LPT, James must submit the appropriate application form to Revenue in which his doctor must certify that he is totally and permanently incapacitated from maintaining himself and provide information in relation to James' condition and his need to move to an alternative residence.

### **8. Adaptation work on an existing property**

Jim is quadriplegic as a result of a degenerative disease. His two-storey house was extensively adapted to make it suitable for occupation by himself and his wife, Joan. Most of the adaptation work was carried out on the ground floor to facilitate the installation of essential equipment such as a hospital bed, a large hoist, an industrial fan, a trolley table and airflow mattress pump. Special access to the house was also required because his specially designed wheelchair/bed was longer and wider than a standard wheelchair. The second floor was adapted to make it suitable as living quarters for Joan. Joan engaged a property valuer who estimated that the chargeable value of the house for LPT purposes before the adaptation work was carried out in 2007 was €300,000. At €120,000, the cost of the adaptation work exceeds 25% of the chargeable value of the property before the work was carried out. To qualify for an exemption from LPT, they must submit the appropriate application form to Revenue in which Jim's doctor must certify that he is totally and permanently incapacitated from maintaining himself and provide information in relation to his condition and his need for the adaptations that were carried out on the house.

### **9. Domiciliary care allowance**

Michael and Emily's daughter Mary was born with a serious disability. They receive a domiciliary care allowance from the Department of Social Protection. They have not yet needed to adapt their house to make it more suitable for Mary but know that they will have to do so as her condition will deteriorate. Until they carry out adaptation work, they will not be exempt from LPT.

When the adaptation work is carried out they may qualify for the exemption if the cost of the adaptation work exceeds 25% of the chargeable value of the property before the work was carried out. If they are still in receipt of the domiciliary care allowance, they will have to submit an application to Revenue but their doctor will not be required to certify that Mary is permanently and totally incapacitated from maintaining herself and to provide information in relation to her condition and her need for the adaptations that were carried out. However, an occupational therapist will be required to provide information on the extent to which Mary's incapacity has affected her mobility and the reason why the particular property and/or adaptations were considered necessary.