

# Residential Owner-Occupier Relief

## Part 10-11-02

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## 1 What is owner-occupier relief?

Owner-occupier relief is a tax relief available to individuals who have incurred expenditure on the purchase, construction, refurbishment or conversion of a qualifying residential property that is used by the individual as his or her sole or main residence. The relevant legislation is contained in Chapter 11 of Part 10 of the Taxes Consolidation Act, 1997. The meaning of the terms construction, refurbishment and conversion is set out in [Appendix 1](#). Relief for expenditure incurred can be set against an individual's total income for tax purposes thus reducing the amount of taxable income and tax payable. It is given by way of a deduction from the individual's total income as follows:

- 5% per annum for each of 10 years of the qualifying expenditure incurred in the case of a newly constructed dwelling (50% in total), and
- 10% per annum for each of 10 years of the qualifying expenditure incurred on a refurbished or converted dwelling (100% in total)

The term 'property' as used in this document refers to owner-occupied dwellings such as houses or apartments.

It should be noted that it is the first use of the property following construction, refurbishment or conversion that determines the type of relief that applies. If the property was first used by an individual as his or her sole or main residence, owner-occupier relief applies. If the property was first let by an individual under a qualifying lease, Section 23 type relief applies. It is not possible for both types of relief to apply to the same property at different times.<sup>1</sup>

For the purposes of owner-occupier relief, a property includes land such as a yard, garden or car-parking space that forms part of the property. This document applies to these ancillary items as it does to the property itself.

## 2 What schemes does owner-occupier relief apply to?

Owner-occupier relief was made available under the following schemes:-

### A. Schemes terminated in 1999

- Custom House Docks Area
- Temple Bar Area
- 1994 Urban Renewal
- Islands

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<sup>1</sup> Certain properties were originally designated as being eligible only for owner-occupier relief under the integrated area urban renewal and town renewal schemes. Following a recommendation by the Minister for the Environment, Heritage and Local Government, these properties became eligible to opt for Section 23 relief where this was the preferred choice. The option to choose applied to expenditure incurred under the particular schemes on or after December 2001, or to expenditure incurred before that date if there was no purchase contract in place at that date and the property was purchased by 1 September 2002.

The period during which qualifying expenditure had to be incurred ended for the above schemes in 1999 (or earlier if certain conditions were not met). Owner-occupier relief is no longer applicable in relation to properties in these areas.

## B. Schemes terminated in 2008

- Integrated area urban renewal
- Living over the shop<sup>2</sup>
- Park and ride<sup>2</sup>
- Rural renewal
- Town renewal<sup>2</sup>

Qualifying expenditure could be incurred on these latter schemes up to 31 July 2008, provided that certain conditions were fulfilled. While the period during which qualifying expenditure had to be incurred has ended owner-occupier relief may still be applicable in relation to properties in these areas depending on when the properties were first used. Details of the qualifying periods for all the schemes are contained in [Appendix 2](#). A list of the qualifying areas for the integrated area urban renewal, town renewal and rural renewal schemes is contained in [Appendix 3](#). Details of the areas designated for the 1994 urban renewal scheme are contained in statutory instruments that are available at [www.irishstatutebook.ie](http://www.irishstatutebook.ie).

Further details about these schemes are available in Tax and Duty Manual [Part 10-00-02](#). Guidelines governing the park and ride scheme were issued by the Department of the Environment, Heritage and Local Government<sup>3</sup> and were subsequently available from the Department of Transport<sup>4</sup>.

## 3 Qualifying period

Finance Act 2006 extended, subject to certain conditions, the termination date for the later schemes to 31 July 2008. However, where the various conditions were not met, an earlier termination date of 31 December 2004<sup>5</sup> or 31 December 2006 could have applied - see [Appendix 2](#).

The extension of the qualifying periods to either 31 December 2006 or 31 July 2008 was dependent on certain pre Finance Act 2006 conditions having been met in addition to a new condition introduced in Finance Act 2006 for the purposes of availing of the 31 July 2008 deadline. With the exception of the urban renewal scheme, the earlier condition required a valid application for full planning permission to have been submitted to the relevant local authority by 31 December 2004.

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<sup>2</sup> In the case of the living over the shop scheme, expenditure must have been on “necessary construction” (determined by the relevant local authority) rather than on “construction”. In the case of a building that is within the site of a park and ride facility, only construction expenditure qualified for relief, and not refurbishment or conversion expenditure. Expenditure on the refurbishment of a façade of a property qualified for relief in the town renewal scheme.

<sup>3</sup> Now the Department of Housing, Planning and Local Government.

<sup>4</sup> Now the Department of Transport, Tourism and Sport.

<sup>5</sup> 31 December 2002 in the case of the urban renewal scheme (section 372AL(1)(a)(i))

Where this occurred, expenditure incurred up to 31 December 2006 in respect of the work covered by the planning application qualified for relief. In the case of the urban renewal scheme, the 31 December 2006 deadline applied where the local authority certified that 15% of the project costs were incurred by 30 June 2003. In order to qualify for the new extended deadline of 31 July 2008, Finance Act 2006 introduced a new condition requiring work to the value of at least 15% of the actual construction, refurbishment or conversion costs to have been carried out by 31 December 2006. Guidance on these conditions is available in Tax and Duty Manual [Part 09-01-04](#).

## 4 Qualifying expenditure

### 4.1 Work carried out during qualifying period

Relief is only available for expenditure on construction, refurbishment or conversion work that was carried out during the qualifying period for the particular scheme. Where work was carried out after the end of the qualifying period, the property may still be eligible for relief but only in respect of the amount of the expenditure incurred in the qualifying period. For the purposes of determining when expenditure was incurred, only the amount of the expenditure that is attributable to work that was actually carried out during a particular period is taken into account. Therefore, there is no relief for an advance payment for materials or for work that was carried out after any of the deadlines set down.

### 4.2 Certificates of reasonable cost/compliance

A certificate of reasonable cost or a certificate of compliance must have issued in respect of a property before it could qualify for relief (see [Appendix 4](#) for details). The main purpose of these certificates was to ensure that the work that was carried out conforms to standards required by the Department of the Environment, Heritage and Local Government and that the floor area did not exceed specified limits. Because the certificate of reasonable cost also certified that the cost of the work that was carried out was reasonable, the expenditure actually incurred on construction, refurbishment or conversion work must not have exceeded the amount on the certificate. As these certificates were essential for a property to be regarded as a qualifying premises for relief purposes, any expenditure on additional work not covered by a certificate that was carried out after the relevant certificate issued did not qualify for relief.

### 4.3 Costs taken into account in calculating qualifying expenditure

Not all of the costs incurred on the construction, refurbishment or conversion of a property were taken into account in calculating the amount of the qualifying expenditure. Broadly speaking, only the **direct** costs of construction and site clearance and preparation were allowed. However, Revenue practice was to allow the cost, when **first** installed, of fitted kitchens and bathroom suites and certain other items such as fireplaces that form part of the fabric of the building. The treatment of VAT as a cost is dealt with in [section 4.5](#). Costs that were allowed in calculating the amount of the qualifying expenditure include:

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- Direct construction, refurbishment or conversion costs such as the cost of building materials, hire of equipment, labour costs, administrative overheads, architects' and engineers' fees,
  - The cost of certain items, when first installed, that form part of the fabric of the building such as fitted kitchens (excluding appliances), bathroom suites, fixed flooring, tiling and light fittings,
  - Site clearance and preparation costs such as laying foundations, walls, power supply, drainage, sanitation and water supply,
  - Interest paid on money borrowed to fund direct construction, refurbishment or conversion costs,
  - Fees paid to local authorities for the provision of certain infrastructure and services that were directly related to the particular property.

Costs that were **not** allowed in calculating the amount of the qualifying expenditure include;

- The cost of the site or the cost of the pre-refurbished/converted building in the case of a refurbishment or conversion project,
- Costs associated with the acquisition of the site or building such as legal fees and stamp duty,
- Interest paid on money borrowed to fund the purchase of the site and interest on other borrowings not directly related to the construction, refurbishment or conversion costs,
- The cost of items that do not form part of the fabric of the building such as kitchen appliances, free-standing furniture, carpets, curtains and garden plants,
- Marketing and selling costs such as money spent on advertising the property and auctioneers' fees,
- Costs attributable to a person's own labour,
- General contributions/levies paid to a local authority that were not directly related to the property,
- The monetary value of any land, serviced sites or houses transferred to a local authority or any sum of money paid to a local authority as part of an agreement for the provision of social and affordable housing.

For the purposes of calculating the relief due, the price paid for the completed property does not include legal and other professional fees and stamp duty paid in connection with the purchase of the property.

It should be noted that the costs contained in the certificate of reasonable cost issued by the Department of the Environment, Heritage and Local Government should not be used as a basis for calculating the relief.

The examples in [section 6](#) illustrate how the various costs are treated.

## 4.4 Grants

Grants and other payments received directly or indirectly from the State, any local authority or any public body must be deducted from the qualifying expenditure.

## 4.5 Value-Added Tax

VAT paid in connection with the construction, refurbishment or conversion of a property or the purchase of a property can only be included in the qualifying expenditure where it could not be claimed back by the person who paid it. In other words, relief is only available where VAT was a **net** cost to the person who paid that VAT. In the case of owner-occupied property, there is no entitlement to reclaim any VAT paid as the property is not being used for business purposes. The qualifying expenditure is therefore VAT inclusive.

## 4.6 Inducements to purchase property<sup>6</sup>

Where inducements were given to encourage the purchase of a property, the cost to the seller of providing those inducements must be deducted from the purchase price of the property for the purposes of calculating owner-occupier relief. For example, a property may have contained certain domestic appliances or a purchaser may have been entitled to membership of the local golf club. Where a composite price was paid for a property and any other item(s), the part of the price relating solely to the purchase of the property should be separately identified.

## 4.7 Restriction on qualifying expenditure incurred in 2007 and 2008

For projects qualifying for the extended deadline of 31 July 2008 there was a gradual reduction in the amount of expenditure that could qualify for relief after 31 December 2006. Eligible expenditure incurred on actual construction, refurbishment or conversion of a property during 2006 could qualify in full without restriction. However, only 75% of such expenditure incurred in 2007 and 50% of such expenditure incurred in the period 1 January 2008 to 31 July 2008 could qualify for relief. This restriction is illustrated in the example in [section 6.5](#).

## 5 How a property qualifies for relief

To qualify for relief the following conditions must have been satisfied;

- Expenditure must have been incurred on the construction, refurbishment or conversion of a property under the terms of a tax incentive scheme within the qualifying period for that scheme. It is not sufficient to merely own a property in a designated area,
- In the case of the integrated area urban renewal, living over the shop or town renewal schemes a certificate of consistency must have been issued by the local authority stating that the construction, refurbishment or conversion of the property was consistent with the objectives of the plan for those particular

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<sup>6</sup> This issue was covered in Tax Briefing Issue 65, December 2006, page 13



schemes. Relief may not be granted unless the final stage certificate of consistency issued. Use of the property before then would have jeopardised the relief,

- The property must be situated wholly within a qualifying tax incentive area, front onto a qualifying street (living over the shop scheme) or be situated within the site of a park and ride facility. As each individual dwelling must be situated wholly within a designated area, there is no relief available for dwellings situated partly inside and partly outside a designated area. Therefore, a single apartment block that straddles a designated/non-designated area may contain both qualifying and non-qualifying apartments; there was no provision for apportioning any of the qualifying expenditure to the non-qualifying apartments,
- The property must be suitable for use as a dwelling and be used only as a dwelling. For example, if part of a house that is owned by a doctor is used as a surgery or office no relief is due,
- Where qualifying expenditure was incurred up to the 31 December 2006 or the 31 July 2008 extended deadlines, a valid application for full planning permission covering the work represented by that expenditure must have been submitted to the relevant local authority by 31 December 2004 (does not apply to urban renewal scheme). Guidance on this condition is available in Tax and Duty Manual [Part 09-01-04](#).
- Where qualifying expenditure was incurred up to the 31 December 2006 or the 31 July 2008 extended deadlines, and where the construction, refurbishment or conversion work did not require the submission of a planning application, work to the value of 5% of the development costs must have been carried out by 31 December 2004 and a detailed plan in relation to the development work and a binding written contract under which the expenditure was to be incurred must have been in place by that date,
- Where qualifying expenditure was incurred up to the 31 December 2006 or the 31 July 2008 extended deadlines under the integrated area urban renewal scheme, a certificate must have been issued by the relevant local authority stating that 15% of the total project cost had been incurred by 30 June 2003. This certificate must have issued on or before 30 September 2003 (see note 1 to [Appendix 2](#) for further details). In strictness, the work on the project should have been carried out by the person who received the certificate from the local authority. However, Revenue was prepared to accept that, where a site was sold, the certificate could have been transferred to the new owner provided that he or she did not make any changes to the original project for which the certificate was issued,
- Where qualifying expenditure was incurred after 31 December 2006, work to the value of at least 15% of the actual construction, refurbishment or conversion costs must have been incurred by 31 December 2006. Guidance on this condition is available in Tax and Duty Manual [Part 09-01-04](#).
- The property must be occupied as the sole or main residence of the individual claiming the relief for all or part of each year, for which relief is claimed. The individual is not required to occupy the property for all of the 10-year period following his or her first occupation, but no relief is due for any year in which there was no period of occupation by the individual. If an individual has two

residences and it is not possible to determine which of the two residences is the main residence, the individual may select (in writing) the residence that is to be regarded as his or her main residence on the understanding that the selection will also have effect for both mortgage interest relief and capital gains tax purposes,

- The property had to meet certain floor area specifications (see [Appendix 2](#) for details),
- A certificate of reasonable cost or a certificate of compliance must have issued in respect of the property (see [Appendix 4](#) for details). The Revenue practice was to allow a claim for relief where the certificates issued by the filing date for the claimant's return of income for the year for which the claim was made. This practice only applied for the year for which relief was first due,
- Where it was required, planning permission must have been granted for refurbishment and conversion work.

In the case of the park and ride scheme, the relevant local authority must have certified that there has been compliance with guidelines that were issued by the Department of the Environment, Heritage and Local Government. These were subsequently available from the Department of Transport. There was a limit on the amount of qualifying expenditure that could have been incurred on residential accommodation (both owner-occupied and rented) at a park and ride facility. If the construction expenditure on the residential element of a scheme exceeded 25% of the total allowable expenditure, there is no relief due for the residential element.

## 6 How qualifying expenditure could have been incurred

Qualifying expenditure could have been incurred in various ways as set out below.

### 6.1 Construction by site owner

Where a person owned a site or a building and carried out the construction, refurbishment or conversion himself or herself, or engaged a builder to carry out the work, the amount of the relief is the cost of having the property constructed, refurbished or converted. [See section 6.4](#) for the treatment that applies where a property was bought by means of a contract for the site and a separate building agreement. As indicated in [section 4.3](#), the expenditure that qualified for relief is the expenditure incurred directly on construction and the cost of site clearance and preparation. It does not include the costs of acquiring the site or the building, or any cost attributable to the person's own labour. Where a builder was engaged to carry out the work, the amount of the relief is the amount reflected in the building agreement with the builder and includes the builder's profit.

#### Example 1

Mrs. O'Connor owned a site and engaged a builder to construct a house on the site. She agreed to pay the builder €160,000 for the completed house. The builder's direct construction costs were €120,000 and his profit was €40,000. As only 50% of the qualifying expenditure is allowed in the case of construction expenditure, Mrs.

O'Connor's owner-occupier relief was €80,000 available as a deduction of €8,000 per annum over 10 years.

## Example 2

Mr. Whelan purchased a badly run down house for €100,000. He carried out the refurbishment work himself in his spare time. He spent €50,000 on building materials and €10,000 on the hire of equipment. As 100% of the qualifying expenditure is allowed in the case of refurbishment work, Mr. Whelan was entitled to owner-occupier relief of €60,000 available as a deduction of €6,000 per annum over 10 years.

## 6.2 Purchase of a property from a builder<sup>7</sup>

Where a newly constructed property was purchased from a person who carries on the trade of a builder, the amount of the relief is calculated by using the following formula;

$$\text{Price paid to builder} \quad \times \quad \frac{A}{B + C}$$

A = construction expenditure incurred in the qualifying period

B = total construction expenditure

C = expenditure on the acquisition of the site

The price paid is the actual purchase price of the property (excluding stamp duty). The construction expenditure and site costs used in the formula are those incurred by the builder and not those charged to the purchaser by the builder. As indicated in [section 4.3](#), the expenditure qualifying for relief is the expenditure incurred directly on construction and the cost of site clearance and preparation. The formula operates to exclude the site cost so that relief is not available for the full amount paid to the builder. This is why owner-occupier relief properties were advertised as qualifying for, for example, 80% relief or 90% relief, depending on the cost of the site, any costs attributable to the purchase of the site and any non-construction costs incurred by the builder. The amount of the relief includes a portion of the builder's profit.

The same formula applies to the purchase of a newly refurbished or converted property from a builder with A and B in the formula being the refurbishment or conversion costs and C being the cost of the building, including site, prior to refurbishment or conversion.

See [section 6.4](#) for the treatment that applies where a property was bought by means of a contract for the site and a separate building agreement.

<sup>7</sup> A builder means a builder, developer or other person who sells newly constructed, refurbished or converted property in the course of the trade of building/developing.

### Example 1

A builder bought a derelict property for €100,000. He spent €60,000 directly on refurbishment and €4,000 on marketing and selling the refurbished property. A delay in obtaining planning permission resulted in him being unable to get all of the work done within the qualifying period. Work to the value of €10,000 was carried out outside of the qualifying period. He sold the refurbished property for €250,000 to Mr. Nolan.

The qualifying expenditure according to the formula was as follows;

$$€250,000 \quad \times \quad \frac{€50,000}{€60,000 + €100,000} = €78,125$$

As 100% of the qualifying expenditure is allowed in the case of refurbishment work, Mr. Nolan's owner-occupier relief was €78,125, available as a deduction of €7,813 per annum over 10 years.

If there was a subsequent sale of a property before it was used, the relief for the new purchaser is limited to the **lower** of the qualifying expenditure on the first purchase and the qualifying expenditure on the later purchase.

### Example 2

The house in the previous example was bought by Mr. Nolan for €250,000. However, Mr. Nolan was unexpectedly forced to sell the house before he could occupy it. He sold it to Mr. Hurley for €230,000. Mr. Hurley's qualifying expenditure according to the formula was as follows;

$$€230,000 \quad \times \quad \frac{€50,000}{€60,000 + €100,000} = €71,875$$

Mr. Hurley's relief was €71,875 as it was lower than €78,125, which was the relief that would have been due to Mr. Nolan. If Mr. Hurley had purchased the house for €260,000, the qualifying expenditure according to the formula would have been €81,250. In this case, Mr. Hurley's relief would have been limited to €78,125, i.e. the amount of Mr. Nolan's relief.

## 6.3 Purchase of a property from a person who is not a builder

Where a newly constructed property was purchased from a person who does not carry on the trade of a builder, the amount of the relief is the lower of;

- the direct cost of construction, excluding site cost and costs attributable to the purchase of the site, as set out in [section 4.3](#) above
- or
- the amount produced by the formula in [section 6.2](#) above.

Generally, in a market with rising property prices, the relief is based on the expenditure on the construction work carried out during the qualifying period.

The purchase of a newly refurbished or converted property from a person who does not carry on the trade of a builder is treated in the same way as the purchase of a newly constructed property from that person.

### Example

John and Jane McDonald purchased a site for €50,000 and engaged a builder to construct a house at a cost of €200,000. €150,000 was spent on building materials and labour costs were €50,000. All of the work was carried out during the qualifying period. Due to personal circumstances the McDonalds decided to emigrate and sold the house, unused, to Mr. Moore for €350,000. The qualifying expenditure according to the formula was as follows;

$$\text{Price paid to non-builder} \quad \times \quad \frac{A}{B + C}$$

A = construction expenditure incurred in the qualifying period

B = total construction expenditure

C = expenditure on the acquisition of the site

$$€350,000 \quad \times \quad \frac{€200,000}{€200,000 + €50,000} = €280,000$$

However, in this case, Mr. Moore's qualifying expenditure was €200,000, the cost of construction, as it was lower than the €280,000 produced by the formula.

As only 50% of the qualifying expenditure is allowed in the case of construction expenditure, the owner-occupier relief of €100,000 was available as a deduction of €10,000 per annum over 10 years.

## 6.4 Property purchased by means of site contract and building agreement

Where a person purchased a property by means of separate but connected contracts - a contract for the purchase of the site and a building agreement for the construction of the property – for relief calculation purposes Revenue treated both transactions as a single contract for the purchase of a completed property and the formula in [section 6.2](#) was used accordingly. This was because the person effectively purchased a completed property and did not enter into unconnected agreements for the purchase of a site and the engagement of a builder to carry out the construction. This treatment applied whether the property was purchased from a builder or a person who is not a builder.

## Example

A builder owned a site and constructed a number of houses, for sale to purchasers by means of a site contract and a building agreement.

Mr. O' Dwyer entered into a contract for the purchase of a site from the builder for €60,000 and entered into a building agreement for the construction of a house for €200,000 with a construction company connected to the builder. The sale of the site was dependent on Mr. O'Dwyer entering into the agreement with the builder's company to carry out the construction. The site had previously cost the builder €50,000 and the company incurred €150,000 directly on construction costs. Mr. O'Dwyer's qualifying expenditure was not the amount reflected in the building agreement for the house. Instead, it was the amount produced by the formula in [section 6.2](#). His qualifying expenditure according to this formula was;

$$€260,000 \quad \times \quad \frac{€150,000}{€150,000 + €50,000} = €195,000$$

As only 50% of the qualifying expenditure is allowed in the case of construction expenditure, Mr. O'Dwyer's owner-occupier relief of €97,500 was available as a deduction of €9,750 per annum over 10 years.

## 6.5 Expenditure incurred during 2007 and 2008

As part of the transitional arrangements for phasing out the property-based incentive schemes, only 75% of the expenditure incurred in 2007 and 50% of the expenditure incurred in the period 1 January 2008 to 31 July 2008 could qualify for relief (for projects which qualified for the extended deadline of 31 July 2008). For the purposes of establishing whether expenditure was incurred during 2007 and 2008, it was necessary to look at the position for each individual property. Thus, for example, apartments within a single apartment building could qualify for different amounts of relief depending on when construction was carried out.

Guidance on these transitional arrangements is available in Tax and Duty Manual [Part 09-01-04](#).

## Example

A builder started construction on a project comprising 20 identical houses in November 2006 and finished work in May 2008. He submitted a valid application for full planning permission to the local authority before 31 December 2004. By the end of 2006 he had spent €900,000 on drawing up plans, preparing the site and laying the foundations. His quantity surveyor estimated that the overall actual construction costs would be €4m which meant that work to the value of over 15% of the actual construction costs would be incurred by 31 December 2006, thereby qualifying for the extended termination date of 31 July 2008. Qualifying construction costs of €2.7m and €500,000 were incurred during 2007 and 2008 respectively. The builder had paid €1m for the site, i.e. €50,000 site cost per house.

The allowable construction costs were:-

$$€900,000 + €2,025,000 (€2.7m \times 75\%) + €250,000 (€500,000 \times 50\%) = €3,175,000.$$

It was not possible to apportion this cost evenly over the 20 houses. Separate calculations had to be carried out for the various houses depending on when the expenditure on their construction was incurred. The €900,000 incurred on drawing up plans, preparing the site and laying the foundations could be apportioned. In addition to this apportioned expenditure of €45,000 per house, 16 houses were fully completed during 2007 with attributable expenditure of €2.56m. 4 houses were partially completed during 2007 with attributable expenditure of €140,000 and were completed during 2008 with attributable expenditure of €500,000.

Adjusting the formula in [section 6.2](#) the appropriate fraction was:

construction expenditure incurred in qualifying period reduced by restrictions  
overall construction expenditure incurred + site cost

The qualifying expenditure as a percentage of the purchase price for the first **16 houses** according to the formula was:

$$\frac{^8€2,640,000}{^9€3,280,000 + €800,000} = 65\%$$

If the houses were sold for €350,000, each purchaser would have been entitled to owner-occupier relief of €113,750 available as a deduction of €11,375 per annum over 10 years (€350,000 x 65% x 50%).

The qualifying expenditure as a percentage of the purchase price for the remaining **4 houses** was:

$$\frac{^{10}€535,000}{^{11}€820,000 + €200,000} = 52\%$$

If the houses were sold for €350,000, each purchaser would have been entitled to owner-occupier relief of €91,000 available as a deduction of €9,100 per annum over 10 years (€350,000 x 52% x 50%).

## 7 What to check before purchase

The purchaser should have established the scheme under which the property qualified for relief. This is important as different conditions applied to the various schemes. [Section 2](#) above has details of the relevant information sources for the

<sup>8</sup> €2,640,000 = €720,000 (€45,000 x 16) + €1,920,000 (€2.56m x 75%).

<sup>9</sup> €3,280,000 = €720,000 (€45,000 x 16) + €2.56m; €800,000 = €50,000 x 16.

<sup>10</sup> €535,000 = €180,000 (€45,000 x 4) + €105,000 (€140,000 x 75%) + €250,000 (€500,000 x 50%).

<sup>11</sup> €820,000 = €180,000 (€45,000 x 4) + €140,000 + €500,000; €200,000 = €50,000 x 4.

various schemes. A list of the qualifying areas for the integrated area urban renewal, town renewal and rural renewal schemes are contained in [Appendix 2](#). Details of the areas designated for the 1994 urban renewal scheme are contained in statutory instruments available at [www.irishstatutebook.ie](http://www.irishstatutebook.ie).

## 7.1 Documentation required

A person claiming relief should be able to show that he or she has fulfilled all of the relevant conditions and that he or she is entitled to the relief. The person should also be able to provide details of the construction and site costs in order to calculate the amount of the relief to which he or she is entitled. [Section 6](#) provides examples of how the relief is calculated. A statement from a builder stating that the property qualified for, for example, 80% or 90% relief, is not sufficient as it does not give a breakdown of the builder's costs. The following documents, as appropriate, may be required to support a claim for relief in the event of the claim being audited by Revenue. They should be retained, and only if requested, given to the claimant's tax office. The documents are;

- A certificate of consistency from the local authority stating that the construction, refurbishment or conversion of the property is consistent with the objectives of the integrated area urban renewal, living over the shop or town renewal plans. The property cannot be a qualifying property unless the final stage certificate of consistency issued,
- Where expenditure was incurred up to 31 December 2006 or 31 July 2008 for the integrated area urban renewal scheme, a certificate must have been issued by the relevant local authority by 30 September 2003 stating that 15% of the total project cost had been incurred by 30 June 2003. (see note 1 to [Appendix 2](#) for further details)<sup>12</sup>,
- Where expenditure was incurred up to 31 December 2006 or 31 July 2008 for schemes other than the urban renewal scheme, evidence that a valid application for full planning permission was submitted by 31 December 2004. Expenditure on any work that did not form part of that particular planning application did not qualify for relief<sup>12</sup>,
- Where expenditure was incurred up to 31 December 2006 or 31 July 2008 for schemes other than the urban renewal scheme, and where the construction, refurbishment or conversion did not require the submission of a planning application, there must be evidence that work to the value of 5% of the development costs had been carried out by 31 December 2004 and that certain documentation was in existence by that date. The documents are a detailed plan in relation to the development work and a binding written contract under which the expenditure was to be incurred,
- Where expenditure was incurred between 1 January 2007 and 31 July 2008, evidence that work to the value of at least 15% of the actual construction costs

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<sup>12</sup> More detailed information is available in Tax and Duty Manual [Part 09-01-04](#).



was carried out by 31 December 2006. Revenue expects that builders and developers would have provided a statement prepared by a quantity surveyor or architect showing clearly the work that was carried out up to 31 December 2006; the construction, refurbishment or conversion costs attributable to this work; the projected costs to completion of the project and the percentage of the total figure represented by the work that was carried out by 31 December 2006<sup>13</sup>,

- Where expenditure was incurred between 1 January 2007 and 31 July 2008, details of the construction, refurbishment or conversion expenditure relating to work carried out during 2007 and in the period 1 January 2008 to 31 July 2008, which expenditure had to be restricted to 75% and 50% respectively<sup>13</sup>,
- A certificate of compliance in the case of a newly constructed, refurbished or converted house purchased from a builder. This was issued by the Housing Grants Section of the Department of the Environment, Heritage and Local Government in Ballina. The certificate should have been obtained before tax relief was claimed but where there was a delay in its issue, Revenue would have accepted a claim for relief where the certificate issued by the filing date for the claimant's return of income for the year for which the claim was made (see [Appendix 4](#) for details). This Revenue practice only applied for the year for which relief was first due,
- A certificate of reasonable cost where a new house was to be occupied by the person who built it, or had it built, or where a refurbished or converted house was to be occupied by the person who refurbished or converted it, or had it refurbished or converted. This was issued by the Housing Grants Section of the Department of the Environment, Heritage and Local Government in Ballina. The certificate should have been obtained before tax relief was claimed but where there was a delay in its issue, Revenue would have accepted a claim for relief where the certificate issued by the filing date for the claimant's return of income for the year for which the claim was made (see [Appendix 4](#) for details). This Revenue practice only applied for the year for which relief was first due,
- Where planning permission was required for conversion or refurbishment work, a copy of the planning permission,
- A copy of the purchase contract between the vendor and the purchaser showing the purchase price or a copy of the contract for the purchase of the site and a copy of the building agreement. Where a composite price was paid for a property and any other item(s), the part of the price relating solely to the purchase of the property should be separately identified,
- Details of the total cost of the construction, refurbishment or conversion, including (separate) details of any work carried out outside of the qualifying period. (see [Appendix 2](#) for details of qualifying periods) In the case of the purchase of a property from a builder, a statement of the builder's costs is required. The statement should provide separate details of the site acquisition costs and the direct construction, refurbishment or conversion costs incurred

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<sup>13</sup> More detailed information is available in Tax and Duty Manual [Part 09-01-04](#).

by the builder. As stated in [section 4](#), only the costs directly attributable to construction, refurbishment or conversion were allowed. This information is required by the claimant to calculate the amount of the relief. In the case of the purchase of a newly refurbished or newly converted property, evidence of the cost of the building before refurbishment or conversion is required,

- Evidence that the first use of the property after purchase, construction, refurbishment or conversion, and during each year for which relief is claimed, was as the sole or main residence of the individual claiming the relief
- In the case of the park and ride scheme, a certificate from the relevant local authority stating that the development complied with the requirements laid down in guidelines issued by the Department of the Environment, Heritage and Local Government (that were subsequently available from the Department of Transport) in relation to residential accommodation at a park and ride facility.

## 8 How to claim owner-occupier relief

The mere purchase of a property in a designated area does not entitle a person to owner-occupier relief. The conditions outlined in [section 5](#) must have been fulfilled. A claimant did not need to obtain any form of advance approval or permission from Revenue to apply for the relief. Provided that all of the conditions of a scheme were fulfilled, the relief can be claimed in the individual's annual income tax return under the self-assessment system. Under the self-assessment system, a return of income must be made on or before 31 October in the year following the year of assessment.

Not all persons whose tax is paid under the PAYE system are obliged to make a return of income. A person with PAYE income who also has gross income from a non-PAYE source(s) of €30,000<sup>14</sup> or more even though this income may be reduced to nil or to a negligible amount because of deductions, losses, allowances and other reliefs such as Section 23 relief, is regarded as a 'chargeable person' and is required to make a return of income under the self-assessment system. The €30,000 limit applies to gross income from **all** non-PAYE sources and not from each separate source. A person who becomes a 'chargeable person' in a year continues to be a 'chargeable person' for future years, as long as the source(s) of the non-PAYE income continues to exist, irrespective of the amount of the annual gross income. A person with assessable non-PAYE income of €5,000<sup>15</sup> or more for any year is also regarded as a 'chargeable person' for self-assessment purposes and must file a return of income.<sup>16</sup>

The first claim could have been made for the year in which the individual first used the property as his or her sole or main residence after the qualifying expenditure had been incurred, provided that this was the first use of the property after the work had been carried out.

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<sup>14</sup> €50,000 for 2015 and prior years.

<sup>15</sup> €3,175 for 2015 and prior years

<sup>16</sup> Further guidance on this topic is available in Tax and Duty Manual [Part 41A-01-01](#).

In the case of an individual who is taxed under the self-assessment system, a claim should be made in the return of income for each year that the relief applies. In the case of an individual who is taxed under the PAYE system, a claim need only have been made for the first year (via Revenue's online Form 12 which can be accessed via [myAccount<sup>17</sup>](#)). However, such an individual should inform his or her local tax office if he or she ceases to be eligible for the relief.

## 9 How owner-occupier relief is granted

[Section 6](#) contains details of how to calculate the amount of the relief. In the case of a newly constructed property, 50% of the qualifying construction expenditure is allowed. Relief is granted at the rate of 5% per annum over a period of 10 years as a deduction from total income. In the case of a refurbished or converted property, 100% of the qualifying refurbishment or conversion expenditure is allowed. Relief is granted at the rate of 10% per annum over a period of 10 years as a deduction from total income. In the case of the living over the shop scheme, an individual is entitled to relief for the full amount of the **necessary** construction, refurbishment or conversion expenditure at the rate of 10% per annum over a period of 10 years.

**Where an individual's income for a year of assessment is not sufficient to absorb the relief for that year, the excess relief cannot be carried forward and is lost.**

Where more than one person has incurred qualifying expenditure on a property, the relief is apportioned among those persons according to the amount of the expenditure incurred by each person. For example, if a property was purchased as a principal private residence by a number of people for €400,000 and one person paid €100,000 of this amount, he or she is entitled to 25% of the owner-occupier relief available in respect of the property.

Depending on when the claim for relief was first submitted, the claim may have resulted in a review of the tax liability for the first year for which relief was due and the claimant may have been entitled to a refund of overpaid tax. In the case of an individual who is taxed under the PAYE system, the annual relief is automatically allowed as an additional tax credit for the 9 years subsequent to the first year of claim. It is shown on the "Tax Credit Certificate". An individual who is taxed under the self-assessment system has to claim the relief in each annual return of income.

### Example

In March 2004 Mr. Ryan purchased a site for €30,000 and engaged a builder to construct a house on the site. The qualifying construction costs were €100,000, the amount that Mr. Ryan paid the builder to construct the house. He first occupied the house as his sole residence in December 2004. As Mr. Ryan is a PAYE taxpayer, he made a claim directly to his local tax office in January 2005. The relief for 2004 was €5,000 (5% of the construction cost) and was allowed as follows:

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<sup>17</sup> The Owner-Occupier Relief claim form is no longer available

	€	
Total income	20,000	
Less owner-occupier relief	<u>(5,000)</u>	
Taxable income	15,000	
Tax due	3,000	(15,000 @ 20%)
Less single persons tax credit	1,520	
Less PAYE tax credit	<u>1,040</u>	<u>2,560</u>
Tax due	440	
Tax paid	<u>1,440</u>	
<b>Refund due</b>	<b>€1,000</b>	

## 9.1 Married couples and civil partners

Where an individual is assessed under the joint assessment rules, the individual can claim the relief against his or her income and against the income (if any) of his or her spouse or his or her civil partner. Where a married individual or an individual in a civil partnership is assessed as a single person, the relief can only be set against that individual's income.

## 10 Owner-occupier and sharing arrangements

An owner-occupier may wish to share his or her house with other people. In such situations the owner-occupier relief continues to apply, provided that the house continues to be used by the individual as his or her sole or main residence for the relevant years. If the owner-occupier receives any income in respect of the sharing arrangement, this should be included in the owner-occupier's tax return. An owner-occupier may be entitled to claim **rent-a-room relief** in respect of the gross rents and any sums for meals or other services supplied in connection with the letting of a room or rooms in his or her sole or main residence as residential accommodation. Please refer to Tax and Duty Manual [Part 07-01-32](#) for further information on this relief.

## 11 Termination of owner-occupier relief

Owner-occupier relief is terminated if there is a disposal of the property or if it otherwise ceases to be a qualifying property by, for example, ceasing to be used as the sole or main residence of the individual claiming the relief, within the period of 10 years beginning when the property was first occupied by the owner. A breach of the conditions outlined in [section 5](#), for example, the enlargement of the property beyond the permitted floor area, will cause the property to cease to be a qualifying property. Unlike Section 23 relief, there is no withdrawal of the relief already granted to the first owner. Owner-occupier relief is only available to the first owner and occupier of the property after it has been constructed, refurbished or converted. **Unlike Section 23 relief, there is no provision for any relief to be passed on to any subsequent owner of the property regardless of whether the property is disposed of by way of sale, gift or inheritance.** On the disposal of the property, or its ceasing to be used as a qualifying property, a full year's relief may be claimed for the year of

disposal provided that the property is the sole or main residence of the individual at some time during that year.

Where an owner-occupier ceases to use a property as his or her sole or main residence but does not sell the property, the owner-occupier relief is allowed for the year of change, provided that the property was used by the individual as his or her sole or main residence at some time during that year. Likewise, the relief will be granted for a year in which the individual recommences to use the property as his or her sole or main residence, for example, after a period of non-use or letting, provided that the recommencement is still within the 10-year period. Where there is a break in the occupation of the property the amount of relief claimable will fall short of the full amount as relief cannot be claimed beyond the 10-year period.

Where an owner-occupier sells a qualifying property and purchases another qualifying property within the same year, relief may be claimed in respect of each property for that year provided that each property is used as the individual's sole or main residence at some time during that year.

Where a property is owned in joint names when the relief is first claimed and is transferred into the sole name of one of the individuals during the 10-year period, the individual who acquires full ownership of the property continues to qualify for 50% of the relief only. Any unused part of the transferor's 50% of the relief is lost.

An individual who is taxed under the PAYE system should notify his or her local tax office when he or she disposes of the property or if it otherwise ceases to be a qualifying property.

## 12 Affordable housing and shared ownership schemes

Affordable housing and shared ownership schemes were operated by local authorities. Affordable housing is housing that was made available for purchase at a discount to the market price. Alternatively, a person could share ownership of a property with the local authority and pay rent to the local authority in relation to the share of the property owned by the local authority. If the property is located within an area that was designated for the purposes of one of the schemes listed in [section 2](#) and satisfies the conditions pertaining to that scheme and to owner-occupier relief in general, owner-occupier relief is available for the property. However, it should be noted that the amount of the relief is determined by the **expenditure actually incurred by the purchaser** on the property and not by the market value of the property or the contribution of the local authority towards the purchase. In the case of shared ownership there is no owner-occupier relief for the rent paid to the local authority.

### Example

Mr. Doyle purchased an affordable home under the Ballymun Regeneration Project. The local authority organised for the property to be purchased directly from the builder for €250,000. The market value of the property was €400,000. The builder

had incurred construction expenditure of €220,000 and had purchased the site for €50,000. Mr. Doyle's qualifying expenditure according to the formula in [section 6.2](#) was:

$$€250,000 \quad \times \quad \frac{€220,000}{€220,000 + €50,000} = €203,700$$

As only 50% of the qualifying expenditure is allowed in the case of construction expenditure, Mr. Doyle's owner-occupier relief of €101,850 was available as a deduction of €10,185 per annum over 10 years.

If the local authority purchased the property from the builder and sold it on to Mr. Doyle the calculation of the owner-occupier relief is as set out in the second example in [section 6.2](#). Mr. Doyle's relief would have been based on the **lower** of the qualifying expenditure on the first purchase and the qualifying expenditure on the later purchase.

Owner-occupier relief is terminated as set out in [section 10](#) if the property is sold or ceases to be a qualifying property. Depending on when a property is sold the local authority may have to be paid a certain proportion of the sale price but there is no clawback by Revenue of any of the relief already granted.

How the relief is claimed is set out in [section 8](#). In addition to any other information required, the claimant should advise his or her local tax office of the amount of expenditure actually incurred by him or her as well as particulars relating to the vendor of the property.

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## Appendix 1

### Construction, Refurbishment, Conversion

#### Construction

The meaning of construction is generally self-explanatory. However, in the case of the living over the shop scheme any construction must have been 'necessary construction'. Additional storeys could have been built only where they were required to restore or enhance the streetscape. A replacement building could have been constructed where a dangerous building order had been issued and it was required to restore the streetscape. The replacement building must have been consistent with the character and size of the original building. Extensions, limited to 30% of the existing floor area, to existing buildings must have been necessary to facilitate access to residential accommodation or to provide essential facilities. What constitutes necessary construction was determined by the relevant local authority.

#### Refurbishment

Refurbishment includes construction, reconstruction, repair or renewal and the provision or improvement of water, sewerage or heating facilities where a certificate of compliance or of reasonable cost in respect of the work was issued by the Department of the Environment, Heritage and Local Government. The Department of the Environment, Heritage and Local Government were required to certify that the refurbishment work was necessary for the purposes of ensuring that a house is suitable for use as a dwelling. In relation to the façade of a house that fronts onto a street in the town renewal scheme, the construction, reconstruction, repair or renewal must have been carried out in the course of the maintenance, repair or restoration of that façade. In the case of the rural and town renewal schemes, the pre-refurbished building could have contained a single dwelling. In the case of the living over the shop and urban renewal schemes, the pre-refurbished building must have contained at least two dwellings.

#### Conversion

Conversion is the conversion into a house of a building, or part of a building, that was not previously used as a house or the conversion of a building, or part of a building into multiple house units. The conversion of part of a building was restricted to the living over the shop, urban renewal and town renewal schemes. Conversion includes the carrying out of any works of construction, reconstruction, repair or renewal, and the provision or improvement of water, sewerage or heating facilities in the course of the conversion. As the works must have been carried out in the course of the conversion, certain works were not regarded as conversion. These would include general repairs to a building or construction that was not actually part of the conversion work.

## **Alterations to Land**

Construction, refurbishment and conversion also refers to work carried out in relation to the land on which the dwellings are situated or which is used in the provision of gardens, grounds, access or amenities in relation to the dwellings. The following type of work is covered;

- the demolition or dismantling of any building on the land
- site clearance, earth moving, excavation, tunnelling and boring, laying of foundations, erection of scaffolding, site restoration, landscaping and the provision of roadways and other access works
- the construction of walls, the provision of power supply, drainage, sanitation and water supply
- the construction of any outhouses or other buildings or structures for use by the occupants of the dwellings.



## Appendix 2

### Incentive Schemes Terminated In 2008

SCHEME	QUALIFYING PERIOD	FLOOR AREA
Integrated area urban renewal	1 August 1998 <sup>18</sup> to 31 July 2008. If 15% certificate not issued, end date is 31 December 2002 (see note 1). Where this condition was met but work to value of at least 15% of actual construction costs was <b>not</b> carried out by 31 December 2006, end date is 31 December 2006	Not less than 38 square metres and not more than 125 square metres
Town renewal	1 April 2000 to 31 July 2008. If valid application for full planning permission <b>not</b> submitted on or before 31 December 2004, end date is 31 December 2004. Where this condition was met but work to value of at least 15% of actual construction costs was <b>not</b> carried out by 31 December 2006, end date is 31 December 2006	Not less than 38 square metres and not more than 125 square metres, or 210 square metres in the case of conversion or refurbishment expenditure incurred on or after 6 April 2001
Rural renewal	6 April 1999 to 31 July 2008. If valid application for full planning permission <b>not</b> submitted on or before 31 December 2004, end date is 31 December 2004. Where this condition was met but work to value of at least 15% of actual construction costs was <u>not</u> carried out by 31 December 2006, end date is 31 December 2006	Not less than 38 square metres and not more than 210 square metres.
Living over the shop	6 April 2001 to 31 July 2008. If valid application for full planning permission <b>not</b> submitted on or before 31 December 2004, end date is 31 December 2004. Where this condition was met but work to value of at least 15% of actual construction costs was <u>not</u> carried out by 31 December 2006, end date is 31 December 2006	Not less than 38 square metres and not more than 125 square metres.

<sup>18</sup> Residential reliefs apply from 1 March 1999.

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Park and ride	1 July 1999 to 31 July 2008. If valid application for full planning permission <b>not</b> submitted on or before 31 December 2004, end date is 31 December 2004. Where this condition was met but work to value of at least 15% of actual construction costs was <b>not</b> carried out by 31 December 2006, end date is 31 December 2006	Not less than 38 square metres and not more than 125 square metres
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**Note 1:** The termination date was originally extended from 31 December 2002 to 31 December 2004 where 15% of the total project cost was incurred by 31 December 2002, and a local authority certificate to this effect was issued by 30 April 2003. These dates were later changed; the current position is that 15% of the total project cost must have been incurred by 30 June 2003, and the local authority certificate to this effect must have been issued by 30 September 2003.

### Incentive Schemes Terminated In 1999

SCHEME	QUALIFYING PERIOD	FLOOR AREA
Custom House Docks	30 January 1991 to 31 December 1999.	In the case of a separate self-contained flat or maisonette in a building of 2 or more storeys not less than 30 square metres and not more than 125 square metres or 90 square metres for construction expenditure incurred before 12/4/1995, or 90 square metres for conversion or refurbishment expenditure incurred before 26/1/94. Otherwise not less than 35 square metres and not more than 125 square metres.
Temple Bar	6 April 1991 to 5 April 1999 -unless extension applies. If 50% of costs incurred by 5 April 1999 and certificate stating this issued by 31 July 1999, end date is 31 December 1999.	In the case of a separate self-contained flat or maisonette in a building of 2 or more storeys not less than 30 square metres and not more than 125 square metres or 90 square metres for construction expenditure incurred before 12/4/1995, or 90 square metres for conversion or refurbishment expenditure incurred before 26/1/94. Otherwise not less than 35 square metres and not more than 125 square metres.
1994 Urban Renewal	1 August 1994 to 31 July 1997 unless extension applies. If 15% of costs incurred by 31 July 1997 and certificate stating this issued by 30 September 1997, end date is 31 July 1998. If additional certificate issued by local authority, end date is 31 December 1998. If 50% of costs incurred by 31 December 1998 and certificate stating this issued by 28 February 1999, end date is 30 April 1999.	In the case of a separate self-contained flat or maisonette in a building of 2 or more storeys not less than 30 square metres and not more than 125 square metres or 90 square metres (construction only) for expenditure incurred before 12/4/1995. Otherwise not less than 35 square metres and not more than 125 square metres.
Islands	1 August 1996 to 31 July 1999 unless extension applies. If 15% of costs incurred by 31 July 1999 and certificate stating this issued by 31 October 1999, end date is 31 December 1999.	In the case of a separate self-contained flat or maisonette in a building of 2 or more storeys not less than 30 square metres and not more than 125 square metres. Otherwise not less than 35 square metres and not more than 125 square metres

## Appendix 3

### Integrated Area Urban Renewal Scheme Areas Designated

CITY/COUNTY	AREA/TOWN
Cork	Blackpool/Shandon City Docks Area
Dublin	Ballymun HARP Inchicore/Kilmainham Liberties/Coombe North East Inner City Millennium/O'Connell St
Galway	3 suburban local authority estates
Limerick	1 large central area
Waterford	Periphery of commercial centre
Carlow	Carlow
Clare	Shannon
Cork	Bandon Cobh Mallow (N) Passage West(S)/Glenbrook
Donegal	Bunrana
Dublin	Dun Laoghaire Balbriggan North West Blanchardstown North Clondalkin Tallaght
Galway	Tuam
Kerry	Tralee
Kildare	Athy Kildare
Kilkenny	Kilkenny

CITY/COUNTY	AREA/TOWN
Laois	Portlaoise
Limerick	Newcastlewest
Longford	Longford
Louth	Drogheda Dundalk
Mayo	Ballina
Meath	Navan
Monaghan	Monaghan
Offaly	Birr Tullamore Clara
Sligo	Sligo
Tipperary	Roscrea Thurles Carrick-on-Suir Tipperary
Waterford	Dungarvan
Westmeath	Athlone Mullingar
Wexford	New Ross
Wicklow	Arklow Wicklow

## Rural Renewal Scheme - Qualifying Areas

COUNTY	AREA
Cavan	The District Electoral Divisions of Arvagh, Springfield, Killashandra, Milltown, Carrafin, Grilly, Kilconny, Belturbet Urban, Ardue, Carn, Bilberry, Diamond, Doogary, Lissanover, Ballymagauran, Ballyconnell, Bawnboy, Templeport, Benbrack, Pedara Vohers, Tircahan, Swanlinbar, Kinawley, Derrynananta, Dunmakeever, Dowra, Derrylahan, Tuam, Killinagh, Eskey, Teebane, Scrabby, Loughdawan, Bruce Hall, Drumcarban, Corr, Crossdoney, and Killykeen.
Leitrim	The administrative county of Leitrim.
Longford	The administrative county of Longford.
Roscommon	The District Electoral Divisions of Ballintober, Castleteheen, Carrowduff, Kilbride North, Lissonuffy, Killavackan, Termonbarry, Roosky, Kilglass North, Kilglass South, Bumlin, Cloonfinlough, Killukin (in Roscommon Rural District), Strokestown, Annaghmore, Tulsk, Coolougher, Ballinlough, Kiltullagh, Cloonfower, Artagh South, Artagh North, Ballagherreen, Edmondstown, Loughglinn, Buckill, Fairymount, Castlereagh, Frenchpark, Bellangare, Castleplunket, Baslick, Breedoge, Altagowlan, Lough Allen, Ballyfarnan, Keadue, Aghafin, Ballyformoyle, Crossna, Kilbryan, Boyle Rural, Boyle Urban, Tivannagh, Rushfield, Tumna North, Tumna South, Killukin (in Boyle No. 1 Rural District), Oakport, Rockingham, Danesfort, Cloonteam, Kilmore, Elia, Ballygarden, Aghrim East, Aghrim West, Creeve (in Boyle No. 1 Rural District), Creeve (in Roscommon Rural District), Elphin, Rossmore, Cloonyquinn, Ogulla, Mantua, Lisgarve, Kilmacumsey, Kilcolagh, Estersnow, Croghan, Killummod, Cregga, Cloonygormican, Kilbride South, Kilgefin, Cloontuskert, Drumdaff, and Kiltteevan.
Sligo	The District Electoral Divisions of Ballintogher East, Ballynakill, Lisconny, Drumfin, Ballymote, Cloonoghill, Leitrim, Tobercurry, Kilturra, Cuilmore, Kilfree, Coolavin, Killaraght, Templevanny, Aghanagh, Kilmactranny, Ballynashee, Shancough, Drumcolumb, Riverstown, Lakeview, Bricklieve, Drumrat, Toomour, Kilshalvy, Killadoon, Streamstown, Cartron, Coolaney, Owenmore, Temple, Annagh, Carrickbannagher, Collooney, and Ballintogher West.

### Town Renewal Scheme – Designated Towns

COUNTY	TOWNS
Carlow	Hacketstown, Muinbheag, Tullow, Tinnahinch/Graiguenamanagh
Cavan	Cavan, Cootehill, Baileborough, Ballyjamesduff
Clare	Scarriff, Sixmilebridge, Kilrush, Miltown Malbay, Ennistymon
Cork	Cloyne, Skibbereen, Charleville (Rathluirc), Doneraile, Kanturk, Bantry, Fermoy
Donegal	Moville, Ardara, Ramelton, Ballyshannon, Ballybofey - Stranorlar
Galway	Portumna, Headford, Loughrea, Clifden, Ballygar
Kerry	Listowel, Castleisland, Killorglin, Caherciveen
Kildare	Kilcullen, Castledermot, Rathangan, Kilcock, Monasterevan
Kilkenny	Callan, Castlecomer, Thomastown, Urlingford, Piltown
Laois	Mountrath, Rathdowney, Portarlinton, Mountmellick
Limerick	Abbeyfeale, Castleconnell, Croom, Kilmallock, Rathkeale
Louth	Carlingford, Ardee, Dunleer, Castlebellingham
Mayo	Ballinrobe, Belmullet, Claremorris, Foxford, Newport
Meath	Oldcastle, Duleek, Kells, Trim
Monaghan	Clones, Castleblayney, Ballybay
Offaly	Clara, Ferbane, Edenderry, Banagher
Roscommon	Roscommon
Sligo	Rosses Point, Bellaghy-Charlestown
Tipperary N.R.	Nenagh, Templemore, Borrisokane, Littleton
Tipperary S.R.	Cashel, Killenaule, Cahir, Fethard
Waterford	Cappoquin, Portlaw, Kilmacthomas, Tallow
Westmeath	Kilbeggan, Castlepollard, Moate
Wexford	Ferns, Bunclody, Taghmon, Gorey
Wicklow	Dunlavin, Rathdrum, Carnew, Baltinglass, Tinahely

**Designated Islands**

<b>COUNTY</b>	<b>ISLAND</b>
Cork	Bere Clear Durse Hare Long Sherkin Whiddy
Donegal	Arranmore Inishbofin Inishfree Tory
Galway	Inisbofin Inisheer Inishmaan Inishmore
Limerick	Foynes
Mayo	Claggan Clare Inishbiggle Inishcottle Inishlyre Inishturk
Sligo	Coney



## Appendix 4

### Certificate Of Reasonable Cost / Compliance

A Certificate of Reasonable Cost is required;

- (1) where the builder/developer/individual retains ownership of the dwelling and then makes the dwelling available for letting as a newly constructed/ refurbished /converted dwelling(s)
- (2) where an individual has a dwelling newly constructed on his/her own site or has a dwelling refurbished for use as his/her normal place of residence.

The Certificate of Reasonable Cost certifies that the cost of providing the accommodation is reasonable, that the dwelling unit is within the specified floor area limits for the relevant Tax Incentive Scheme and that it complies with the Department's standards of construction as outlined in the Department of the Environment, Heritage and Local Government Memorandum, HA1 – April, 2004 (available on the Department's [web site](#)) In the case of refurbishment projects it also certifies that the work was necessary for the purposes of ensuring the suitability of the house/apartment as a dwelling of accommodation.

Application forms, which are available from the Department of the Environment, Heritage & Local Government, Housing Grants Section, Government Offices, Ballina, Co. Mayo, Tel. 096 - 24200, LoCall: 1890-30-50-30, and all supporting documentation should be submitted **prior to the commencement of work. Where refurbishment work is proposed prior inspection of the development, as it exists, is a requirement under the various tax incentive schemes.**

### Application for a Certificate of Reasonable Cost.

To apply for a Certificate of Reasonable Cost complete the application form for the appropriate scheme and return it, together with the supporting documentation and fee to the Department of the Environment, Heritage and Local Government, Housing Grants Section, Government Offices, Ballina, Co. Mayo.

### Documentation.

Each application for a Certificate of Reasonable Cost must be accompanied by the following:-

- (a) Fully dimensioned drawings of house/apartment to a scale of 1:50 showing floor plans, sections, and elevations
- (b) Site location plan to a scale of 1:2500 and site plan showing details to a scale of 1:500, including numbering scheme, north point etc.
- (c) Detailed specification of construction
- (d) Copy of Planning Permission and in the case of apartments a copy of the Fire Safety Certificate
- (e) Breakdown of Costs:-
  - (i) Where the applicant executes the works, details of labour and materials costs plus other expenses incurred,
  - (ii) Where work is carried out under contract, details of tender, design fees, etc., and copy of final account.

The Department at all times reserves the right to request a Bill of Quantities.

## Fees

A fee of €63.49 for the first unit, plus €25.39 for each additional unit is payable in respect of an application for a Certificate of Reasonable Cost.

An application for a **Certificate of Compliance** should be completed where a newly constructed, refurbished or converted dwelling is offered for **sale** by a builder or developer.

The Certificate of Compliance certifies that the dwelling unit is within the specified floor area limits for the relevant Tax Incentive Scheme and that it complies with the Department's standards of construction as outlined in the Department of the Environment, Heritage and Local Government Memorandum, HA1 – April, 2004 (available on the Department's [web site](#)) In the case of refurbishment projects it also certifies that the work was necessary for the purposes of ensuring the suitability of the house/apartment as a dwelling of accommodation.

Application forms, which are available from the Department of the Environment, Heritage & Local Government, Housing Grants Section, Government Offices, Ballina, Co. Mayo Tel. (096) 24200 LoCall: 1890-30-50-30, and all supporting documentation should be submitted **prior to the commencement of work. Where refurbishment work is proposed a prior inspection of the development, as it exists, is a requirement under the various tax incentive schemes.**

## Application for a Certificate of Compliance

To apply for a Certificate of Compliance complete the application form for the appropriate Tax Incentive Scheme and return it, together with the supporting documentation, to the Department of the Environment, Heritage and Local Government, Housing Grants Section, Government Offices, Ballina, Co. Mayo.

## Documentation

Each application for a Certificate of Compliance must be accompanied by the following:-

- (f) Fully dimensioned drawings of house/apartment to a scale of 1:50 showing floor plans, sections, and elevations
- (g) Site location plan to a scale of 1:2500 and site plan showing details to a scale of 1:500, including numbering scheme, north point etc.
- (h) Detailed specification of construction
- (i) Copy of Planning Permission and in the case of apartments a copy of the Fire Safety Certificate.

It may happen that the certificate of compliance or the certificate of reasonable cost is not available by the end of the tax year for which relief is being claimed. The relief may still be claimed, provided that the appropriate certificate is obtained by the date on which the income tax return is due to be submitted to the Revenue Commissioners.