

## [Part 10-12-02] Living City Initiative

*Created May 2015*

**Chapter 13 of Part 10** TCA 1997 provides for a scheme of tax incentives aimed at the regeneration of certain areas in the historic centres of Cork, Dublin, Galway, Kilkenny, Limerick and Waterford. The areas (known as “special regeneration areas” (SRAs)) have been designated for the purposes of the scheme by Order of the Minister for Finance. The maps and boundaries of these areas can be found on the websites of the respective local authorities. The scheme provides for tax relief for qualifying expenditure incurred on both residential and certain commercial refurbishment and conversion work that is carried out during the qualifying period (5 years from the day this provision was commenced by Order of the Minister for Finance). The relief must be claimed electronically by claimants.

### **Residential element:**

The residential element provides tax relief for owner-occupiers by way of a deduction from their total income of 10% per annum of qualifying expenditure over a 10 year period and is only available where the property is the claimant’s sole or main residence. The following conditions apply to the residential element:

- The property must be located within a “special regeneration area” (SRA).
- The property must have been originally built for use as a dwelling prior to 1915.
- The expenditure on refurbishment/conversion must be at least 10% of the value of the property immediately before the work was carried out.
- The claimant must obtain a Letter of Certification from the Local Authority regarding the property before any claim for tax relief can be made.
- The floor area of the property must be between 38 and 210 square metres.
- The first occupation of the property after the work has been completed must be by the claimant as his/her sole or main residence.
- Any grants received must be deducted from qualifying expenditure.

Relief is only available for expenditure on refurbishment or conversion work that is carried out during the qualifying period for the scheme which is 5 years from the day this provision was commenced by Order of the Minister for Finance. In calculating qualifying expenditure, only the direct costs of refurbishment and conversion are allowable.

**Commercial element:**

The commercial element provides for tax relief over a 7 year period by way of an accelerated capital allowance of 15% of qualifying expenditure for each of 6 years and 10% in year 7. Unlike the residential element of the relief, the commercial element is not restricted to pre-1915 buildings. It applies only to the refurbishment or conversion of retail and other premises for the provision of services within the State. The maximum level of actual tax relief which can be obtained in respect of any individual project is capped at €200,000 in accordance with EU state aid rules. The following conditions apply to the commercial element:

- The premises must be located within a “special regeneration area”.
- The premises must be used, after refurbishment/conversion, for retail purposes or for the provision of services within the State.
  - The expenditure must relate to refurbishment or conversion only and not to “new build”.
- The expenditure must be incurred during the qualifying period.
- There are overall limits on the amount of capital expenditure on any project which is to be treated as qualifying expenditure.
- The expenditure on refurbishment/conversion must be at least 10% of the value of the property immediately before the work was carried out.
- A property developer or a person connected with a property developer may not avail of capital allowances under the scheme in certain circumstances.
- No capital allowances are available under the scheme where any part of the expenditure is met directly or indirectly by a grant.

[A leaflet](#) on the operation of the scheme is available on the Revenue website