

Living City Initiative

Owner Occupier Residential Relief

Part 10-13-01a

This document should be read in conjunction with sections 372AAA and 372AAB of the Taxes Consolidation Act 1997

Document was created April 2026

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1 Introduction

The Living City Initiative (LCI) is a scheme of property tax incentives provided for in Chapter 13 of Part 10 of the Taxes Consolidation Act 1997. There are four types of relief available under the scheme:

- owner occupier residential relief,
- rented residential (landlord) relief,
- commercial relief, and
- living over the shop relief.

The purpose of this Tax and Duty Manual (TDM) is to provide an overview of the owner occupier residential element of the relief. TDM 10-13-01b provides detailed guidance in relation to the rented residential, commercial and living over the shop elements of the relief.

2 Overview of the owner occupier residential

The owner occupier residential element of the Living City Initiative is a property tax incentive which gives income tax relief for qualifying expenditure incurred on the conversion or refurbishment of qualifying premises during the qualifying period.

This scheme is aimed at the regeneration of certain areas. The designated areas are in Cork, Dublin, Galway, Kilkenny, Limerick and Waterford, and from 8 April 2026, also include areas in the following towns: Athlone, Drogheda, Dundalk, Letterkenny, and Sligo. The areas (known as “special regeneration areas” (SRAs)) have been designated for the purposes of the scheme by Order of the Minister for Finance. Expenditure on a property located outside a SRA cannot qualify for tax relief. It is the responsibility of the applicant to determine whether their property is within a SRA. Finance Act 2025 amended the pre-1915 building age requirement that applied to provide that residential premises built before 1975 in the SRAs will be eligible for relief.

An individual who incurs qualifying expenditure (which must be at least €5,000) is entitled to tax relief by way of a deduction from their total income. There is no upper limit to the amount of qualifying expenditure that can be incurred.

Individuals who wish to avail of the relief should apply to the local authority for a Letter of Certification before starting the works.

The owner occupier element of the relief is only available to claimants who occupy the property as their sole or main residence. However, a property developer may carry out the refurbishment or conversion work under this scheme and then sell the refurbished or converted property to an individual who can then claim the relief. In order to qualify, the property developer must have applied for and been issued a

Letter of Certification from the local authority and must provide this letter to the purchaser.

The relief is allowed as a deduction from total income, with an amount equal to 15% of the qualifying expenditure being allowed as a deduction in each of the first six years and 10% allowed as a deduction in year seven. Where the deduction on such expenditure is not wholly utilised in the year the unused portion of the deduction may be carried forward to the next year and so on for a period of ten years from the year of assessment in which a claim was first made. For works carried out prior to 2023, the relief is allowed over 10 years, with 10% of the qualifying expenditure being deductible in each year. In this case, if all the relief for one year cannot be used in that year because of insufficient income, the excess cannot be carried forward.

The relief is claimed on the income tax return – on the online Form 12 or the ROS Form 11, as appropriate.

3 Qualifying Premises

The Living City Initiative is targeted at specific properties in specified locations. There are a number of conditions that a property must meet in order for the relief to be claimed.

Where the first occupation of the property after the work has been completed is on or after 1 January 2026, the property must have been built before 1975.

Where the first occupation of the property after the work has been completed was before 1 January 2026, the property must have been built before 1915.

The property must be located within a “special regeneration area”, must be suitable for use as a dwelling, and must meet all the relevant statutory consents and planning requirements.

The relief will only be available where a “Letter of Certification” has been issued by the local authority in respect of the works carried out on the property.

3.1 Special Regeneration Areas

The Living City Initiative is a scheme of property tax incentives aimed at the regeneration of certain areas in the centres of Cork¹, Dublin², Galway³, Kilkenny⁴, Limerick⁵, Waterford⁶. Areas in the following towns are designated from 8 April 2026: Athlone, Drogheda, Dundalk, Letterkenny, and Sligo. 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. Every effort has been taken to ensure that the boundaries of these SRAs do not intersect properties. Expenditure on a property located outside a SRA cannot qualify for tax relief. It is the responsibility of the applicant to determine whether their property is within a SRA.

¹ [S.I. No. 182/2015 - Taxes Consolidation Act 1997 \(Living City Initiative\) \(Special Regeneration Area\) \(Cork\) Order 2015.](#)

² [S.I. No. 183/2015 - Taxes Consolidation Act 1997 \(Living City Initiative\) \(Special Regeneration Area\) \(Dublin\) Order 2015.](#)

³ [S.I. No. 184/2015 - Taxes Consolidation Act 1997 \(Living City Initiative\) \(Special Regeneration Area\) \(Galway\) Order 2015.](#)

⁴ [S.I. No. 185/2015 - Taxes Consolidation Act 1997 \(Living City Initiative\) \(Special Regeneration Area\) \(Kilkenny\) Order 2015.](#)

⁵ [S.I. No. 186/2015 - Taxes Consolidation Act 1997 \(Living City Initiative\) \(Special Regeneration Area\) \(Limerick\) Order 2015.](#)

⁶ [S.I. No. 187/2015 - Taxes Consolidation Act 1997 \(Living City Initiative\) \(Special Regeneration Area\) \(Waterford\) Order 2015.](#)

3.2 Statutory Consents

The works carried out must meet all statutory requirements.

Persons intending to claim relief must establish, before beginning any works, whether any part of the site or structure is protected by legislation and what types of notifications, permissions and/or consents may be necessary.

Being located in an SRA does not impose any additional requirements in this regard but also does not exempt the works from any existing requirements.

Buildings in an SRA may be protected structures or may be situated in an architectural conservation area under the Planning and Development Act 2000 (as amended). Where this is the case, the advice of an architectural conservation officer in the local authority should be sought.

There may also be requirements under the National Monuments Acts (1930-2004), and the advice of the National Monuments Service of the Department of Housing, Local Government and Heritage should be sought in this regard.

Where required, planning permission must be obtained for the works.

3.3 Letter of Certification

A Letter of Certification is a letter issued to the claimant (or to the person who refurbished/converted the property) by the relevant local authority in respect of the property (see 3.4 - Application Process for further information). The letter contains the following statements:

- That planning permission has been obtained for the works. In some cases, the works will not require planning permission. If that is the case, it will be stated in the letter.
- That the basic standards of facilities regarding water, sewerage and other services have been installed.
- That, on the basis of the information provided, the cost of the works seems reasonable. This opinion will be based on the details supplied to the local authority either by the claimant or builder. Its purpose is to ensure that the amount of expenditure which is eligible for the relief is not excessive.

3.4 Applying for a Letter of Certification

The application form for the Letter of Certification is available on the relevant local authority website. A separate application is required for each residential unit. The following information is required to be provided:

- The name and address of the applicant.
- The address of the property (this may be the same).
- The property ID for Local Property Tax purposes (if available).

- Reference number of planning permission (if it is required).
- A description of the works. This should be sufficient to enable the local authority to ultimately make a judgement that the cost is reasonable.

The local authority will issue an interim acknowledgement confirming that planning permission (if required) was obtained. The acknowledgement will also contain a unique reference number (URN) referable to the application. When the work has been completed, the local authority should be advised, quoting the URN, of the exact cost of the works and a Letter of Certification should be requested.

Where work is carried out on a property in tranches which are independent of each other, a separate Letter of Certification should be acquired for each tranche of work.

4 Qualifying Period

The qualifying period for the owner occupier element of the Living City Initiative relief applies from 5 May 2015 to 31 December 2030. Relief is only available where the expenditure was incurred during this qualifying period.

In general, for the purposes of owner occupier relief, the date on which the premises is first used as the claimant's sole or main residence after the expenditure is actually incurred on the conversion or refurbishment works are completed is treated as the date the expenditure is incurred to determine:

- the tax year in which the relief may be claimed, and
- the specific rules that govern the relief.

Where work is carried out after the end of the qualifying period, the property will 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 is incurred, only the amount of the expenditure that is attributable to work that is actually carried out during the period is taken into account. Therefore, work actually carried out prior to the qualifying period but paid for during the period does not qualify. Similarly, there is no relief for advance payments for materials or for work that will be carried out after the end of the qualifying period.

For instance, expenditure on the refurbishment of a house where the work was carried out in January 2015 would not have been incurred in the qualifying period, even if the first occupation by its owner after the completion of the works took place in June 2015.

5 Qualifying Expenditure

The amount of the relief that can be claimed is based on the qualifying expenditure.

The relief is only available for expenditure incurred on the refurbishment or conversion⁷ work carried out on existing properties.

Only the direct costs of the refurbishment or conversion are taken into account, so for instance, the cost of acquiring the property or building a new extension will not qualify for the relief except where that extension is required to meet building regulations (see 5.4 for further details).

The minimum qualifying expenditure that must be incurred to be eligible for the owner occupier relief is €5,000. There is no upper limit to the amount of qualifying expenditure that can be incurred.

Any grants received in relation to the property or the works being carried out reduce the qualifying expenditure.

Where an individual pays directly for the work to be carried out on a property in which they already live, or on a (vacant or derelict) property they have bought, the qualifying expenditure will be based on the amounts paid to the contractors.

Where an individual buys a refurbished or converted property (house or apartment) directly from a builder, the qualifying expenditure will be based on a percentage of the purchase price. The builder will provide a Letter of Certification in respect of the property and will indicate the percentage of the builder's cost that related to the conversion or refurbishment of the property.

5.1 Grants

Any sum relating to the property, or to the works being carried out, which an individual has or is entitled to receive, directly or indirectly by any grant or assistance, from the State, or any board established by statute or any public authority, must be deducted when calculating the qualifying expenditure for the purposes of the owner occupier relief.

⁷ See Appendix for definitions.

Example 1

Grace buys a pre-1975 house located in a Special Regeneration Area (SRA) based in Cork in 2026 and carries out sufficient refurbishment work to make it habitable. Grace applied for, and received, a Letter of Certification in relation to this work.

The refurbishment works cost €120,000. Grace applied for a grant in respect of the refurbishment works for the property and receives €50,000.

The property remains vacant while the work is being carried out. Grace moves into the property in October 2026 once the works are completed and uses the property as her sole and main residence.

Grace is entitled to claim relief on qualifying expenditure of €70,000, which is the refurbishment cost of €120,000 less the amount of the grant received of €50,000.

As Grace moved into the house after the work was completed in 2026, the first year in which she can claim the relief is 2026.

Grace is entitled to a deduction, starting in 2026, of €10,500 (€70,000 @ 15%) per annum for six consecutive years, and €7,000 (€70,000 @ 10%) in year seven.

5.2 Costs taken into account in calculating qualifying expenditure

Not all costs incurred on the refurbishment or conversion of a property are taken into account in calculating the amount of the qualifying expenditure. Broadly speaking, only the direct costs of refurbishment and conversion are allowable.

Revenue practice is 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.

Costs that **are allowed** in calculating the amount of the qualifying expenditure include:

- Direct refurbishment or conversion costs such as the cost of building materials, hire of equipment, labour costs, administrative overheads, architects' and engineers' fees, painting and decorating when undertaken as part of the refurbishment or conversion.
- 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.
- Fees paid to local authorities for the provision of certain infrastructure and services that are directly related to the particular property.

- Interest on money borrowed to fund direct refurbishment or conversion costs.

Costs that **are not allowed** in calculating the amount of the qualifying expenditure include:

- The cost of purchasing the building.
- Costs associated with the acquisition of the building prior to refurbishment/conversion such as legal fees, stamp duty, and professional valuation fees.
- 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 (this is only relevant in the case of a builder, for example, who refurbishes the property and then sells it to an owner/occupier).
- Costs attributable to a person's own labour.
- General contributions/levies that are paid to a local authority but are not directly related to the property.
- Interest paid on money borrowed to fund the purchase of the property prior to refurbishment/conversion and interest on other borrowings not directly related to the refurbishment or conversion.

These lists are not exhaustive.

5.3 Treatment of VAT

VAT paid in connection with the refurbishment or conversion of a property or the purchase of a property (where the property was refurbished or converted by a developer), can only be included as part of qualifying expenditure where the person who incurred the expenditure is not registered for VAT or, where registered, an input credit is not available. In other words, relief is only available where VAT is a net cost to the person paying that VAT.

In the case of the Living City Initiative owner occupier residential element, there is no entitlement to reclaim any VAT paid by the individual occupying it as their sole or main residence as the property is not being used for business purposes. Qualifying expenditure can, therefore, be VAT inclusive. Conversely, in the case of a builder, since the VAT on his/her inputs can generally be reclaimed, the figure (qualifying expenditure) that is used to calculate the percentage entitlement for the purchaser of the property is net of VAT. The purchaser can then apply this percentage to the purchase price (inclusive of VAT) to work out their qualifying expenditure figure.

5.4 Expenditure on an extension to the property

The relief applies to the refurbishment or conversion of a property. The cost of building a new extension will not usually qualify for the relief.

Generally speaking, expenditure on an existing extension will not qualify for tax relief under the scheme except, of course, where the extension meets the requirements of the scheme. For instance, a pre-1975 extension to an older building may qualify from 1 January 2026 onwards, but an extension built for example in 1988 will not.

Expenditure on an extension will qualify if building regulations require the provision of, for example, a bathroom extension to an old derelict house.

Expenditure on an extension of, for instance, an extra bedroom, which is added on to the original building, will not qualify for tax relief.

Subject to the above, a person who has spent money on an extension cannot claim any tax relief on the expenditure incurred on that extension. However, this does not prevent the person from claiming relief in relation to any refurbishment or conversion expenditure incurred on the original structure.

It is the expenditure on the original house which the local authority will be confirming in the Letter of Certification.

5.5 Property purchased from a builder

The scheme allows a builder to carry out the refurbishment or conversion work under this scheme and then sell the refurbished or converted property to an individual who can then claim the relief. The purchaser should be able to show that they fulfill all of the relevant conditions and are entitled to the relief.

Certain conditions must be met to enable the purchaser claim the owner occupier relief:

- The builder must have received a Letter of Certification from the local authority in respect of the conversion or refurbishment of the property.
- The builder must give the Letter of Certification to the purchaser. This Letter of Certification will not be in the name of the person who is claiming the relief but will confirm that the refurbished or converted house meets the standards.
- The builder must inform the purchaser of the percentage of the builder's costs that related to the conversion or refurbishment.
- The occupation of the property by the purchaser as their sole or main residence must be the first use of the property since the completion of the works.

Where these conditions are met, the purchaser may make a claim for relief based on that percentage of the price paid for the property (excluding stamp duty).

6 How the owner occupier relief works

An individual who incurs qualifying expenditure (which must be at least €5,000) is entitled to tax relief by way of a deduction from their total income.

Where expenditure is incurred, and the residence is occupied as the claimant's sole or main residence on or after 1 January 2023, the relief can be claimed over a seven-year period starting in the year the property is first occupied as the claimant's sole or main residence. Where the deduction on such expenditure is not wholly utilised within a certain period it may be carried forward to the next year and so on for a period of ten years from the year of assessment in which a claim was first made.

The rate at which relief is given depends on when the expenditure was incurred (see 6.1 for further details). This also affects the ability to carry unused relief into later years.

This relief is an Income tax relief and does not affect the charge to USC.

There is no upper limit to the amount of qualifying expenditure that can be incurred, however the relief is subject to the high earners' restrictions.

The relief is only available where the property is the claimant's sole or main residence. Where this condition is not met, the entitlement to the relief is restricted.

6.1 Rate of relief

The way in which relief is given under the owner occupier element of the Living City Initiative changed in Finance Act 2022.

Where expenditure is incurred and the residence is occupied as the claimant's sole or main residence **on or after 1 January 2023**, the claimant is entitled to a deduction from their total income equal to 15% of the qualifying expenditure, per annum, for the first six years and 10% in the final year. Where the deduction on such expenditure is not wholly utilised in the year of assessment the unused portion of the deduction may be carried forward to the next year and so on for a period of ten years from the year of assessment in which a claim was first made.

Where the expenditure is incurred **prior to 1 January 2023** and the residence is occupied as the claimant's sole or main residence in that period, relief is available over a ten-year period at a rate of 10% per annum. In this case, if all the relief for one year cannot be used in that year because of insufficient income, the excess cannot be carried forward.

Qualifying expenditure incurred on the refurbishment or conversion of the property is to be treated as incurred on the date on which the premises is first used as the claimant's sole or main residence after works are completed (see section 4 for further details).

6.2 Carry forward of unused relief for periods on or after 1 January 2023

Where expenditure is incurred and the residence is occupied as the claimant's sole or main residence on or after 1 January 2023, unused relief may be carried forward and used in later years, under the following conditions:

- Unused relief carried forward must be claimed in the first year the claimant has sufficient income against which to use it.
- Relief due for a year cannot be carried forward unless the property is the claimant's main residence at some point during that year. For example, if in year three of the seven-year write off period the claimant did not use the property as their main residence at any time during that year, the deduction due for that year of 15% of the qualifying expenditure cannot be carried forward and is lost.
- Unused relief carried forward can only be claimed in a year where the property is the claimant's sole or main residence at some point during that year. For example, if the claimant had unused relief at the end of year seven of the seven-year write off period but in year eight does not use the property as his/her sole or main residence at any point during that year, he/she cannot claim the relief in that year. The unused relief at the end of year seven can still be carried forward and used in a subsequent year within the period of ten years from the year of assessment in which a claim was first made.
- Unused relief at the end of the ten-year period cannot be carried forward and is lost.

Where expenditure was incurred before 1 January 2023, unused relief may not be carried forward and is lost.

6.3 USC & PRSI

Owner Occupier relief is an Income Tax relief. As the Universal Social Charge (see TDM [Part 18D-00-01](#) for further details) is calculated on income without regard to any amount deductible in calculating total income (section 531AM(1)(b) TCA 1997)⁸, the individual remains liable to USC on his or her income before the owner occupier relief is given. [PRSI](#) also continues to be payable on the income before relief because it is charged on income before deductions.

⁸ Certain trading losses and capital allowances are deductible. Owner Occupier relief is not a capital allowance (within the meaning of section 2(1) TCA 1997).

6.4 Sole or main residence

To qualify for the owner occupier element of the Living City Initiative, the property must be occupied by the claimant as their sole or main residence. It must be occupied in that capacity for all or part of each year for which the relief is claimed. It is not a requirement that the property is occupied for all of the 10-year period, but no relief, including any relief carried forward, can be claimed for any year in which there was no period of occupation. If an individual has two residences and it is not possible to determine which of the two residences is the main residence, he/she may select (in writing) the residence that is to be regarded as his/her main residence.

6.5 Use of property

It is important to understand the process of claiming relief once the work is completed. Take the following example:

- The expenditure commences in 2024 and is carried over into 2025. The refurbishment is completed in 2025.
- The property is left empty for the remainder of 2025 and is occupied as a main residence in 2026. For the purposes of claiming the relief, the individual is treated as having incurred all of the expenditure in 2026. In other words, the first use of the property "starts the clock".

If there is a delay in moving into the property after it is refurbished, it is important that the property is not put to some other use, such as being let in that time. If it is, then the consequence is that no owner occupier relief can be claimed in respect of that property.

If the property is unoccupied for a period of time during the 10 years (for example, the individual is transferred to work in another part of the country for a number of years, or where the property is let) this will have an effect on the right to claim owner occupier relief. If the absence is for a calendar year, then no relief is due⁹ for that year. It is lost, not deferred. If the absence is for part of a calendar year, the relief is allowed for that year, provided that the property was used as the individual's sole or main residence at some time during that year.

If the property is re-occupied and used as the individual's sole or main residence (after a period of non-use or letting), relief may be claimed for that year, provided that this occurs within the period over which the relief can be claimed, that is:

⁹ In this context, relief "due" for a year means the deduction of 10% or 15%, as the case may be, of qualifying expenditure which is available for a particular year. It is not a reference to any unused relief carried forward from a previous year. Please refer [6.2](#) for information on the utilisation of unused relief carried forward.

- a 7-year period where the expenditure is incurred on or after 1 January 2023. Relief will be available for the remainder of the 7-year period.
- a 10-year period where the expenditure is incurred prior to 1 January 2023 and the residence is occupied as the claimant's sole or main residence in the period. Relief will be available for the remainder of the 10-year period.

The property must be used only as a dwelling.

For example:

- if part of a house owned by a doctor is used as a surgery, no relief is due.
- if part of a house is used for the provision of short-term accommodation, no relief is due.

6.6 Renting a Room

The relief will continue to apply if the owner occupier rents out a room(s) to an individual(s) for use as residential accommodation on a long-term basis provided that the house continues to be used by the owner as his/her sole or main residence. Any income received from the letting must 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 (please see [TDM Part 07-01-32](#) for further details).

6.7 Sale of the property within the 10-year period

If the property is sold within the 10-year period, there is no clawback but the full amount of the relief is not available as relief cannot be claimed where the property ceases to be the individual's sole or main residence. For example, if the property is sold in year 3 the individual will be entitled to claim 45% (or 30% in the case of expenditure to be written off at the 10% rate) of the qualifying expenditure (i.e. 15% x 3 years or 10% x 3 years, as appropriate) provided that he/she has used the property as his/her sole or main residence at some time during each of those years, including the year of sale. The relief is only available to the first owner-occupier of the property after it has been converted or refurbished and, as such, the new owner has no entitlement to claim any owner occupier relief.

6.8 Death of applicant within the 7-year period

If the applicant dies within the 7-year period, before obtaining relief for 100% of the expenditure, the tax relief does not pass to any other person (including the person who might inherit the relevant house) and as such, will not form any part of an inheritance. It is important to note that there is no clawback of the relief for individuals in respect of owner occupier residential accommodation. The deduction is only available each year where the individual continues to occupy the property as his/her sole or main residence.

6.9 Restriction on tax relief claims by high-income individuals

Chapter 2A of Part 15 of the Taxes Consolidation Act 1997 (TCA 1997) and associated Schedules 25B and 25C introduced, with effect from 1 January 2007, a measure to limit the use of certain tax reliefs and exemptions by high-income individuals. This measure is commonly known as the high earners' restriction. The owner occupier residential relief available under the Living City Initiative is among the restricted reliefs, please see TDM [Part 15-02A-05](#) for further details.

7 How to claim the relief

An individual who incurs qualifying expenditure (which must be at least €5,000) is entitled to tax relief by way of a deduction from their total income. The relief is only available where the property is the claimant's only or main residence.

The claim is made for the first year in which there is an entitlement to the relief. This is the year in which the qualifying premises is first occupied after the conversion or refurbishment works have been completed.

The relief must be claimed electronically.

When making a claim, the following details must be provided:

- The name and PPS number of the individual making the claim.
- The address of the property.
- The LPT identification number of the property (where available).
- Details of the expenditure on which the relief is being claimed.
- The reference number supplied by the local authority with the Letter of Certification.

7.1 Self-Assessment

If tax is paid under the self-assessment system, the claim will be made in the return of income filed for each year. Any self-assessed individuals claiming the owner occupier residential relief under the Living City Initiative are obliged to file their returns electronically (if they are not already obliged to do so) via the [Revenue Online Service \(ROS\)](#).

7.2 PAYE

Where tax is paid under the PAYE system, the first claim will be made, after the end of the first year for which there is entitlement to relief. The claim can be made using Revenue's online [Form 12](#) which can be accessed via [myAccount](#).

The relief for subsequent years will be given as an adjustment to the individual's tax credits and will be included in the tax credit certificate each year for the remaining six years for which the relief is available where a claim is made on qualifying expenditure for the year 2023 and subsequent years. Where the claim is made prior to the year 2023 the relief will be given as an adjustment to the individual's tax credits and will be included in the tax credit certificate each year for the remaining nine years for which the relief is available. Where an owner occupier does not utilise the full amount due for a first claim made in the year 2023 and subsequent years, the unused relief can be carried forward and used within the ten year period from the first claim subject to certain conditions and limitations, please see 6.2 for further details. Where an owner occupier wishes to utilise the amount carried forward then a claim should be submitted by contacting Revenue via myAccount for the carried forward amount being utilised in that year.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

8 Examples

The following examples illustrate situations that may arise.

Example 2 – Purchase and refurbishment of house by owner in 2023

Anne buys a pre-1915 house located in a Special Regeneration Area (SRA) in 2022 and carries out sufficient refurbishment work to make it habitable. This refurbishment work costs €20,000. She applies for, and receives, a Letter of Certification in relation to this work. The house is left vacant while the work is being carried out. Anne moves into the property once the work is completed in 2023 and uses it as her main residence.

Anne is entitled to claim relief on qualifying expenditure. The qualifying expenditure will include the direct cost of the refurbishment but will not include the cost of purchasing the property.

Because Anne moved into the house after the work was completed in 2023, the first year in which she can make a claim for the relief is 2023.

As the first occupation of the property after the work was in 2023, Anne will claim the relief as a deduction from her income starting in 2023 of €3,000 (€20,000 @ 15%) per annum for six consecutive years, and €2,000 (€20,000 @ 10%) in year seven.

If, for example, Anne is only in a position to utilise €1,500 of the deduction due for 2024 the balance of €1,500 can be carried forward to 2025 and claimed along with the amount due in 2025 of €3,000, giving a total deduction due of €4,500 in 2025.

Example 3 – Refurbishment of house by owner in 2022 (pre 1 January 2023)

Mary owns a pre-1915 house that is located in a SRA. She spends €32,000 refurbishing the house between March and November 2022. Mary used the property as her main residence throughout the refurbishment and continues to use it as her main residence after the work is completed.

Mary's first occupation of the house after the completion of the work occurs in 2022. She is entitled to a deduction of €3,200 (€32,000 @ 10%) from her total income per annum for 10 consecutive years starting in 2022. Depending on the rate of income tax she pays this deduction of €3,200 could result in tax relief of up to €1,280 per annum (i.e. €3,200 @ 40%).

As the expenditure was incurred before 2023, Mary will be unable to carry forward unused relief into later years. For instance, if Mary is only in a position to use €1,500 of the deduction available for 2024 the balance of €1,700 cannot be carried forward and is lost.

Example 4 – Refurbishment in multiple tranches

Emmet buys a house located in a SRA in 2022 and carries out sufficient refurbishment work to make the first two floors habitable. This refurbishment costs €30,000. He applies for, and receives, a Letter of Certification in relation to this work. The third floor of the house is left vacant while the work is being carried out.

Emmet moves into the property once the work is completed in 2022.

Because the first occupation of the property after the completion of the work is in 2022, Emmet is entitled to claim relief on this refurbishment expenditure starting in 2022. This relief will result in a deduction from his income of €3,000 a year for 10 years giving tax relief of up to €1,200 a year (€3,000 @ 40%).

As the expenditure is incurred before 2023, if the relief cannot be used in any given year, Emmet cannot carry forward any unused relief.

In 2025, Emmet decides to carry out refurbishment work costing €10,000 on the third floor of the property. He applies for, and receives, a Letter of Certification in relation to this work, all of which is carried out in 2025. Emmet continues to occupy the property as his only or main residence.

This second tranche of expenditure was incurred during 2025. Therefore, Emmet may claim relief on this refurbishment expenditure over a 7-year period starting from the first occupation of the property after the works were completed (2025). This relief will result in a deduction from his income of €1,500 (€10,000 @15%) for six years starting in 2025, and €1,000 (€10,000 @ 10%) in year 7.

Provided he continues to meet the requirements of the relief, Emmet will be able to carry forward any unused relief arising from this second tranche of works for up to 10 years (2034).

Example 5 – Purchase of a converted apartment from a builder in 2026

Alice purchased a pre-1975 derelict property in a SRA for €300,000 and spent €100,000 on refurbishing and converting the building into two apartments. The refurbishment and conversion costs are 25% of Alice's total cost of €400,000. Alice applied to the Local Authority and received letters of certification for each of the two apartments.

Tom buys one of the apartments from Alice for €300,000 (including VAT) and occupies it as his main residence in 2026. This is the first use of the apartment. Alice gives Tom the Letter of Certification for the apartment and informs him that the conversion and refurbishment costs were 25% of the total cost.

Because the first use of the property is in 2026, Tom is entitled to claim relief in 2026 based on qualifying expenditure of €75,000 ($€300,000 \times 25\%$). This will result in a deduction from his income of €11,250 each year for 6 years and €7,500 in year seven, provided Tom continues to use the apartment as his main residence.

Alice let the second apartment in 2026. In 2027, she sold the apartment for €400,000 to Pat, who used it as his main residence.

While a Letter of Certification had issued to Alice in respect of the apartment, Pat cannot claim owner occupier relief under the Living City Initiative, as the apartment had been put to another use before it became Pat's main residence.

Example 6 – Refurbishment in 2026 of a pre-1975 house

Lauren buys a pre-1975 house located in a SRA based in Waterford in 2026 and carries out refurbishment work. Lauren applied for, and received, a Letter of Certification in relation to this work.

The refurbishment works cost €100,000. Lauren applied for a grant in respect of the refurbishment works for the property and receives €50,000.

The property remains vacant while the work is being carried out. Lauren moves into the property in October 2026 once the works are completed and uses the property as her sole and main residence.

Lauren is entitled to claim relief on qualifying expenditure of €50,000, which is the refurbishment cost of €100,000 less the amount of the grant received of €50,000.

As Lauren moved into the house after the work was completed in 2026, the first year in which she can claim the relief is 2026. Lauren earns €75,000 per annum.

Lauren is entitled to a deduction, starting in 2026, of €7,500 (€50,000 @ 15%) per annum for six consecutive years, and €5,000 (€50,000 @ 10%) in year seven.

Depending on the rate of income tax the individual pays this deduction of €7,500 could result in tax relief of up to €3,000 per annum (i.e. €7,500 @ 40%). Owner Occupier Relief does not affect the amount of USC or PRSI which is otherwise payable, therefore in the below example USC and PRSI is payable on €75,000.

In the below example the tax payable at the higher rate is €23,500 where owner occupier relief is claimed. Where no owner occupier relief is claimed, the tax payable at the higher rate would be €31,000. If an individual was paying tax at the standard rate of 20%, then the saving under the owner occupier relief in this example would be €1,500 per annum (i.e. €7,500 @ 20%).

2026 - Owner occupier relief

| | € |
|---------------------------------------|---------|
| Income | 75,000 |
| Less: owner occupier relief 2026 | - 7,500 |
| Amount subject to Income Tax | 67,500 |
| €44,000 @ 20% | (8,800) |
| (€67,500-€44,000) 23,500 @ 40% | (9,400) |
| USC First (€12,012 @ 0.50%) | (60) |
| USC (€16,688 @ 2%) | (334) |
| USC (€41,344 @ 3%) | (1,240) |

| | |
|----------------------------------|---------|
| USC (€75,000-€70,044)=4,956 @ 8% | (396) |
| PRSI* €75,000 @ 4.20% | (3,150) |

*assumed PRSI rate of 4.2%

Assuming the property remains as Laurens sole or main residence she may also make an owner occupier claim of €7,500 in 2027, 2028, 2029, 2030, 2031, and of €5,000 in 2032.

Appendix – definition of refurbishment and conversion

Definition of "**conversion**" for the purposes of section 372AAB, section 372AAD and section 372AAE TCA 1997 which deal with the residential elements:

- "conversion", in relation to any building, structure or house means any work of -
 - conversion into a house of a building or part of a building where the building or, as the case may be, the part of the building has not, immediately prior to the conversion, been in use as a dwelling, and
 - conversion into 2 or more houses of a building or part of a building where before the conversion the building or, as the case may be, the part of the building has not, immediately prior to the conversion been in use as a dwelling or had been in use as a single dwelling,

including the carrying out of any necessary works of construction, reconstruction, repair or renewal, and the provision or improvement of water, sewerage, or heating facilities, in relation to the building, or the part of the building, as the case may be.

Definition of "**conversion**" as provided in section 372AAC for commercial element:

- "conversion", in relation to a building or structure, means any work of conversion, reconstruction or renewal, into a building suitable for use for the purposes of the retailing of goods or the provision of services only within the State and includes the provision or improvement of water, sewerage or heating facilities carried out, or maintenance in the nature of repair.

Definition of "**refurbishment**" as provided in section 372AAA TCA 1997 for the four elements of the Living City Initiative:

- "refurbishment", in relation to a building, structure or house, means any work of construction, reconstruction, repair or renewal, including the provision or improvement, of water, sewerage or heating facilities, carried out in the course of the repair or restoration, or maintenance in the nature of repair or restoration, of the building, structure or house.

These are the same definitions of conversion and refurbishment as used in previous property schemes.