

Help to Buy (HTB)

Part 15-01-46

This document should be read in conjunction with section 477C of the Taxes Consolidation Act (TCA) 1997

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1. Introduction

1.1 Section 9 of Finance Act 2016 introduced a new section 477C into the Taxes Consolidation Act 1997 (TCA). The section provides for the making of a payment to assist first-time buyers to obtain a deposit to purchase or build their first home. The provision is entitled Help to Buy (HTB).

1.2 Subject to a maximum repayment amount, HTB takes the form of a repayment of income tax, including DIRT, paid for the four tax years prior to making an application, with the first-time buyers given the option of selecting all or any of the previous four tax years.

1.3 In summary, the Help to Buy incentive scheme provides that where applicants:

- (i) sign a contract for the purchase of a new house or apartment, or
- (ii) make the first draw down of the mortgage in the case of a self-build property,

between 19 July 2016 and 22 July 2020, they will be eligible for HTB relief to the lesser of:

- (1) €20,000, or
- (2) 5 per cent of the purchase price of the new home or of the completion value of the property in the case of self-builds, or
- (3) the amount of Income Tax and DIRT paid for the four years prior to making the application.

1.4 **Enhanced Help to Buy Relief**

As part of the Government's July 2020 Stimulus package, a temporary enhanced HTB incentive was introduced for the period from 23 July 2020 to 31 December 2020. A new subsection 5A has been inserted in Section 477C TCA to include the conditions that must be satisfied in order to avail of the enhanced HTB scheme. The enhanced HTB relief has been extended to 31 December 2021 in Finance Act 2020. In summary, where applicants sign a contract for the purchase of a new house or apartment, or make the first draw down of the mortgage in the case of a self-build property, during the period from 23 July 2020 to 31 December 2021, they will be eligible for increased relief under the Help to Buy scheme to the lesser of €30,000 (up from €20,000) or 10 per cent (up from 5 per cent) of the purchase price of the new home or of the completion value of the property in the case of self-builds, where all other conditions are met.

For further details see [Section 4. Enhanced Help to Buy Relief](#).

1.5 Useful documents

Please see links below to useful Help to Buy guidance documents which are available on Revenue website:

[Help to Buy - Summary Guide for Help to Buy Applicants](#)

[Help to Buy - Summary guide for Solicitors verifying a self-build](#)

[Help to Buy - Summary Guide for Contractors](#)

[Help to Buy - Summary Guide for Lending Institutes](#)

2. Principal Features of HTB

2.1 HTB takes the form of a repayment of income tax, including DIRT, paid for the four tax years prior to making an application for a refund.

2.2 The HTB payment is calculated as follows:

Original HTB: Contract entered into for purchase of house or apartment, or draw down of first tranche of mortgage for self-build cases, between 19 July 2016 and 22 July 2020:

The maximum rebate is calculated at the lower of:

- (1) €20,000,
- (2) The amount of income tax and DIRT paid for the 4 tax years prior to making an application, or
- (3) 5% of the purchase price of the house or its valuation in the case of a self-build.

Enhanced HTB: Contract entered into for purchase of house or draw down of first tranche of mortgage for self-build cases between 23 July 2020 and 31 December 2021:

The maximum rebate is calculated at the lower of:

- (1) €30,000, or
- (2) The amount of income tax and DIRT paid for the 4 tax years prior to making the application, or
- (3) 10% of the purchase price of the house or its valuation in the case of a self-build.

2.3 A maximum purchase value of €600,000 applies where, in the period from 19 July 2016 to 31 December 2016, a contract for the purchase of a new

house/apartment was entered into or, in the case of a self-build, the first tranche of a qualifying loan was drawn down. Otherwise a maximum purchase value of €500,000 applies.

- 2.4 HTB is capped at €20,000 per property (increased to €30,000 where the enhanced HTB scheme applies).
- 2.5 An individual must be a first-time buyer. Where more than one individual is involved in purchasing or building a new home, all of the individuals must be first-time buyers.
- 2.6 The property must have been purchased or built as the first-time buyer's home. HTB does not include properties acquired for investment purposes.
- 2.7 HTB will only apply where a mortgage is taken out to purchase or build the home and where the loan to value ratio is a minimum of 70%, i.e. the loan must be at least 70% of the purchase value of the property.
- 2.8 To be eligible, the first-time buyer must have signed a contract to purchase the home on or after 19 July 2016 and on or before 31 December 2021. In the case of a self-build, the first-time buyer must have drawn down the first tranche of the mortgage loan on or after 19 July 2016 and on or before 31 December 2021. (see [Section 4](#). Enhanced Help to Buy relief).
- 2.9 The property must be occupied by the first-time buyer, or at least one of the first-time buyers in the case of multiple first-time buyers, for a period of 5 years from the date of occupation.
- 2.10 Claimants must be tax compliant in respect of all relevant periods. (see section [12.2](#))
- 2.11 Building contractors must be VAT registered and tax compliant to become a qualifying contractor for the purposes of HTB.
- 2.12 In the case of a self-build property, a solicitor is required to submit certain information to Revenue, including evidence of the drawdown of the first tranche of the loan.
- 2.13 Claims for HTB must be made through Revenue's online services.
- 2.14 The HTB payment is provided at deposit stage following the signing of a contract to purchase or, in the case of a self-build, following the drawdown of the first tranche of the relevant mortgage.

3. Who is entitled to claim HTB?

- 3.1 To be eligible for HTB, an individual must be a first-time buyer. Where more than one individual is purchasing or building a new home, all of the individuals must be first-time buyers. However, where a first-time buyer is required to have a guarantor on the loan (who is not a first-time buyer), the first-time buyer will still be eligible for HTB where all the other conditions are met.

Example 1

Denise and Noel are looking to buy a home together. Noel is a first-time purchaser, but Denise has bought a house previously. They do not qualify for HTB as Denise has previously owned a house.

Example 2

John and Margaret are both first time buyers and they satisfy all the conditions for HTB. Their bank insists that they have a guarantor added to the loan, so they have nominated Margaret's father Paddy. Paddy is not a first-time buyer, but this does not exclude John and Margaret from qualifying for HTB.

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

[...]

3.2 Inherited properties

An individual who may previously have inherited a house or a share in a house is not precluded from claiming HTB, provided all other conditions for the incentive are met.

4. Enhanced Help to Buy relief

- 4.1 The enhanced Help to Buy incentive scheme provides that where applicants
- (i) sign a contract for the purchase of a new house or apartment, or
 - (ii) make the first draw down of the mortgage in the case of a self-build property,

during the period from 23 July 2020 to 31 December 2021, they will be eligible for increased relief under the Help to Buy scheme to the lesser of:

- (1) €30,000 (up from €20,000), or
- (2) 10 per cent (up from 5%) of the purchase price of the new home or of the completion value of the property in the case of self-builds, or
- (3) the amount of Income Tax and DIRT paid for the 4 tax years prior to making the application.

All other conditions of the scheme remain the same as in the original HTB scheme.

4.2 Where an individual has signed a contract for the purchase of a new home, or drawn down the first tranche of the mortgage in the case of a self-build property prior to 23 July 2020, the individual will not satisfy the conditions of the enhanced HTB scheme as outlined above and the enhanced HTB relief will not be available to the individual. The individual may apply for the original HTB relief (up to a maximum relief of €20,000).

4.3 What does a person do if he or she has already made an application for HTB but satisfies the criteria for the enhanced relief?

Where applicants have made a HTB application with Revenue under the original HTB scheme but satisfies the requirements of the enhanced HTB relief, the applicants should automatically receive the enhanced HTB relief when they complete the claim stage of the process.

Where an applicant's claim has been approved by their Qualifying Contractor (or Solicitor for self-builds) after 23 July 2020, but the applicant believes he or she satisfies the conditions necessary for entitlement to the enhanced relief but has not received it, the applicant will need to contact Revenue via MyEnquiries to have his or her claim reviewed.

Full details on how to re-apply for HTB under the enhanced rules is available on the Revenue website at [Help to Buy - Summary guide for Help to Buy Applicants](#).

4.4 If a claimant completed an application in May 2020, signed the contract on 30 June 2020 (i.e. the claimant doesn't satisfy the requirements for the enhanced relief), can the claimant still complete the claim stage without having to reapply?

Yes, if a claimant does not satisfy the enhanced HTB requirements, the claimant can proceed to the claim stage to process the HTB refund without having to re-apply.

Example 3

Both Alan and Mark are first time buyers and have made a HTB application to Revenue in June 2020 but have not signed the contract for the purchase of their new house. They sign the contract for the purchase of their new house on 6 August 2020. Given they have signed the contract between 23 July 2020 and 31 December 2021, they satisfy the requirements of the new enhanced HTB relief.

Alan and Mark should automatically receive the enhanced HTB relief when they complete the claim stage of the process.

Example 4

Anna and Jack are building their first home. They applied for the HTB relief in April 2020 and made the first drawdown of their mortgage at the end of June 2020. They plan to cancel their application and re-apply for the Enhanced HTB. Although, Anna and Jack are planning to reapply within the specified period (23 July 2020 to 31 December 2021) they are unable to avail of the Enhanced HTB because they have received the first drawdown of their mortgage prior to the introduction of the enhanced HTB relief (i.e. prior to 23 July 2020).

5. Is there an upper threshold on the purchase value of a house or apartment?

A maximum purchase value of €600,000 applies where, on or after 19 July 2016 and on or before 31 December 2016, a contract for the purchase of a new house/apartment was entered into or, in the case of a self-build, the first tranche of a qualifying loan was drawn down. Otherwise, a maximum purchase value of €500,000 applies.

6. What type of property qualifies for HTB?

- 6.1 The property must be a new build, and it must be bought or built as the first-time buyer's home. It must not previously, **at any time**, have been used or suitable for use as a dwelling. It does not include properties acquired for investment purposes.

Example 5

In 2014, a contractor built a new home. It was completed and ready for sale by December 2014. He decided not to put the house on the market until August 2019.

This property does not qualify under HTB. It is not a new build as it was previously suitable for use as a dwelling.

Example 6

In 2013, a contractor commenced building a new home. He encountered financial difficulties and left the house uncompleted with no floors, plumbing, bathroom and other essentials. In September 2018, he completed the house and in October 2018 he entered into a contract to sell it to Ann and Michael. Subject to Ann and Michael satisfying the terms of the incentive, the property would qualify for HTB because it was not **at any time** prior to September 2018 suitable for use as a dwelling.

Example 7

A contractor built 6 new houses in 2013 which were ready for sale when he found himself in financial difficulties. His company went into receivership. The receiver sold the properties in October 2019. These properties will not qualify for HTB as they were suitable for use as dwellings since 2013.

- 6.2 Refurbishment of an old property

The legislation is very specific as to the definition of a qualifying residence. It must be a new building which was not, at any time, used or suitable for use as a dwelling. Renovation or refurbishment of old houses to either upgrade or reinstate them for habitation does not qualify for HTB.

- 6.3 Purchase of site containing a derelict house

First-time buyers may purchase a site containing a house which is derelict and which they plan to demolish, in whole or in part, with the intention of building a new house. First time buyers intending to undertake such purchases should contact Revenue who will consider eligibility for HTB in such circumstances on a case by case basis.

6.4 Purchase of a property from a Local Authority

Where a first-time buyer purchases a new house or apartment from a local authority or state agency, the first-time buyer will be eligible for the HTB scheme subject to satisfying all other requirements.

7. What timeframe is covered by HTB?

Original HTB relief

The first-time buyer must have entered into a contract to purchase a new house or apartment, or, in the case of a self-build, must have drawn down the first tranche of the relevant mortgage, between 19 July 2016 and 22 July 2020.

Enhanced HTB relief

In order to avail of the enhanced HTB relief, the first-time buyer must have entered into a contract to purchase a new house or apartment or, in the case of a self-build, drawn down the first tranche of the relevant mortgage, between 23 July 2020 and 31 December 2021.

Example 8

Rose and Charlie (both first-time buyers) signed a contract to buy a new house from a developer in August 2016. They paid a deposit of €38,000. As their contract with the developer to purchase the property was entered into after 19 July 2016, they are eligible to apply for HTB.

Example 9

Trudi and Mary (both first-time buyers) signed a contract to purchase a new house off the plans in May 2016. As they signed the contract to purchase the property prior to 19 July 2016, they do not qualify for HTB.

Example 10

Simon is a first-time buyer who is building his own home. He drew down the first tranche of his mortgage loan on 2 July 2016. Simon does not qualify for HTB as the first tranche of his mortgage was drawn down before 19 July 2016.

Example 11

Susan signed a contract to purchase a new home on 14 August 2020. Subject to Susan satisfying all other HTB conditions, she may avail of the enhanced HTB relief.

8. Who will receive the HTB payment?

8.1 The party to which the payment will be made depends on the timing of the claim and whether or not the property is a self-build property.

8.2 Payment to the claimant

The payment will be made directly to the claimant where, in the period from 19 July 2016 to 31 December 2016 inclusive, a contract for the purchase of a new house has been entered into by the claimant.

In all cases involving a self-build, the payment will be made for the benefit of the claimant.

8.3 Payment to the contractor

The payment will be made to the contractor (as part of the deposit) where, in the period from 1 January 2017 to 31 December 2021 inclusive, a contract for the purchase of a new house is entered into (i.e. not a self-build house) by the claimant.

Example 12

George enters into a contract for the purchase of a new house in November 2016. Where he satisfies all the conditions necessary for HTB and makes an application and a claim, Revenue will make the payment directly to George.

Example 13

Michael enters into a contract to purchase a new house in April 2017. Where he satisfies all the conditions necessary for HTB and makes an application and a claim, Revenue will make the payment directly to the contractor (as part of Michael's deposit).

Example 14

Therese has purchased a site and has entered into a contract to have a house built on it. The building work commences on 8 May 2019 and she draws down the first tranche of her loan from the mortgage institution on that date. Where Therese satisfies all the conditions necessary for HTB and makes an application and a claim, Revenue will make the payment directly to an account which Therese has with the mortgage institution that advanced the qualifying loan.

Note: Where an individual does not hold an account with the mortgage institution that advanced the qualifying loan, it will be necessary for him or her to open an account in that institution.

9. How is HTB calculated?

9.1 Depending on whether the applicant qualifies for the original HTB or the enhanced HTB relief, the relief is calculated as follows:

Original HTB relief

HTB will be capped at the lower of:

- (i) €20,000,
- (ii) The amount of income tax and DIRT paid for the 4 tax years prior to making an application, or
- (iii) 5% of the purchase value.

Enhanced HTB relief

Enhanced HTB will be capped at the lower of:

- (i) €30,000,
- (ii) The amount of income tax and DIRT paid for the 4 tax years prior to making an application, or
- (iii) 10% of the purchase value.

Example 15

Mairead and James are married and are jointly assessed for tax purposes. They entered into a contract to purchase their first home in October 2016. The cost of the property (a newly-built apartment) was €280,000. They make an application to Revenue for HTB in February 2017. They request that their application is deemed to have been made in the year 2016 (see paragraph 13 regarding applications). Income tax and DIRT paid by the couple for the 4 prior tax years was as follows:

2012	€ 6,200
2013	€ 6,400
2014	€ 6,800
2015	€ 7,200
Total	€26,600

The maximum HTB due to Mairead and James is €14,000 i.e.
 $€280,000 \times 5\% = €14,000$.

The payment will be paid directly to Mairead and James's bank account.

Example 16

Amy is a first-time buyer and entered into a contract to purchase a new house in November 2016 for €600,000. She makes an application to Revenue for HTB in January 2017. She requests that her application is deemed to have been made in the year 2016 (see paragraph 13 regarding applications).

Income tax and DIRT paid by Amy for the 4 prior tax years was as follows:

2012	€ 16,200
2013	€ 17,400
2014	€ 18,800
2015	€ <u>19,200</u>
Total	€ 71,600

The maximum HTB available to Amy is €20,000.

Note: Although 5% of the purchase price is €30,000, the maximum HTB payment is €20,000.

The payment will be paid directly to Amy's bank account.

Example 17

Louise is a first-time buyer and entered into a contract to purchase her first house in August 2016. The house was a new build priced at €680,000. As this is over the HTB purchase value threshold, she does not qualify for the incentive.

Example 18

Patricia and Mary are married and are jointly assessed for tax purposes. They entered into a contract to purchase their first home on 20 August 2020. The cost of the property (a newly-built apartment) was €280,000. They made an application to Revenue for HTB in May 2020. As they satisfy the enhanced HTB relief conditions (i.e. entered into a contract to purchase a new home between 23 July 2020 and 31 December 2021), they will avail of the increased thresholds for HTB relief.

Income tax and DIRT paid by the couple for the 4 prior tax years was as follows:

2016	€ 7,200
2018	€ 7,400
2018	€ 7,800
2019	€ <u>7,100</u>
Total	€29,500

The maximum HTB due to Patricia and Mary is €28,000 i.e.

€280,000 X 10% = €28,000.

The payment will be paid directly to the Qualifying Contractors bank account.

9.2 Maximum HTB per property

The maximum HTB payment is €20,000 per property (this is increased to €30,000 where the enhanced HTB relief applies). This cap applies regardless of how many people enter into a contract to buy a house.

Example 19

Maura is a first-time buyer and enters into a contract to purchase a new house for €490,000 in April 2020. Income tax paid by Maura for the 4 tax years preceding her application for HTB is €23,000. The HTB available to Maura is €20,000 i.e. the maximum amount for the original HTB scheme (the conditions of the enhanced HTB relief are not satisfied).

Example 20

Joe and Robert are first time buyers and entered into a contract to purchase a new house in November 2018 for €500,000. Income tax paid by Joe and Robert for the 4 years preceding their application for HTB is €51,000. HTB available to Joe and Robert is €20,000 i.e. the maximum amount for the original HTB scheme.

Example 21

Louise is a first-time buyer and enters into a contract to purchase a new house for €410,000 in September 2020. Income tax paid by Louise for the 4 years preceding her application for HTB is €48,000. The HTB available to Louise is €30,000 i.e. the maximum amount for enhanced HTB relief as she has entered into a contract to purchase the house between 23 July and 31 December 2021.

10. Purchase value of a HTB property

The purchase value of a HTB property is either:

- in the case of a non-self-build property, the amount the purchaser is required to pay to the contractor for the purchase of the property and which is set out in the contract for the purchase of the property, or
- in the case of a self-build, the valuation of the residence that, at the time the qualifying loan is entered into, is approved by the qualifying lender in accordance with the Central Bank's macro prudential rules.

It will be a matter for the lending institution to provide the HTB claimant with the 'approved valuation' in relation to a self-build property.

11. The loan to value ratio of 70%

HTB will only apply where a mortgage is taken out to purchase or build a home and where the value of the loan is a minimum of 70% of the purchase value of the property.

Example 22

Mary and Tony enter into a contract to purchase a newly built house. The purchase price of the house is €450,000. In order to satisfy the loan to value ratio, they must take out a mortgage on the property of at least €315,000.

12. Calculating the refund of income tax and DIRT

- 12.1 Where an individual qualifies for HTB, he or she can make an application to Revenue. The payment will be based on the individual's income tax and DIRT payments for the 4 tax years immediately preceding the year of application, starting with the earliest year.

All HTB claimants (whether PAYE or self-assessed) may select any or all of the previous 4 tax years for the purposes of calculating HTB.

- 12.2 Prior to making an application for HTB, all taxpayers must ensure they are tax compliant.

PAYE taxpayers must submit an online tax return, eForm12 (where they have not already done so) for each of the tax years they select. They must pay any balances outstanding for the years selected.

Self-assessed taxpayers must submit an online tax return, eForm11 (where they have not already done so), and pay any outstanding balance, for each of the previous 4 tax years for which they are self-assessed.

- 12.3 HTB will be calculated firstly based on the amount of income tax paid for the preceding 4 tax years, starting with the earliest year selected by the claimant. Where the HTB maximum has not been reached, DIRT paid in the preceding 4 tax years will be taken into account, starting with the earliest year selected by the claimant.

Example 23

Susan qualifies for HTB and has made an application and a claim. As the purchase price of her house is €500,000, she would qualify for a maximum payment of €20,000 (original HTB scheme) provided she has paid that amount of income tax and DIRT for the 4 years prior to her application. She has selected the years 2015 to 2018 for refund of income tax and DIRT.

HTB will be calculated as follows:

Step 1 – Income Tax

Income tax paid, starting with the earliest year selected by the claimant, is as follows:

2015	€2,000
2016	€3,500
2017	€5,000
2018	<u>€5,400</u>
Total	€15,900

Step 2 – DIRT

As Susan has not reached €20,000 under Step 1, she is therefore entitled to include DIRT paid, starting with the earliest year selected, as follows:

2015	€860
2016	€640
2017	€1,000
2018	<u>€1,300</u>
Total	€3,800

HTB due is €19,700, i.e. €15,900 (income tax) + €3,800 (DIRT).

Example 24

Colm qualifies for a maximum HTB payment of €20,000 on the basis of a house price of €450,000 (original HTB scheme) and has made an application and a claim. He has selected the tax years 2016 to 2019. Details for the four years are as follows:

Years of Claim	Income Tax paid	DIRT Paid	Total
2016	€3,000	€500	€3,500
2017	€5,000	€500	€5,500
2018	€6,000	€600	€6,600
2019	€7,000	€600	<u>€7,600</u>
			€23,200

HTB will be calculated as follows:

Step 1 – Income Tax

Income tax paid, starting with the earliest year selected by Colm, as follows:

2016	€3,000		
2017	€5,000		
2018	€6,000		
2019	<u>€6,000</u>		
	€20,000		

Step 2 – DIRT

Step 2 is not necessary as the maximum of €20,000 is reached in Step 1.

12.4 Repayment of ‘first-time buyer DIRT’

Where an individual has already received a repayment of DIRT under Section 266A TCA 1997 (first-time buyer DIRT relief), any DIRT taken into account in computing HTB will be reduced by such repayment.

Example 25

Eileen qualifies for HTB and has made an application and a claim in 2019. As the purchase price of her house is €420,000, she would qualify for a maximum HTB payment of €20,000 provided she has paid that amount of income tax and DIRT for the 4 tax years prior to her application. She has selected the years 2015 to 2018. Details for the four years are as follows:

Years of Claim	Income Tax paid	DIRT paid	Total
2015	€3,000	€960	€3,960
2016	€2,500	€540	€3,040
2017	€4,000	€1,000	€5,000
2018	€4,400	€1,200	€5,600
			€17,600

She received a repayment of DIRT of €840 under section 266A TCA 1997.

HTB will be calculated as follows:

Step 1 – Income Tax

Income tax paid, starting with the earliest year selected by Eileen, as follows:

2015	€3,000
2016	€2,500
2017	€4,000
2018	€4,400
	€13,900

Step 2 - DIRT

As Eileen has not reached €20,000 under Step 1, she is therefore entitled to include DIRT paid, starting with the earliest year selected, as follows:

2015	€960
2016	€540
2017	€1,000
2018	<u>€1,200</u>
Total	€3,700
DIRT Repaid	<u>€840</u>
	€2,860

HTB due is €16,760, i.e. €13,900 (income tax) + €2,860 (DIRT).

13. HTB - Joint Assessment

- 13.1 For first-time buyers who have been assessed to tax as single persons for the 4-year period preceding an application, identifying the income tax paid for those years and determining the amount of HTB due to each individual is relatively straightforward.
- 13.2 It is not quite as straightforward in the case of a claimant, who is separated or divorced, but who had previously opted to be jointly assessed to income tax.
- 13.3 In the case of married couples and civil partners who are jointly assessed for income tax purposes for any of the years in respect of which they wish to claim HTB, the amount of the income tax deemed to be paid by each spouse or civil partner, for the purposes of HTB, is a proportion of the total income tax paid as a jointly assessed couple, split between them on the basis of their respective total incomes.

The amount of income tax deemed to be paid by each spouse or civil partner is determined by the following formula:

$$\frac{A \times C}{B}$$

B

where –

- A is the amount of total income (if any) of the claimant for the tax year,
- B is the sum of the amount of the total income (if any) of the claimant and the amount of the total income (if any) of the claimant's spouse or civil partner, and
- C is the amount of income tax paid for the tax year.

Example 26

Philip and Josephine were married and assessed to tax under joint assessment for the years 2016 and 2017. Josephine was the assessable spouse. They divorced in December 2017. Philip is purchasing a house costing €280,000 and qualifies for HTB. He has made an application and a claim and has selected the years 2016 to 2019.

Total income and income tax paid for each year is as follows:

Year 2016	Total Income	Income Tax paid
Philip	€29,000	€4,000
Josephine	<u>€37,000</u>	<u>€5,000</u>
Total	€66,000	€9,000
Year 2017	Total Income	Income Tax paid
Philip	€30,000	€4,000
Josephine	<u>€37,000</u>	<u>€5,500</u>
Total	€67,000	€9,500
Year 2018	Total Income	Income Tax paid
Philip	€25,000	€3,500
Year 2019	Total Income	Income Tax paid
Philip	€25,500	€3,700

The maximum HTB available to Philip is:

Starting with the earliest year:

2016	$\frac{€29,000 \times €9,000}{€66,000}$	= €3,954
2017	$\frac{€30,000 \times €9,500}{€67,000}$	= €4,253
2018		€3,500
2019		<u>€3,700</u>
Total		€15,407

The HTB payment to Philip is €14,000, i.e. €280,000 x 5%.

If Josephine were to make a claim for HTB, the amount of income tax available to her in respect of 2013 and 2014 would be:

2016: €5,045

2017: €5,246

This is calculated as follows:

2018	$\frac{\text{€37,000} \times \text{€9,000}}{\text{€66,000}}$	= €5,045
2019	$\frac{\text{€37,000} \times \text{€9,500}}{\text{€67,000}}$	= €5,246
		€10,291

13.4 Situations may arise where a claimant has been assessed jointly for part of a year and as a single individual for the remaining part of that year. In that scenario, the amount of income tax payable and paid by the claimant for such tax year consists of –

- (a) for the period in which joint assessment applied, an amount determined using the formula at paragraph 13.3 above (with any reference to tax year being replaced by the period concerned), and,
- (b) for the period in which joint assessment no longer applied, the amount of income tax payable and paid by the claimant for that period.

14. Making an Application

14.1 General

The process for a first-time buyer to claim HTB involves two stages:

- (i) Application stage
- (ii) Claim stage (see paragraph 15).

Application Stage

In order to make an application, the first-time buyer must firstly be registered with Revenue's online service. PAYE taxpayers can do this through 'myAccount' and self-employed taxpayers can do this through ROS.

The first-time buyer will be required to provide a PPSN and complete a declaration. Provided the first-time buyer is tax compliant, an Application Number and a summary of the maximum HTB amount available will be

provided. The first-time buyer can then share information of the HTB amount available to him or her with a lending institution when negotiating a loan. An Access Code will be issued separately through Revenue's secure email MyEnquiries.

Both the Application Number and the Access Code should be retained as they will be required by both the lender and qualifying contractor in order to verify the HTB available.

First-time buyers must ensure they have the relevant tax returns filed and any outstanding balances paid. First-time buyers who intend to purchase a new property should ensure their contractor is a Revenue approved qualifying contractor for the purposes of Help to Buy. The [list of registered qualifying contractors](#) is available on the Revenue website. **This does not apply in the case of first-time buyers intending to self-build.**

Full details on how to make an application is available on the revenue website at [Help to Buy - Summary guide for Help to Buy Applicants](#).

14.2 Applications relevant to the period 19 July 2016 to 31 December 2016 Inclusive

First-time buyers who entered into a contract to purchase a house or an apartment, or in the case of a self-build, who have drawn down the first tranche of a loan, on or after 19 July 2016 and on or before 31 December 2016, can elect to have their application deemed to have been made in 2016 provided the application is made on or before 31 March 2017.

Example 27

Margaret and Joan are married and are jointly assessed for income tax purposes. They entered into a contract to purchase their first home in October 2016. The cost of the property (a newly-built apartment) was €300,000. They make an application to Revenue for HTB in February 2017. They request that their application is deemed to have been made in the year 2016. As their application is made before 31 March 2017, Revenue will accept this request. Provided the conditions for HTB are met, they can select any or all of the years 2012 to 2015 for the purposes of calculating the HTB due.

Example 28

Olive and Patrick are married and are jointly assessed for income tax purposes. They entered into a contract to purchase their first home in November 2016. The cost of the property (a newly-built house) was €400,000. They make an application to Revenue for HTB in April 2017. They request that their application is deemed to have been made in the year 2016. As their application is not made before 31 March 2017, Revenue cannot

accept this request. Therefore, the years to be used to calculate HTB are 2013 to 2016.

Note: Where a first-time buyer elects, within the specified timeframe, to have their application deemed to have been made in the year 2016, the **claim** (see section 15) will also be deemed to have been made in the year 2016 provided that the claim is made in 2017.

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

[...]

14.3 Applications relevant to the period 1 January 2017 to 31 March 2017 inclusive

First-time buyers who enter into a contract to purchase a house or apartment, or in the case of a self-build who draw down the first tranche of a loan, in the period 1 January 2017 to 31 March 2017, can also elect to be deemed to have made their application in 2016. This is provided the application is made on or before 31 May 2017.

Example 29

Greg and Emma entered into a contract to purchase a newly built house in February 2017. They make an application to Revenue for HTB on 28 May 2017. They request that their application is deemed to have been made in the year 2016. As their application is made before 31 May 2017, Revenue will accept this request. Provided the conditions for HTB are met, they can select any or all of the years 2012 to 2015 for the purposes of calculating the amount of HTB due.

Example 30

Leo entered into a contract to purchase a newly built house on 1 March 2017. He makes an application to Revenue for HTB in June 2017. He requests that his application is deemed to have been made in the year 2016. As his application is made after 31 May 2017, Revenue cannot accept this request. Therefore, the relevant years for calculating the HTB due are 2013 to 2016, i.e. the 4 years immediately preceding his application in 2017.

Note: Where a first-time buyer elects, within the specified timeframe, to have their application deemed to have been made in the year 2016, the **claim** (see paragraph 15) will also be deemed to have been made in the year 2016 provided that the claim is made in 2017.

14.4 Applications made between 1 October and 31 December in the tax years 2017, 2018, 2019, 2020 and 2021.

Where an application is made to Revenue for HTB between 1 October and 31 December in any of the tax years 2017, 2018, 2019, 2020 or 2021 there is some flexibility around the timeframe for making the corresponding claim.

Where an application is made during this period (i.e. 1 October to 31 December), Revenue will indicate to the first-time buyer (through the online system) the maximum amount of HTB available. Where a claim is made on foot of such an application in the period 1 January to 31 March immediately after the making of the application, the claim will be deemed to have been made in the prior year.

However, the timeframe for entering into a contract to purchase or to have drawn down the first tranche of a qualifying loan does not change. The end date of 31 December 2021 for so doing still applies.

Example 31

In November 2019, Seán views a new house which he hopes to buy. He makes an application to Revenue for HTB at that time. Revenue advise Seán that the maximum HTB available to him is €13,000. He decides to go ahead and purchase the property. He enters into a contract with the builder in February 2020 and then on 10 March 2020 he makes a claim to Revenue. As he made a claim before 31 March 2020, his claim will be deemed to have been made in the year 2019. In this scenario, Seán will not have to start the HTB process again by submitting a new application in 2020. The relevant years for calculating the amount of the HTB payment due to Sean are 2015 to 2018, i.e. the four years immediately preceding his application in 2019.

Example 32

In October 2019, Ann views a new house which she hopes to buy. She makes an application to Revenue for HTB at that time. Revenue advise Ann that the maximum HTB available to her is €15,000. She decides to go ahead and purchase the property. Ann doesn't sign the contract with the builder until 4 April 2020 and then makes a claim to Revenue. As she did not enter into a contract and make a claim on or before 31 March 2020, Ann's original application, which she made in October 2019, is no longer valid. She will have to start the process again by submitting a new application, followed by a claim, for HTB.

Example 33

In October 2021, Amanda views a new house which she hopes to buy. She makes an application to Revenue for HTB at that time. Revenue advise Amanda that the maximum HTB available to her is €17,000. She decides to go ahead and purchase the property. Amanda signs the contract with the builder on 20 December 2021. She then completes her HTB claim with Revenue in March 2022. As Amanda makes her application to Revenue in the period 1 October to 31 December 2021, signs the contract with the builder on or before 31 December 2021 and makes her claim between 1 January and 31 March 2022, her claim is deemed to have been made in 2021. The relevant years for calculating the amount of the HTB payment are 2017 to 2020 i.e. the 4 years immediately preceding her application, deemed to have been made in 2021.

Example 34

In November 2021, Barry views a new house which he hopes to buy. He makes an application to Revenue for HTB at that time. Revenue advise Barry that the maximum HTB available to him is €16,000. Barry decides to purchase the property. He signs the contract with the builder in February 2022. As Barry did not satisfy the qualifying condition regarding the deadline for entering into a contract i.e. 31 December 2021, his application ceases to be valid and he cannot proceed with his claim for HTB.

14.5 How long is an application for HTB valid?

An application for HTB will remain valid until one or more of the following occurs:

- (i) if it is discovered that the individual did not satisfy a condition of HTB,
- (ii) an individual's tax clearance is rescinded, or
- (iii) 31 December (in the tax year in which the application is made).

In respect to point (iii) above, where an application is made during the period 1 October to 31 December, and a claim is made on foot of such an application in the period 1 January to 31 March immediately after the making of the application, the claim will be deemed to have been made in the prior year. See section 14.4 for further details.

Example 35

On 1 March 2020, Luke makes an application for HTB and confirms that he is a first-time buyer. Before he enters into a contract to purchase a house, information becomes available to Revenue which indicates that Luke

previously owned a home abroad. The application Luke made for HTB ceases to be valid from the time Revenue confirms the prior home ownership by Luke.

Example 36

Jane makes an application to Revenue for HTB on 1 August 2019 as she intends to purchase a house. Revenue advise Jane of the maximum HTB relief available to her. Jane does not enter into a contract to purchase a house until January 2020. The application Jane made is only valid until 31 December 2019, so she will need to make a new application for HTB in 2020.

15. Making a Claim

After the successful completion of an Application, first-time buyers can proceed to the claim stage.

The following documents **must** be provided to Revenue at the claim stage e.g.

- a copy of the signed contract,
- mortgage institution details,
- mortgage approval details,
- proof of drawdown of the first tranche of the relevant mortgage (if a self-build).

The nature and type of information varies depending on whether the claim relates to the purchase of a new house or apartment, or to a self-build.

In the case of the purchase of a house or apartment, the contractor will be part of the claim process (see paragraph 16).

In the case of a self-build, the solicitor will be part of the claim process (see paragraph 17).

The claim is made using [myAccount/ROS](#). Group applicants (where there is more than one first-time purchaser involved in a claim) will also need to provide the amounts of the agreed portion of HTB applicable to each member of the group.

Note – the maximum amount of HTB will be subject to 5% of the purchase value of the house or apartment (10% if contract signed for the purchase of a home or first draw down the mortgage is between 23 July 2020 and 31 December 2021) so it may differ from the maximum relief summary.

16. The Contractor

Contractors are required to verify information provided by the applicant. If the contractor is not satisfied that the information provided is correct, it is

important that the contractor requests the applicant to update the information appropriately.

For a contractor to become part of the HTB process, they must first apply to Revenue to register as a “Qualifying Contractor”. Qualifying Contractors will only be involved in the claim stage of the HTB process and only in the case of the purchase of a house or apartment.

Details of the contractor’s involvement in HTB .are set out in the [‘Help to Buy – Summary guide for Contractors’](#).

17. The Solicitor

Where a HTB applicant is self-building a new house, his or her solicitor is required to provide certain information to Revenue and to verify the HTB claim.

Before a solicitor can provide information and verify a HTB claim for a self-build, he or she must first apply to Revenue to be a registered solicitor for HTB.

Solicitors are required to verify information provided by the applicant in the case of self builds. If the solicitor is not satisfied that the information provided is correct, it is important that the solicitor requests the applicant to update the information appropriately.

Details of the solicitor’s involvement in HTB is set out in the [Help to Buy - Summary guide for Solicitors verifying a self-build](#).

18. Clawbacks

18.1 In certain circumstances, there will be a clawback of part or all of the HTB payment.

18.2 Clawback from the claimant(s)

Minimum period of occupation

On completion, a qualifying residence must be occupied for a minimum period of 5 years by the first-time buyer as his or her only or main residence, otherwise the HTB payment will have to be repaid to Revenue. Where more than one first-time buyer is a party to the claim for HTB, no clawback will apply where at least one of the purchasers continues to occupy the residence for the minimum period of 5 years.

Where occupation ceases within the 5-year period, the HTB claimant(s) is required to notify Revenue accordingly.

Example 37

Sheila and Suzanne received a HTB payment. Their house was completed by the builder in August 2017 and they moved in immediately. In February 2020,

both Sheila and Suzanne decide to go abroad for 3 years and rent out their house. As the 5-year minimum occupation test is not satisfied, the HTB payment will have to be repaid in part to Revenue (see paragraph 18.3 below). Sheila or Suzanne must notify Revenue when they cease to occupy the house.

Example 38

Mary, Jane and Elizabeth received a HTB payment. Their house was completed by the builder in September 2017 and they moved in immediately. In April 2019, Mary and Jane decide to move out and purchase a new property. Elizabeth continued to live at the property for the required 5 years. In this case, there will be no clawback of HTB from any of the parties.

18.3 Repaying HTB to Revenue

The HTB payment must be repaid in full or in part to Revenue within 3 months from the date the residence ceases to be occupied. The rate of clawback depends on the year in which the residence ceases to be occupied, as follows:

Year Occupation Ceases	Rate of clawback of HTB payment
1	100%
2	80%
3	60%
4	40%
5	20%

Example 39

Brendan received a HTB payment of €15,000. The house was completed by the builder in September 2017 and he moved in immediately. In November 2020, he ceased to occupy the house and sold it. He notified Revenue accordingly. As Brendan ceased to occupy the house in year 4, there is a clawback of the HTB as follows:

$$€15,000 \times 40\% = €6,000$$

18.4 Temporary relocation for work during the 5 year clawback period

Where occupation ceases temporarily within the 5-year period due to relocation for the HTB claimant's job, Revenue are prepared to accept that a clawback **does not** arise provided the following criteria are met:

- The relocation is required by the claimant's job and evidence to that effect is provided by the employer concerned,
- The claimant does not purchase another property to reside in,
- The claimant returns to live in the HTB property as his or her main residence upon completion of the work assignment,
- The period of absence, from the HTB property, due to the work assignment will not be regarded as relevant, for the purposes of satisfying the requirement that the house be occupied by the claimant for 5 years from first occupation of the house, in order to avoid a clawback of the HTB relief.

e.g. if the claimant ceases to occupy the HTB property for 6 months due to relocation by their work, the period of occupation required in order to avoid a clawback, in any other event of ceasing to occupy the property, must be 5 years and 6 months from the date of first occupation of the house.

18.5 Other reasons for clawback (from the claimant)

Where it transpires that a first-time buyer, for whatever reason, was not entitled to a HTB payment, there will be a clawback. In such circumstances, the HTB payment (or a part thereof) must be paid to Revenue within 3 months from the date on which the HTB payment is made to the claimant.

Example 40

Charlie purchased a new house. He made an application and a claim to Revenue for HTB. At the time of application, he stated that he had entered into a contract to purchase the house on 19 July 2016 and supplied a contract with that date on it. Charlie received the HTB payment on 1 May 2017. It subsequently transpired that he entered into the contract on 10 July 2016. Charlie does not therefore qualify for HTB so the HTB payment is due to be repaid to Revenue prior to 1 August 2017.

18.6 Clawback in respect of Self-builds

Where a self-build house is not completed within 2 years from the date on which the HTB payment is made, there will be a clawback from the claimant. HTB must be paid back to Revenue by the claimant within 3 months from the end of the 2-year period.

Example 41

Daniel and Teresa made an application and a claim for HTB. The HTB payment was made to them on 1 June 2018 in respect of a house which they were building themselves. By 30 May 2020, the house was not completed. Daniel and Teresa must repay the HTB payment within 3 months of 30 May 2020 i.e. before 31 August 2020.

However, if within the 2-year period, Revenue have reasonable grounds to believe that the self-build residence will not be completed within that period (e.g. where little or no building work has started and there is nothing to suggest that building work is likely to get underway), Revenue may issue a notice to that effect to the claimant. Where such a notice is issued, the HTB payment must be repaid to Revenue by the claimant within 3 months of the notice.

18.7 Clawback in respect of properties relevant to the period 19 July 2016 to 31 December 2016

There will be a clawback of HTB from the claimant where a contract for the purchase of a qualifying residence was entered into in the period from 19 July 2016 to 31 December 2016 but the purchase, for whatever reason, does not happen within 2 years from the date the HTB payment is made. The payment must be repaid to Revenue within 3 months from the end of the 2-year period.

Example 42

Eugene entered into a contract to purchase a house, from plans, from a builder on 1 September 2016. He made an application and a claim for HTB which he was paid on 1 July 2017. By 30 June 2019, the house is still not completed by the builder and the purchase has not happened. Eugene must repay the HTB payment he received before 30 September 2019.

However, if within the 2-year period, Revenue have reasonable grounds to believe that the purchase **will not be completed** within that period (e.g. where construction has not commenced and there is nothing to suggest that construction work is likely to get underway), Revenue may issue a notice to the claimant. Where a notice is issued, the HTB payment must be repaid to Revenue by the claimant within 3 months of the notice.

Example 43

Geraldine entered into a contract to purchase a house, from plans, from a builder on 1 October 2016. She made an application and a claim for HTB which was paid on 1 April 2017. Revenue are notified on 1 June 2017 that

Geraldine decided not to go ahead with the purchase of the house. Revenue issued a notice to Geraldine on 1 July 2017. She must repay the HTB payment to Revenue before 1 October 2017.

18.8 Clawback from the contractor

There will be a clawback of HTB from the contractor where the contractor receives the HTB payment in respect of a claimant and the sale, for whatever reason, does not happen within 2 years from the date the HTB payment is made. The HTB payment must be repaid to Revenue by the contractor within 3 months from the end of the 2-year period.

However, if Revenue has reasonable grounds to believe that the sale **will not be completed** within 2 years from the date the HTB payment is made to the contractor, Revenue may issue a notice to that effect to the contractor.

Where a notice is issued, the HTB payment must be repaid to Revenue by the contractor within 3 months of the notice.

Example 44

On 4 March 2019, first-time buyers entered into a contract with a contractor for the purchase of a house. HTB was paid to the contractor on 5 April 2019. On 1 March 2020, the first-time buyers notify Revenue that the sale was not completed and had no prospect of being completed. Revenue issued a notice to the contractor on 2 April 2020. The contractor must repay the HTB payment to Revenue before 1 July 2020.

18.9 Extending the period for the clawback

Where the purchase of a residence or the construction of a self-build residence is not completed within the required 2 years, this period may, in limited circumstances, be extended. If Revenue is satisfied that the residence is substantially completed and is likely to be completed within a reasonable period of time after the end of the 2-year period, the 2-year timeframe for completion of the purchase, or of the self-build residence, is extended by such reasonable period i.e. before any clawback will apply.

Example 45

Harry and Sandra decided to self-build their new home. Harry will be building the house himself. HTB is paid by Revenue on 6 July 2017. By 5 July 2019, the house is still not completed as Harry had health issues and this held up its completion. The couple advise Revenue that they expect the house to be finished by December 2019 and Revenue accept this as reasonable in the circumstances. The couple therefore have an extension of the 2-year period until December 2019 before the clawback provisions will apply.

18.10 Clawback in the case of jointly purchased properties

Where more than one individual is party to a claim for HTB and, a liability subsequently arises in terms of a clawback, each party to the claim is jointly and severally liable.

Example 46

In August 2017, a HTB payment of €20,000 was paid in respect of John, Pat, and Ken. After the first year, John and Pat decide to move out and buy another house. Ken lived in the house until June 2021 and then decided to sell. As the property was not occupied for the required 5-year period, John, Pat and Ken are liable jointly to repay a portion of the HTB payment to Revenue (40% as the house ceased to be occupied in year 4).

19. Failure to repay the HTB payment to Revenue

19.1 Failure by an individual to repay a HTB payment to Revenue

Where a person is liable to repay a HTB payment to Revenue but fails to do so, a Revenue officer may make an assessment or an amended assessment on that person. Where a person disagrees with the assessment, he or she may make an appeal to the Appeal Commissioners within the period of 30 days after the date of the notice of assessment or amended assessment.

Where a Revenue officer makes an assessment or an amended assessment on a person, the amount so charged will be deemed to be tax due and payable in respect of the tax year in which the person is liable to pay the amount involved to Revenue. The amount due carries interest, in accordance with section 1080(2), with interest applying from the date the tax becomes due and payable to Revenue.

19.2 Failure by a contractor to repay a HTB payment to Revenue

Where a contractor is liable to repay a HTB payment to Revenue but fails to do so, the liability will remain a charge on the freehold or leasehold estate or interest in the land on which the residence was to be constructed, but only where the contractor retains such estate or interest in the land. The charge on the estate or interest in the land is not subject to the time limits provided for in section 36 of the Statute of Limitations 1957.

20. Appeal

A person aggrieved by a decision by the Revenue Commissioners to refuse a claim for HTB may appeal to the Appeal Commissioners within a period of 30 days of the notice of the decision.