Exemption for residential properties owned by a North-South Implementation Body

Part 02-12

This document should be read in conjunction with section 10C Finance (Local Property Tax) Act 2012 (as amended)

Document last reviewed December 2022

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

Table of Contents

1 Introduction

An exemption from the charge to local property tax (LPT) is available in respect of residential properties owned by a North-South Implementation Body (NSIB). The NSIBs were established under the British-Irish Agreement Act 1999. They come under the remit of the North-South Ministerial Council, which is responsible for twelve areas for co-operation, six of which are in areas where co-operation is agreed together and implemented through shared all-Ireland implementation bodies.
The basis for the exemption is section 52 of the British-Irish Agreement Act 1999, which provides that a NSIB:

- shall not be liable to pay any rates under the Valuation Acts and any hereditament or tenement used or occupied by a Body shall, for the purpose of section 2 of the Valuation (Ireland) Act, 1854, be deemed to be of a public nature and occupied for the public service, and
- shall not be liable for the payment of any direct tax, or any duty, in respect of any lands or income.

2 Implementation bodies

The six all-Ireland implementation bodies are:

Waterways Ireland
Responsibility for the management, maintenance, development and restoration of specified inland navigable waterways, principally for recreational purposes.

Food Safety Promotion Board
The promotion of food safety, research into food safety, communication of food alerts, surveillance of food-borne diseases, promotion of scientific co-operation and laboratory linkages, and development of cost-effective facilities for specialised laboratory testing.

Trade and Business Development Body (InterTradeIreland)
The promotion of trade and business on an all-island and cross-border basis and the enhancement of the global competitiveness of the all-island economy to the mutual benefit of Ireland and Northern Ireland.

Special European Union Programmes Body
Managerial and oversight functions in relation to EU programmes including PEACE IV and INTERREG VA.

The Language Board/An Foras Teanga/North-South Body o Leid
The Body consists of two agencies, Foras na Gaeilge and Tha Boord o Ulster-Scotch. Foras na Gaeilge is responsible for the promotion of the Irish Language throughout the island and Tha Boord o Ulster-Scotch is responsible for promoting the study, conservation, development, and use of the Ulster-Scots as a living language; encouraging and developing the full range of its attendant culture; and promoting an understanding of the history of the Ulster-Scots.

Foyle Carlingford and Irish Lights Commission
The Body consists of two agencies, the Loughs Agency and the Lights Agency. The Loughs Agency has responsibility for the promotion and development of Lough Foyle and Carlingford Lough for commercial and recreational purposes in respect of marine, fishery and aquaculture matters.

3 Legislation

The relevant legislative provisions are contained in section 10C, introduced by Finance (Local Property Tax) (Amendment) Act 2021 (section 18).
The NSIBs were established under the British-Irish Agreement Act 1999. Section 52 of this Act provides for certain tax and duty exemptions.

4 Qualifying conditions

The only qualifying condition for the exemption is that a NSIB (established under the British-Irish Agreement Act 1999) owns a residential property.

5 Claiming the exemption

5.1 First valuation period 2013 to 2021

Any exemptions that were claimed by a NSIB during the first valuation period covering the years 2013 to 2021 were allowed by Revenue on an administrative basis pending the introduction of a statutory basis (provided by Finance (Local Property Tax) (Amendment) Act 2021).

5.2 Second valuation period 2022 to 2025

A property cannot qualify for the exemption unless the exemption is claimed.[1] How the exemption is to be claimed depends on when the qualifying condition for the exemption is met. As the exemption is claimed as part of the normal self-assessment process, it is not necessary for the claim to be approved by Revenue. However, see section 7 below in relation to Revenue's compliance programme.

[1] Required by sections 3A and 41A in relation to the second valuation period 2022 to 2025.

5.3 Qualifying condition met on 1 November 2021

Where the qualifying condition for the exemption is met on the second valuation date[2] 1 November 2021, the exemption should be claimed in the LPT1 return form by inserting the code "8" in the exemption box. This claim covers the years 2022 to 2025.

5.4 Qualifying condition met after 1 November 2021

Where the qualifying conditions for the exemption are met in the period after 1 November 2021 and on or before 1 November 2024, the exemption should be claimed online using MyEnquiries, ROS or the LPT online service or by writing to LPT Branch, PO Box 100, Ennis, Co. Clare. A claim should include any relevant documentation in support of the claim. This claim covers the remaining years in the second valuation period 2022 to 2025.

5.5 Claiming the exemption for 11 or more properties

Individual LPT1 return forms may be submitted for each property owned by a NSIB. Alternatively, where a NSIB owns 11 or more properties, a single return will suffice for all the properties. The return to be used is available from within a liable person's online LPT record. The details for each individual property are to be entered on a downloadable template which is then uploaded within the Revenue online system.

6 Duration of the exemption

The duration of the exemption differs in relation to the first valuation date 1 May 2013 (for valuation period 2013 to 2021) and the second valuation date 1 November 2021 (for valuation period 2022 to 2025).

6.1 First valuation date 1 May 2013

In relation to the first valuation date 1 May 2013, a residential property that was exempt on this date continued to be exempt until the end of 2021, even if the qualifying conditions for the exemption ceased to be met during this period. See example 9.1 below.

A property that was not exempt on 1 May 2013 could subsequently become exempt where the qualifying conditions for the exemption were met at a later stage but only with effect from the first liability date (i.e. 1 November in a year) on which the qualifying conditions were met. The exemption then continued to apply until the end of 2021.

[2] The valuation date is the date on which the chargeable value of a property is established for all liability dates (1 November in each year) falling with the valuation period.

6.2 Second valuation date 1 November 2021

In relation to the second valuation date 1 November 2021, a residential property that was exempt on this date does not automatically continue to be exempt for the remainder of the valuation period to the end of 2025. If the property ceases to meet the qualifying conditions for the exemption, it becomes chargeable to LPT with effect from the first liability date (i.e. 1 November in a year) following the date on which the qualifying conditions cease to be met. See example 9.1 below.

A property that was not exempt on 1 November 2021 could subsequently become exempt where the qualifying conditions for the exemption are met at a later stage but only with effect from the first liability date (i.e. 1 November in a year) on which the qualifying conditions are met, subject to the qualifying conditions continuing to be met. See example 9.3 below.

7 Self-assessment and compliance

The exemption is claimed as part of the normal self-assessment process. However, Revenue may decide to examine the validity of the claim at a later stage as part of its ongoing compliance programme. The person claiming the exemption may be required to provide evidence and supporting documentation to back up the claim, such as evidence of the ownership of a residential property and when it was acquired. Supporting documentation should be retained for a period of six years in case it is needed for inspection by Revenue.

The exemption will be withdrawn where Revenue determines that the qualifying condition for the exemption was not met. Interest will be charged from the date on which LPT would have been payable in the absence of the exemption. A penalty may be imposed where a person makes a false statement or representation for the purpose of obtaining a reduction in the LPT liability.[3]

8 Appeals against Revenue's refusal of a claim for exemption

It may happen that, following a claim for the exemption, Revenue determines that the qualifying condition for the exemption was not met. Revenue is required to notify the claimant in writing of its determination. The claimant then has 30 days to appeal against such a determination to the independent Tax Appeals Commission (TAC).[4] However, the TAC can decide to allow appeals made outside this timeframe in certain circumstances. See Tax and Duty Manual Part 09-01 for information on the LPT appeals procedures.

[3] Section 147.
[4] Section 41B.

9 Examples illustrating the operation of the exemption

9.1 Property exempt on 1 May 2013

Waterways Ireland qualified for the exemption on 1 May 2013 in respect of 20 canal-lock houses that it owned. It qualified for the exemption for the duration of the first valuation period covering the years 2013 to 2021.

9.2 Property sold after 1 November 2021

The Lights Agency qualified for the exemption on 1 November 2021 in respect of a former lighthouse keeper's house. It later sells the house in July 2023 to a private person. It qualifies for the exemption for the years 2022 and 2023 as it is the liable person in relation to the liability dates 1 November 2021 (for the year 2022) and 1 November 2022 (for the year 2023).

9.3 Qualifying conditions met after 1 November 2021

The Food Safety Promotion Board qualifies for the exemption in April 2022 when it purchases a residential property that it starts to use as an office. It claims the exemption in respect of the following liability date 1 November 2022 which will apply for the remaining years in the second valuation period (i.e. 2023 to 2025), assuming, of course, that the qualifying condition continues to be met. The previous owner is liable for LPT in respect of the year 2022.