

Supply and Construction of Qualifying Apartments and Apartment Blocks

This document should be read in conjunction with Section 46(1), Section 94, and Paragraph 9B of Schedule 3 to the Value Added Tax Consolidation Act 2010 (VATCA 2010).

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Introduction

This guidance outlines the VAT treatment which applies for the supply and construction of qualifying apartments and apartment blocks from the 26 November 2025 to 31 December 2030.

To support the supply of housing as part of social policy in Ireland, legislative change was introduced as part of Budget 2026 to reduce VAT on the supply and construction of apartments and apartment blocks. With effect from 26 November 2025, the VAT rate applicable to the supply and construction of qualifying apartments and apartment blocks is the [second reduced rate](#).

For guidance on the VAT rate of the supply of qualifying apartments from 8 October 2025 to 25 November 2025, please refer to [Revenue.ie](#).

1 Charge to VAT

To come within the charge to VAT, a property must have been developed and supplied for consideration in the course of a business. The supply of property is taxable while the property is considered new.¹

For construction services that are not subject to RCT, VAT is applied under normal VAT rules. For construction services where the operation of RCT is required, VAT is applied on a reverse charge basis.²

2 Scope of the Second Reduced Rate

From 8 October 2025 to 25 November 2025, the [second reduced rate](#) applied to the supply of qualifying apartments. From 26 November 2025, the application of this [rate](#) was extended to include qualifying student accommodation, sites and constructions services.

The extended scope of the [second reduced rate](#) applies from the 26 November 2025 to the 31 December 2030.

¹ This¹¹ guidance should be read in conjunction with the VAT TDM [supply of property](#)

² This²² guidance should be read in conjunction with the TDM [VAT treatment of construction services](#) and RCT guidance available on [Revenue.ie](#).

3 Criteria for the Second Reduced Rate

For supplies of immoveable goods to qualify for the [second reduced rate](#), the supply must satisfy the conditions outlined below.

For an apartment, the supply must be:

- a qualifying apartment (see section [3.1](#)).
- in a qualifying apartment block (see section [3.2](#)); and
- used, or intended to be used, for residential purposes (see section [3.3](#)).

For an apartment block, the supply must be:

- a qualifying apartment block (see section [3.2](#)); and
- used, or intended to be used, for residential purposes (see section [3.3](#)).

Certain sites also qualify for the [second reduced rate](#).³

Construction services up to completion of either a qualifying apartment⁴ or qualifying apartment block⁵ also qualify for the [second reduced rate](#).⁶

3.1 Qualifying Apartments

A qualifying apartment⁷ includes:

- Studios,
- Basement apartments,
- Penthouse apartments,
- Duplex apartments,
- Student Accommodation.

3.2 Qualifying Apartment Blocks

A qualifying apartment block is a multi-storey residential building that comprises, or will comprise, not less than three apartments with grouped or common access. It includes apartment blocks liable to commercial rates, including student accommodation apartment blocks.

Any part of the apartment block that is not used or to be used for residential purposes is excluded from the [second reduced rate](#) and is liable to its appropriate rate (e.g. commercial property is liable to the [reduced rate](#)).

³ See section [4](#).

⁴ See section [3.1](#).

⁵ See section [3.2](#).

⁶ See section [5](#).

⁷ An apartment is self-contained dwelling unit within a larger building.

3.2.1 What is a multi-storey residential building?

A multi-storey residential building is a residential building that has a minimum of two floors. This building must have not less than three apartments.

One apartment under a duplex, or one apartment above a shop or townhouse, would not qualify and are liable to the reduced rate, where taxable.

3.2.2 What is grouped or common access?

In addition, the building must feature grouped or common access, requiring at least three of these apartments in the building to share a common entry point to the building, such as a main front door or a shared external stairwell.

The fact that an apartment may have its own door will not preclude it from coming within the [second reduced rate](#), subject to the other criteria being met.

3.3 Used or intended to be used for Residential Purposes

The apartment/apartment block must be used or intended to be used for residential purposes.

Areas that qualify for the [second reduced rate](#) as part of the apartment block include:

- internal common areas.
- external common areas, and
- car parking spaces⁸.

However, amenities such as a gym, work hub or a pool do not qualify.

Apartments in an aparthotel are not used for residential purposes so would not meet these criteria.

3.3.1 Mixed Buildings – Shared Areas

A mixed building is a building that has both commercial and residential units. In a building that has both qualifying residential apartments and commercial units, any areas (e.g. entrance and lobby) for shared use by the qualifying residential apartments and the commercial units must be apportioned between the [second reduced rate](#) and [reduced rate](#). This can be done based on the floor area.

Shared areas for use of the qualifying residential apartments only (e.g. residential corridor between apartments, lift only to apartments) are taxable at the [second reduced rate](#).

⁸ Designated for the exclusive use of residents of the apartment block.

3.4 Supplies of other apartments

The supply of all other new apartments that do not fall within the criteria as outlined in section [3](#) are subject to the [reduced rate](#). Generally, the supply of second-hand apartments is exempt from VAT.

4 Supply of Qualifying Sites

The sale of land is typically exempt from VAT unless the property is considered new for VAT purposes or the [joint option for taxation](#) is exercised.

A qualifying site is a site which when completed will be an apartment or an apartment block used for residential purposes that meet the criteria outlined at section [3](#).

With effect from 26 November 2025, where the sale of a qualifying site is taxable, the site qualifies for the [second reduced rate](#). However, where the site is to be used partially for non-residential purposes that portion of the site is subject to the [reduced rate](#).

5 Supply of Construction Services

With effect from 26 November 2025, the [second reduced rate](#) applies to construction services up to completion of a qualifying apartment or qualifying apartment block.⁹

Any construction service supplied after the qualifying apartment or apartment block is completed will be subject to the [reduced rate](#).

However, there may be circumstances such as the conversion or redevelopment of a previously completed building where the services may qualify for the [second reduced rate](#). See example [7](#).

5.1 When is an apartment or apartment block completed?

A qualifying apartment or a qualifying apartment block is completed when it can effectively be used for the purposes for which it was designed. In all cases, one essential requirement for completion is the connection of all of the utility services that will enable the apartment / apartment block to be used for the purposes for which it was designed.¹⁰

Finishing and fitting work that is normally carried out by the person who will use the apartment / apartment block, whether as owner or tenant, does not itself have to be

⁹ Further guidance on the [VAT treatment of construction services](#) is available on Revenue.ie

¹⁰ This1010 guidance should be read in conjunction with the [supply of property](#) guidance.

completed for the property to have reached the point of being completed for the purposes of the application of the [second reduced rate](#).

6 Examples

A number of examples have been set out below to illustrate how the [second reduced rate](#) can apply to the supply and construction of qualifying apartments and qualifying apartment blocks from 26 November 2025 to 31 December 2030 (i.e. 'qualifying period').

The VAT position for each of the scenarios outlined below is subject to the caveat that each case will depend on its own facts, the contractual arrangements between the parties, and the time of supply.

Example 1 – Supply of a completed apartment

Developer A builds a new apartment block which is to be used for residential purposes. The apartment block is a five-storey residential building that comprises of 100 apartments with grouped or common access and the entire block and apartments are completed. Developer A supplies one of the apartments to Mr X on 15 December 2025.

The supply of the apartment qualifies for the [second reduced rate](#).

Example 2 – Supply of a completed apartment block

Developer B builds a new apartment block which is to be used for residential purposes. The apartment block is an eight-storey residential building that comprises of 200 apartments with grouped or common access and the entire block and apartments are completed.

Developer B supplies the apartment blocks to investor A on 20 February 2026.

The supply of the apartment block qualifies for the [second reduced rate](#).

Example 3 – Supply of construction services

After 1 February 2026, developer C supplies construction services to build a completed apartment block on land owned by investor B. The apartment block will be a ten-storey residential property that comprises of 200 apartments with grouped or common access. The construction services will be completed within the qualifying period.

The supply of the construction services to completion qualifies for the [second reduced rate](#).

Example 4 – Supply of site and build services (apartment block) – one supplier

Developer D supplies a site to investor B on 27 March 2026 and will construct an apartment block on the site. The apartment block will be a three-storey residential property that comprises of 30 apartments with grouped or common access and will be used for residential purposes. The construction services will be completed within the qualifying period.

The supply of the site and construction services qualify for the [second reduced rate](#).

Example 5 - Supply of site and build services (apartment block) – two suppliers

On 27 March 2026, landowner A supplies a site to investor C on the condition that investor C contracts with developer E for construction services to build a qualifying apartment block. The construction services will be completed within the qualifying period.

The sale of the site by the landowner A qualifies for the [second reduced rate](#).

The supply of the construction services by developer E qualifies for the [second reduced rate](#).

Example 6 – Construction services and mixed development

On 2 April 2026, investor D contracts builder A to supply construction services to build three residential apartment blocks and a separate amenity building on its land. The three apartment blocks will be four-storey residential apartment buildings, each comprising of forty apartments with grouped or common access (referred to as Blocks A, B, and C). The construction services will be completed within the qualifying period.

Block A will have a commercial unit on the ground floor. Block B and C will only have apartments. The amenity building will have a gym and cinema. The gym will be accessible to the residents of the apartment blocks and members of the public. The cinema room will only be accessible to residents of the apartment blocks.

The supply of the construction services up to completion of apartment block A will qualify for the [second reduced rate](#), excluding the commercial unit which will be subject to the [reduced rate](#).

The construction of apartment block A's common areas, external common areas, and residents' car parking spaces also qualify for the [second reduced rate](#). However, the shared areas (e.g. entrance and lobby) used for the apartments and the commercial unit must be apportioned between the [second reduced rate](#) and [reduced rate](#). This can be done based on the floor area.

The supply of the construction services up to completion of the apartment block's B and C qualify for the [second reduced rate](#).

The construction of apartment blocks' B and C internal common areas, external common areas, and residents' car parking spaces also qualify for the [second reduced rate](#).

The construction of the amenity building with the gym and cinema is subject to the [reduced rate](#).

Example 7– Conversion of a commercial building

Investor E owns a commercial building and decides to convert the building to a residential apartment block. Builder B enters into a contract with investor E to supply construction services, commencing on 20 February 2026, to convert the building into an apartment block. The building will be a five-storey residential building that comprises twenty apartments with grouped or common access. The construction services will be completed within the qualifying period.

The supply of the construction services to completion qualifies for the [second reduced rate](#).

Example 8 – Construction services provided post completion

Ms Y has bought a new completed apartment which qualified for the [second reduced rate](#). Ms Y hires a painter to paint the bedroom walls.

The supply of the painting services are subject to the [reduced rate](#).