

VAT rate for Qualifying Apartments (8 October 2025 to 25 November 2025)

This document should be read in conjunction with Section 46(1) of, and Paragraphs 9A and 14 of Schedule 3 to, the Value Added Tax Consolidation Act 2010 (VATCA 2010)

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Introduction

This guidance outlines the VAT treatment of supplies of qualifying residential apartments from 8 October 2025 to 25 November 2025.

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 of apartments. With effect from 8 October 2025, the VAT rate applicable to the supply of qualifying apartments was decreased to the [second reduced rate](#). Prior to 8 October 2025, the [reduced rate](#) applied to the supply of all new apartments.¹

Separate guidance on the VAT treatment of the supply and construction of qualifying apartments and apartment blocks from 26 November 2025 to 31 December 2030 is available on [Revenue.ie](https://www.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. Generally, the supply of property is taxable while the property is considered new.

This guidance should be read in conjunction with the guidance on [Supply of Property](#) and [VAT treatment of Construction Services](#).

2 Scope of the Second Reduced Rate

From 8 October 2025 to 25 November 2025, the [second reduced rate](#) applied to qualifying apartments. All other apartments remained taxable at the [reduced rate](#) (see section [4](#)). Generally, the supply of old residential apartments (i.e. second hand) is exempt from VAT.

The [second reduced rate](#) only applies to the supply of certain new apartments within certain types of apartment blocks, provided they fall into the criteria outlined below (see section [3](#)). It does not apply to supplies of:

- apartments liable to commercial rates, including student accommodation,
- construction services, or
- land (see section [5](#)).

¹ Generally, for a supply of property to be subject to VAT, it must be “new”.

3 Criteria for the Second Reduced Rate

To qualify for [second reduced rate](#), the supply of the apartment must satisfy all of the following conditions:

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

3.1 Qualifying Apartment

A qualifying apartment² includes, but is not limited to:

- Studios,
- Basement apartments,
- Penthouse apartments, and
- Duplex apartments.

3.2 Qualifying Apartment Block

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

3.2.1 What is a Multi-Story Residential Property?

A multi-storey residential property is a residential building that has a minimum of two floors. This building must have three or more apartments where at least three have grouped or common access.

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?

At least three apartments in the building must have grouped or common access. This means at least three of the apartments in the building 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](#), provided at least three apartments in the building have shared or common access, subject to the other criteria being met.

² An apartment is self-contained dwelling unit within a larger building.

3.3 Used or intended to be used for Residential Purposes

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

Areas of the building that qualify for the [second reduced rate](#) include:

- internal common areas,
- external common areas, and
- car parking spaces³.

However, amenities such as a gym, work hub or a pool do not qualify.⁴

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

3.4 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](#).

4 Supplies of other apartments

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

5 Supply of land

The sale of land is typically exempt from VAT unless it meets the criteria set out in the VAT treatment of the [supply of property guidance](#).

³ Designated for the exclusive residents of the apartment block.

⁴ This applies if they are in the same building as the apartments or in another building in the same development.

6 Supply of construction services

The supply of construction services from 8 October 2025 to 25 November 2025 remained subject to the [reduced rate](#).

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

7 Examples

A number of examples have been set out below to illustrate how the [second reduced rate](#) can apply to the supply of qualifying apartments from 8 October 2025 to 25 November 2025.

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.⁵

Example 1 - Sale of a residential apartment

Developer A supplies an individual apartment in an apartment block to Ms L on 9 October 2025. The apartment block is a three-storey residential property that comprises of 20 apartments with grouped or common access. The apartments are new and are to be used as residential units.

The individual apartment is in an apartment block and meets the conditions (outlined at section [3](#) above) for the [second reduced rate](#). The supply occurs within the qualifying period (8 October 2025 to November 2025) and therefore the supply is taxable at the [second reduced rate](#).

Example 2 - Sale of residential apartment block

Developer B supplies an entire apartment block comprising of 10 apartments over three floors with grouped or common access to InvestCo A on 20 October 2025. The apartments are new and are to be used as residential units.

The entire apartment block, being multiple apartments, meets the criteria (outlined at section [3](#) above) for the [second reduced rate](#). The supply occurs within the qualifying period (8 October 25 to November 2025) and therefore the supply is taxable at the [second reduced rate](#).

⁵ Further guidance on the VAT treatment of the Supply of Property is available on the Revenue website.

Example 3 - Sale of a mixed-use apartment/commercial block

Developer C supplies an apartment block to Invesco B on 16 October 2025. The apartment block is a five-story property with the ground floor comprising commercial units and remaining floors comprising 31 apartments with grouped or common access. The block consists of 20% commercial space and 80% residential property. The commercial units are also new.

The apartments meet the criteria (outlined at section [3](#) above) and are subject to the [second reduced rate](#). The internal common areas, external common areas and car parking for the residents are also subject to VAT at the [second reduced rate](#).

The remaining commercial space does not qualify for the [second reduced rate](#) and is subject to the [reduced rate](#). Car parking for the commercial units is also subject to the reduced rate.

The shared areas for the commercial and residential spaces (e.g. entrance and lobby) must be apportioned between the two VAT rates. This can be done based on the floor area.

Example 4 – Supply of non-qualifying apartments

Developer D constructs a two-storey property with a commercial space on the ground floor and two apartments on the first floor along with three other commercial units.

The supply of the apartments does not qualify for the [second reduced rate](#) as there are fewer than 3 apartments in the apartment block. The supply of the apartments and commercial units are liable to the [reduced rate](#).