

# Did You Know?

The **Vacant Homes Tax (VHT)** is a significant development in the Irish tax system, designed to address the issue of residential properties that remain unoccupied for extended periods.



This tax applies to residential properties that are in use as a dwelling for less than 30 days in a 12-month chargeable period. It is an annual, self-assessed tax, and it is the responsibility of the property owner to assess their liability and comply with their VHT obligations.

## Chargeable Period

The first chargeable period for the VHT began on 1 November 2022 to 31 October 2023. During this period, property owners are required to determine if their residential property was vacant for any period. If a property was in use as a dwelling for less than 30 days during this period, the owner would be liable for the VHT.

Revenue has advised that VHT will not apply to:

- derelict or uninhabitable properties,
- residential properties which were inhabited for 30 days or more in the relevant chargeable period, or
- residential properties which were sold or subject to a qualifying tenancy during the relevant chargeable period.

Those who own a vacant residential property which does not fall within one of the above exclusions are required to confirm if their property is liable to the tax as soon as possible, and by **7 November 2023 at the latest**.

During the confirmation process, property owners will have the option to claim an exemption from VHT, where applicable. These exemptions are available to ensure that property owners are not excessively penalised for normal temporary vacancy.

## Market Value

The market value of a residential property is a crucial factor in determining the amount of VHT payable. The market value is defined as the price that the unencumbered property would likely fetch on the open market if it were sold under conditions that would get the vendor the best price.

It's important to note that the VHT is a self-assessed tax. This means that it is the responsibility of the property owner to determine whether they are liable for the tax and to calculate the amount due. This requires property owners to keep track of how many days their property is in use as a dwelling during the chargeable period.

Revenue is to write to the owners of approximately 25,000 properties to advise them of the actions they need to take, where the data available to Revenue indicates that the recipient may have a liability to Vacant Homes Tax (VHT).

If a property owner receives this letter, they are **required to confirm the status of their property**. This is the case even if their property does not meet the relevant conditions for the tax to apply. Revenue will use the information provided to update its VHT register.





Not all property owners who will be liable to VHT will receive a letter from Revenue. If a property owner has a liability to VHT but does not receive a letter, they are still obliged to file a VHT return and complete their self-assessment obligations.

VHT is set at a rate equal to three times the property's standard LPT rate, that is, the LPT rate for the relevant band before any Local Authority Adjustment factor. The VHT portal opened in October and the amount is calculated by the Revenue system when a return is submitted. All VHT requirements are in addition to any LPT requirements which apply to a property.

There are a range of options available to pay VHT, including:

- spreading the payments over 2024 by monthly direct debit
- paying in full through an Annual Debit Instruction (ADI)
- paying in full by credit or debit card.

If paying by monthly direct debit, property owners should instruct Revenue by 1 January 2024.

The tax places new responsibilities on property owners, who must now keep track of how often their properties are in use and assess their own tax liability. As with any tax, it's important for property owners to understand the rules and their obligations under the VHT to avoid any potential penalties.

## Further information

Further information can be found in Revenues Tax and Duty Manual Part 22B-01-01 which can be accessed using the following link: <https://www.revenue.ie/en/tax-professionals/tdm/income-tax-capital-gains-tax-corporation-tax/part-22b/22b-01-01.pdf>

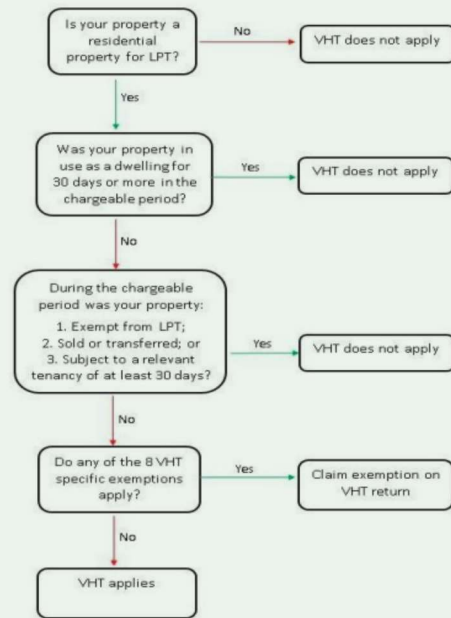
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## Recent developments

Minister McGrath announced as part of Budget 2024 on 10 October 2023 that the rate of VHT will increase to 5 times the property's existing LPT rate and this increase will take effect from the next chargeable period commencing November 2023.

## Circumstances in which VHT applies



# Any questions?

## Get in touch





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## Contact Us

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## Any questions?

Get in touch

