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**Dublin City Council**

**Local Property Tax 2019 – FAQ**

**What is the Local Property Tax (LPT)?**

The LPT is a tax payable on the market value of residential property.

**What is a residential property?**

A residential property means any building or structure (or part of a building) which is used as, or is suitable for use as, a dwelling and includes any shed, outhouse, garage or other building or structure and includes grounds of up to one acre. The LPT does not apply to development sites or farmland.

**When did the LPT come into effect?**

The charge came into effect on the 1st of July 2013. A half year charge was payable in 2013 with a full year charge payable from 2014 onwards

**Who is responsible for collecting the tax?**

The LPT is collected by the Revenue Commissioners. Revenue offers a range of methods for paying the tax. Further details are available from: <http://www.revenue.ie/en/tax/lpt/>

**Who is liable to pay the LPT?**

All owners of residential property, including rental properties, are liable to pay the tax. The following groups are also liable for LPT:

* People who have a long-term lease (20 years or more)
* People with a life interest or long-term right of residence (life or more than 20 years) in a residential property
* Local authorities and social housing organisations
* A person acting as a personal representative for a deceased owner (for example, as an executor/administrator of an estate). Trustees and beneficiaries are jointly liable where a residential property is held in trust.

**How is your property valued?**

The tax is based on the chargeable value of a residential property on the valuation date. The chargeable value is defined as the market value that the property could reasonably be expected to fetch in sale on the open market on the valuation date.

**What was the valuation date? (**

**The valuation date of your property was the 1st of May 2013. This means that you will be paying the LPT in 2019 based on the valuation on your property as at 1st of May 2013.**

**The valuation of the property is not be affected by;**

* any repairs or improvements made to your property
* any general increase or decrease in property prices, during this period
* any event after 1 May 2013 that negatively impacts on your valuation, for example, flooding or erosion.

**Per the Section 13 of the Finance (Local Property Tax) Act 2012 the valuation date was set as the 1st May 2013 for the years 2013, 2014, 2015 & 2016. For each consecutive 3-year period after the year 2016, 1 November in the year proceeding the first year of the particular 3 year period.**

**However, The Minister of Finance announced in Budget 2016 that the revaluation date for the Local Property Tax will be postponed from 1 November 2016 to 1 November 2019. This postponement means that home owners will continue to pay their LPT based on the original valuations that applied in 2013 until 2020.**

**In 2020 you will be paying your LPT based on the market value as at November 2019. As house prices have generally increased in Dublin City since 2013, this will have the effect of increasing your LPT liability.**

**What is the basic rate of the LPT?**

The basic rate of the LPT is 0.18%

**What is the basic rate of the LPT for Dublin City Council?**

The effective rate of the LPT in Dublin City Council is 0.153%.

**Why is the Dublin City Council rate different?**

Under Section 20 of the Finance (Local Property Tax) Act 2012 it is a reserved function of our elected members to vary the basic rate of the LPT by +/- 15%. This adjustment is known as the local adjustment factor and it shall not exceed 15%.

As part of the budgetary process our elected members passed a resolution on the 19th September 2017 to reduce the LPT in the Dublin City Council area by 15% for 2018. The effective rate for the LPT in Dublin City Council for 2018 is 0.153% on properties up to €1m. For properties valued in excess of €1m, the first €1m is liable at 0.153% and the excess over €1m is liable at 0.2125%.

**How much did the reduction in the LPT cost Dublin City Council in 2018?**

The reduction in the LPT represents funding foregone for Dublin City Council in 2018 of €11.9m.

**Why am I being asked to vary the LPT again?**

Per Statutory Instrument 296 of 2014 the local authority may;

‘By resolution vary the basic rate and set a local adjustment factor that will apply for a period of one year from the next local property tax date’

This means that when our elected members passed a resolution in September 2017 to vary the rate, it was for the 2018 liability only. In order to vary the LPT liability for 2019, our elected members must pass a resolution in September 2018 and the Revenue Commissioners must be notified by the 30th of September 2018.

The rate, once again, can only be varied by +/- 15% of the basic rate.

 **What charge am I liable to pay currently?**

The Local Property Tax is based on market value bands. The first band covers all properties worth up to €100,000. Bands then go up in multiples of €50,000. The table below indicates what charge you currently pay based on your valuation band;



**What is the expected LPT funding for 2018?**

The value of LPT funding for Dublin City Council in 2018 has been estimated by the Department of Housing, Planning, Community and Local Government (DHPC&LG) at €79.78m. After the transfer to the national equalisation fund (€15.96m), our elected members passing the 15% reduction (€11.96m); the available funding is €51.86m. The expected funding is calculated as follows, see Table 1;

**Table 1**



**How will Dublin City Council use this money?**

Dublin City Council was directed by Circular Fin 08/2017 to self fund the following grants in Y2018 i.e. the LPT will fund grants that were previously funded by Government. In 2018 the LPT accounted for €4m of additional funding to Dublin City Council, the balance of LPT funding replaced previous Government grants. See Table 2 below;

**Table 2**



**Did Dublin City Council only receive €4m additional funding from the LPT in Y2018?**

Yes. The declared LPT funding for Dublin City Council is €79.5m and of this amount only €3.9m (or 5%) represents additional funding for the City (see Table 2 above). It should be noted that this funding is not new funding; it represents the continuation of additional funding from the LPT in 2015 which supports current service provision. In 2015 & 2016 the discretionary funding was €4.1m, in 2017 and 2018 this had decreased to €4m.

**What is the national Equalisation Fund?**

In September 2014 the government announced that 80% of all LPT receipts would be retained locally with the balance of 20% being redistributed towards the national equalisation fund. This fund is to act as financial support to Councils whose receipts from the LPT in 2018 would be less than their historical Local Government Fund allocation in 2018 base figure. Twenty one Local Authorities are set to benefit from the equalisation fund in 2018. The total value of this funding for 2018 is €138.9m. Dublin City Council receives no funding from the Equalisation Fund.

**What impact does the LPT have on Local Authority service provision?**

Revenue from the LPT will accrue to Local Authorities and will finance the provision of local services. The idea to fund local services by local charges follows best international practice. Dublin City Council is responsible for (among other services) Public Parks, Libraries, Leisure Facilities, Fire and Emergency Services, Homeless Services, Street Cleaning, Street Lighting, Roads Maintenance, Planning & Development, Motor Taxation and Local Elections.

**What decision has Dublin City Council reached in previous years?**

This is the 5th year of the LPT consultation process. In the previous four years the LPT has, by council resolution, been reduced by the maximum amount of 15%.

**What would happen if the rate of the LPT was reduced by a lesser amount?**

If the City Council reduced the LPT by a lesser amount it would retain 100% of the resultant additional income.

**How much additional income would this generate?**

In Budget 2018, adjusting the base rate downwards by 15% cost DCC €12m. Each 1% lesser variation in the LPT Local Adjustment Factor would generate an additional €798k for Dublin City Council.

**If the LPT was varied by a lesser amount what would this funding be used for?**

As part of the LPT process for Budget 2018, report 309/2017 was presented to Council by the Chief Executive and this called for the LPT to be adjusted downwards by 10% (as opposed to 15%). This would have generated an additional €4m of income for Dublin City.

This money was earmarked to fund areas such as;

* €1.000m Recruitment of 50 GO’s for Street Cleaning
* €0.465m Increased staffing in Roads Maintenance
* €0.450m Increased Power Washing Programme
* €0.200m Expansion of Graffiti removal Programme
* €0.150m Roll out of Smart Bins
* €0.150m Recruitment of 15 Apprentices

Please refer to Report 309/2017 LPT Variation Report which provides more detail.

**If the Local Property Tax was reduced by 10% how much extra would this cost each Household?**

If the LPT was reduced by 10% as opposed to 15% it would result in a slight increase in the annual liability for Dublin City Householder. For example, if your property was valued from between €0 and €100k you would have increased liability of €4.50 per year or €0.09 per week. If your property was valued between €250k and €300k your liability would increase by €24.50 per year or €0.48 per week.



Per Revenue Commissioners Stats as at June 2017, 80.2% of Dublin Properties were valued at under €300k.

**What will happen with the LPT in the future?**

A number of reviews have taken place to determine and discuss the future issues facing the LPT as follows;

* Thornhill Report
* Report of the Parliamentary Budget Office

Another review on LPT baseline funding undertaken by the DHP&LG is currently in progress. DCC made submissions to both the Parliamentary Budget Office and DHP&LG baseline funding reviews as follows;

* LPT Review – Finance SPC submission
* DCC Submission to the DHP&LG Baseline Funding review

All of the above documents can be accessed <https://consultation.dublincity.ie/>

**Do I have any input to the process?**

Yes. Under Section 20 of the Finance (Local Property Tax) Act 2012 a Local Authority is required to carry out a public consultation process to canvass the public for their opinions and views. As part of this process Dublin City Council would now like for you to submit your views on the LPT.

The public consultation process will run from **Monday 23rd July 2018 to Wednesday 22nd August 2017 at 4.30pm.**

The information gained in this process will be used to inform Councillors in their decision making duties. The council meeting to discuss this will be held on Thursday 13th September.

You can submit your views/opinions via the following methods:

1 – By Completion of this Online Survey at: https://consultation.dublincity.ie/

2 – By completion of this survey and emailing: lptconsultation@dublincity.ie

3 – In Writing by completion of this Survey and returning to:

LPT Consultation,

C/O Finance Dept,

Dublin City Council,

Civic Offices,

Wood Quay,

Dublin 8

Hard copies of this survey will be made available at DCC Public Libraries and the Customer Services Centre, Civic Offices, Wood Quay, Dublin 8 and local Area Offices. A pdf version of the online survey will also be available for download at https://consultation.dublincity.ie/or by email request to lptconsultation@dublincity.ie

**What happens if the Elected Members vary the basic rate of the LPT?**

The City Council must inform both the DoHP&LG and the Revenue Commissioners by the 30th of September 2018. A public notice informing the public of this decision will be placed within 14 days of the elected members’ decision being made in local newspapers and on the Dublin City Council website [www.dublincity.ie](http://www.dublincity.ie).