****

**Dublin City Council**

**Local Property Tax 2020 – 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 2020 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.**

**In Budget 2016 the revaluation date for the Local Property Tax was postponed from 1st November 2016 to 1st November 2019.**

**In March 2019 an interdepartmental report on the LPT was published and on the 3rd April 2019 the Minister for Finance and Public Expenditure & Reform announced that the valuation date was being deferred from 1st November 2019 to the 1st November 2020. This postponement means that home owners will continue to pay their LPT based on the original valuations that applied in 2013 until 2021.**

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

The basic rate of the LPT is 0.18%. This is the rate that was set by the Government and applies nationally

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

The effective rate of the LPT in Dublin City Council in 2019 was 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 2019 budgetary process our elected members passed a resolution on the 13th September 2018 to reduce the LPT in the Dublin City Council area by 15% for 2019. The effective rate for the LPT in Dublin City Council for 2019 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 2019?**

The reduction of the LPT represents service funding foregone of €12m for the City.

**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 2018 to vary the rate, it was for the 2019 liability only. In order to vary the LPT liability for 2020, our elected members must pass a resolution in September 2019 and the Revenue Commissioners must be notified by the 30th of September 2019.

The rate, once again, can only be varied by +/- 15% of the basic rate (0.18%)

 **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 and what charge you would pay if the basic rate was in effect in Dublin City;



**What is the expected LPT funding for 2019?**

The value of LPT funding for Dublin City Council in 2019 has been estimated by the Department of Housing, Planning and Local Government (DHP&LG) at €80.06m. After the transfer to the national equalisation fund (€16.01m), our elected members passing the 15% reduction (€12.01m); the available funding is €52.04m. 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 06/2018 to self-fund the following grants in Y2019 i.e. the LPT will fund grants that were previously funded by Government. In 2019 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 Y2019?**

Yes. The declared LPT funding for Dublin City Council is €80.06m and of this amount only €4m (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, 2018 & 2019 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 2019 would be less than their historical Local Government Fund allocation in 2019 base figure. Twenty one Local Authorities are set to benefit from the equalisation fund in 2019. The total value of this funding for 2018 is €138.5m. 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 6th year of the LPT consultation process. In the previous five 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 2019, 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 2019, report 238/2018 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 part fund some of the following areas;

* €2.50m A carriageway resurfacing/reconstruction 3km programme
* €1.50m A reconstruction programme of 5km concrete footpaths
* €1.00m Road ramp refurbishment programme (200 ramps)
* €0.60m Additional events
* €0.50m Additional funding for library services
* €0.20m Additional tree pruning
* €0.20m Additional staff in planning registry
* €0.15m Additional jointly funded sports officers

Please refer to Report 238/2018 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 April 2019, 80.3% 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 (July 2015)
* Report of the Parliamentary Budget Office (January 2018)
* Review of Local Property Tax (March 2019)

Dublin City Council made submission to the review of the Local Property Tax as follows;

* LPT Review – Finance SPC submission (March 2018)
* DCC Submission to the DHP&LG Baseline Funding review (July 2018)

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

**What will happen now?**

**The Minister is referring the report on the review of the LPT to the Budgetary Oversight Committee for its consideration. The Ministers stated that his policy objectives that should underpin any changes to the tax are;**

* **Protection of the overall yield**
* **Relative stability in household liabilities with modest & affordable increases should they arise**
* **Integration of new properties into the LPT base**
* **Maintenance of the tax base with a small number of exemptions**
* **Upholding the progressivity of the tax**

**It is the Ministers expectation that the reformed LPT will be based on a model of band widening combined with LPT rate changes. The Minister support the retention of the Local Adjustment Factor by the Local Authorities**

**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 **Thursday 1st August 2019 to Friday 30th August 2019 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 Monday 16th 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 2019. 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).