

Dublin City Council

Local Property Tax 2021 – 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.

The valuation of the property is not 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.

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 in 2020 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 budgetary process our elected members passed a resolution on the 23rd September 2019 to reduce the LPT in the Dublin City Council area by 15% for 2020. The effective rate for the LPT in Dublin City Council for 2020 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 2020?

The reduction in the LPT represents funding foregone for Dublin City Council in 2020 of €12m.

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 2019 to vary the rate, it was for the 2020 liability only. In order to vary the LPT liability for 2021, our elected members must pass a resolution in September 2020 and the Revenue Commissioners must be notified by the 30th of September 2020.

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;

LPT Valuation Band	Midpoint	Current Rate	Basic Rate
€			
0-100,000	50,000	76.50	90.00
100,001-150,000	125,000	191.25	225.00
150,001-200,000	175,000	267.75	315.00
200,001-250,000	225,000	344.25	405.00
250,001-300,000	275,000	420.75	495.00
300,001-350,000	325,000	497.25	585.00
350,001-400,000	375,000	573.75	675.00
400,001-450,000	425,000	650.25	765.00
450,001-500,000	475,000	726.75	855.00
500,001-550,000	525,000	803.25	945.00
550,001-600,000	575,000	879.75	1,035.00
600,001-650,000	625,000	956.25	1,125.00
650,001-700,000	675,000	1,032.75	1,215.00
700,001-750,000	725,000	1,109.25	1,305.00
750,001-800,000	775,000	1,185.75	1,395.00
800,001-850,000	825,000	1,262.25	1,485.00
850,001-900,000	875,000	1,338.75	1,575.00
900,001-950,000	925,000	1,415.25	1,665.00
950,001-1,000,000	975,000	1,491.75	1,755.00
Properties worth more than €1 million are assessed on the actual value at 0.153% on the first €1 million and 0.2125% on the portion above €1 million.			

What is the expected LPT funding for 2020?

The value of LPT funding for Dublin City Council in 2020 has been estimated by the Department of Housing, Planning and Local Government (DHP&LG) at €80.29m. After the transfer to the national equalisation fund (€16.06m), our elected members passing the 15% reduction (€12.04m); the available funding is €52.19m. The expected funding is calculated as follows, see Table 1;

Table 1

Calculation of LPT Funding for Dublin City Council	
	<i>€m</i>
Declared Y2020 LPT Funding for DCC	80.29
Equalisation Funding	16.06
15% Reduction	12.04
Available LPT Funding for Y2020	52.19

How will Dublin City Council use this money?

Dublin City Council was directed by Circular Fin 05/2019 to self-fund the following grants in Y2020 i.e. the LPT will fund grants that were previously funded by Government. In 2020 the LPT accounted for €4.03m of additional funding to Dublin City Council, the balance of LPT funding replaced previous Government grants. See Table 2 below;

Table 2

Allocation of Y2020 LPT Funding	
Housing Capital	18.30
PRD Compensation	16.42
Roads Revenue	5.78
Housing Revenue	5.00
Previous CPG Allocation	2.66
Total of LPT Funding to replace existing streams	48.16
Additional Funding	4.03
Total LPT Funding	52.19

Did Dublin City Council only receive €4m additional funding from the LPT in Y2020?

Yes. The declared LPT funding for Dublin City Council is €80.29m 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 – 2020 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 2020 would be less than their historical Local Government Fund allocation in 2020 base figure. Twenty Local Authorities are set to benefit from the equalisation fund in 2020. The total value of this funding for 2020 is €135.1m. 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 7th year of the LPT consultation process. In the previous six 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 2020, adjusting the base rate downwards by 15% cost DCC €12m. Each 1% lesser variation in the LPT Local Adjustment Factor would generate an additional €803k for Dublin City Council.

What additional LPT would I pay if the basic rate was reduced by a different rate for 2021?

The table below details the LPT payable on a properties at a variety of values.

€ Valuation Band	Existing LPT Liability at a 15% reduction	LPT Liability at a 10% reduction	LPT Liability at a 5% reduction	LPT Liability with no reduction	Value of a 1% variation
<i>Applicable Rate</i>	<i>0.153%</i>	<i>0.162%</i>	<i>0.171%</i>	<i>0.180%</i>	
€0 - €100,000	76.50	81.00	85.50	90.00	0.90
€100,001 - €150,000	191.25	202.50	213.75	225.00	2.25
€150,001 - €200,000	267.75	283.50	299.25	315.00	3.15
€200,001 - €250,000	344.25	364.50	384.75	405.00	4.05
€250,001 - €300,000	420.75	445.50	470.25	495.00	4.95

Per Revenue Commissioners Stats, as at January 2020, 80.4% of Dublin Properties were valued at under €300k.

For example, if your property is valued at €200k to €250k you would be pay the following annual LPT charge

- LAF of -15% €344.25 (current value paid by homeowner in Dublin City)
- LAF of -10% €364.50
- LAF of -5% €384.75
- Basic Rate €405.00

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/>

In 2019 The Minister referred the report on the review of the LPT to the Budgetary Oversight Committee for its consideration. The Minister 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

The Minister stated his expectation that the reformed LPT will be based on a model of band widening combined with LPT rate changes. The Minister supports 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 **Monday 29th June to Wednesday 29th July 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 7th 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 – PDF copies of the survey will be made available by email on request from Dublin City Council Public Libraries, Local Area Offices and the Customer Services Centre, Civic Offices and will also be available for download at <https://consultation@dublincity.ie> and can be returned via email 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 2020. 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