

Legal FAQ about Property Tax from Campaign Against Home & Water Taxes



Q: Is my property liable for the property tax?

A. Almost every residential property in the state is liable for the property tax. There are a small number of exceptions, including an exemption for 2013, 2014 and 2015 for those who buy a property between 1 January and 31 December 2013, and would have been entitled to mortgage interest relief if they had bought it before 31 December 2012. The largest category of exemptions is for "unfinished housing estates", which applies to severely unfinished estates.

Q: Who is liable to pay the property tax?

A. The liable person to pay the tax is the owner of the property. Where two people (e.g. a married couple) have a joint and equal ownership of the property, they are 'jointly and severally liable' for the tax, i.e. they are both legally responsible for the payment of the tax, and are meant to decide between them who pays. If neither does, the Revenue Commissioners will pick one as being the liable person. In the case of local authority housing, the Council is the owner and is legally liable to pay the tax.

Q: How will they know who owns the property?

A. The government has given itself extensive powers to try to establish who owns property. They will use the register they have compiled from the household tax, as well as Bord Gais, ESB bills etc. The most effective means for them will probably be the Land Registry. In most cases, they will probably be able to find out who the owner is, however, like with the household tax, they will undoubtedly make mistakes as well.

Q: How much property tax will I be liable for?

A. The rate of the property tax is set at 0.18% of the value of the property until a value of €1 million, after which a rate of 0.25% applies. Up to €1 million, there are incremental valuation bands, from €0-€100,000, €100,001 to €150,000, €150,001 to €200,000 etc. The tax is set at 0.18% of the "mid point of the valuation band".

For example, if your property is worth €340,000, the value of the property falls into the band from €301,000 to €350,000 and you are liable for a tax of 0.18% of €325,000, €585.

In 2013, that amount is halved because in theory it is a tax for the second half of 2013. The full amount is then due to be paid for 2014 from 1 January 2014.

Q: How will my property be valued?

A. The Revenue Commissioners will send you a notice in the course of March. This will include an estimate of the value of your property as well as

guidelines for how to estimate the value of the property. In the form that is to be returned, you have to give an estimate of the value of the property. It is then up to the Revenue Commissioners to accept or reject your self-assessment. If they reject your self-assessment, they can impose their own assessment. An appeals process is available if you do not agree with the assessment of the Revenue Commissioner.

Q: What should I do with the Revenue notice?

A. Do nothing. We are suggesting that people boycott the registration process, and refuse to give the Revenue Commissioners an estimate. If hundreds of thousands of people boycott this process, it can be a catalyst in creating a major political crisis for the government. It will also be an imperative first step upon which massive protest, political pressure and potentially industrial action can be built to force the government to withdraw the tax.

Q: What if I'm a Council tenant?

A. In theory, the Council will pay the property tax for its tenants. It doesn't have to pay for 2013 until 1 January 2014 and in the legislation all Council houses are to be valued in the lowest band, i.e. the Council will pay 0.18% of €50,000 for a year - €90. However, in reality it will attempt to pass on the cost of the property tax to its tenants through increases in rent. This is the reason we encourage Council tenants to join in our campaign against this unjust tax.

Q: What happens if I don't send back the form to the Revenue?

A. If no return or self-assessment is made by you, the Revenue will presume their own estimate to be accurate. According to the legislation, they will then proceed to take the tax at source from the liable person.

If you do not register, you are also liable for a penalty, which is equivalent to the property tax that you owe.

Q: What happens to the household tax?

A. The household tax has been effectively abolished. If you haven't already paid your household tax (together with 50% of owners of a single home), the government is trying to entice people to pay by offering an 'amnesty' if you pay before 30 April 2013, and you will have to pay €130. If you don't pay before 30 April, the tax reverts to the usual method of the tax plus penalties plus interest, and on 1 May 2013, €146 will be owed. If it is not paid by 1 July 2013, the tax increases to €200 and becomes part of the property tax that you owe. The campaign advocates a continued refusal to pay this unjust tax.

Q: Can the Property Tax be taken from my wages, social welfare, and/or farm scheme payments?

A. Legally speaking, yes. In the legislation, powers are given to the Revenue Commissioners to instruct your employer, or the relevant Departments to deduct the tax from your wages, any social welfare payments (including pensions), or farm payments. It seems likely (although not definitive), that legally, they will also be able to deduct penalties at source like this.

However, the law is one thing and the political reality is another. If a sufficiently powerful movement of opposition can be built, these deductions can be made impossible for the government because of the political pressure they can be put under.

Q: Can the property tax be taken from my bank account?

A. No, not without a court case. It has been reported in the media that Revenue can take the money for the property tax from your bank account. However, this is not made possible by the legislation. In order to take money from your bank account, Revenue would have to go to court to get an order to do so. If they did attempt to take court cases, this would be an opportunity for major protests by the campaign.

Q: Is there a fine of €100 a day for not registering for the property tax?

A. No. This was a scare story that was carried in some newspapers that has no basis in fact. There is no daily fine for not registering for the property tax. The section of the legislation which refers to the possibility of a €100 a day fine relates only to institutions like the Local Government Management Agency and the Private Residential Tenancies Board. It is a fine on them for not handing information over to the Revenue Commissioners and cannot legally be applied to householders.

Q: What if I'm self-employed

A. If you are self-employed, you are legally similarly liable to pay this property tax and to register for it by 28 May 2013. As the government can't take it from your wages, they have given themselves other draconian powers to try to intimidate people into paying.

In addition to the penalty, self-employed people can be faced with a 'surcharge' for late payment of the property tax – this is equivalent to 5% of your total tax liability on the first month you're late and 10% for the second and following months, up to a maximum of the equivalent of the property tax. The legislation also provides that tax clearance certs will be withheld from those who don't pay the property tax. We would encourage those who need tax clearance certs for work to get them in advance of the deadline for payment and to stick with the campaign.

Q: If I don't pay, will it remain a charge against my house?

A. Legally speaking, if you don't pay the property tax (and the government doesn't deduct it from wages or other payments), it becomes a charge against your home that must be paid in order to sell it. In another example of the draconian nature of this legislation, the usual 12 year limit by which this charge would expire, has been removed in this legislation. However, if we beat this tax, then thousands of euro will be saved by people in non-payment of this tax.

Q: What is going to happen this year?

There are a number of key dates:

- **30 April 2013** - Date for availing of household tax payment of €130.
- **1 May 2013** - 'Liability Date' for tax for second half of 2013. (Whoever owns the property at this date is liable to pay it for 2013)
- **7 May 2013** - Deadline for filing return for property tax (if you are filing by post)
- **28 May 2013** - Deadline for filing return for those who are filling in electronically (which those with multiple properties must do, and everyone else can choose to do.)
- **1 July 2013** - Date when tax for 2013 becomes payable.
- **1 November 2013** - 'Liability date' for tax for 2014. (Whoever owns the property at this date is liable to pay the tax for it in 2014)
- **1 January 2014** - Property tax for 2014 becomes payable.

Q: Can I defer payment of the property tax?

A. Only those on extremely low incomes of a gross income of less than €15,000 or cohabiters on less than €25,000 can qualify for a deferral of 100% of the tax. For those on less than €25,000 (for single) and €35,000 (for cohabiters), they may qualify for a 50% deferral. 80% of the cost of mortgage interest payments can be taken off the gross income for the purpose of calculating income on this. This is only a deferral and will be charged at an interest rate equivalent to 4% per annum.

Q: What if I pay the property tax late?

A. Late payment of the property tax is subject to an interest rate of the equivalent of 8% per annum.

Q: Is it a criminal offence to boycott the registration of the property tax?

A. No. Whereas refusing to register for the household tax was technically a criminal offence (a summary offence similar to conviction for refusing to pay a TV licence or a parking offence), refusing to register for the property tax is not. The majority of single home owners defied that legal threat and forced the government back on the household tax. Now, instead of a criminal offence, they want to take it from people's wages. If enough people stick together, this threat can also be beaten.