An Roinn Airgeadais
Department of Finance

Stamp Duty
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1. Stamp Duty: A Background

1.1 Introduction

Total stamp duty collected in 2020 amounted to some €2.1 billion net, which accounted for approximately 3.7 % of total tax receipts in that year, and represents a 40% increase on the 2019 figure of €1.5 billion. The total net tax receipts for 2020 (excluding LPT) were €56.4 billion (down €2.1 billion or 3.6% on the 2019 figure of €58.5 billion).

The consequences of the Covid-19 pandemic and the measures associated with it, for stamp duty and overall tax revenues, are still emerging and are not yet quantifiable but are likely to have some medium to long term impact. As the latest data shows, there have been some strong performers across the range of stamp duties in 2020, most notably the stamp on the acquisition of shares in Irish registered companies (€123 million or 32% up on 2019, which may be a Brexit related effect), "and on "Combined Cards" (up €1.4 million or 8%), but equally some categories of stamp have been negatively impacted by Covid. This applies particularly to its impact on the stamp duty revenue from property acquisitions, both residential and non-residential, which have fallen by €20.7 million/11.5%, and €130 million/24.2% respectively between 2019 and 2020. It should be noted that the increased "Other Stamp Duties" figure for 2020 of €831.82 million (up €620 million or 393% on the 2019 figure) is due to once off payments.

The mixed response of certain stamp duty receipts in 2020 and in 2021 to date to the pandemic provides the context for examining each of the main stamp duties currently in place with a view to ensuring that the rates, reliefs and exemptions available continue to be appropriate.

Table 1: Stamp Duty Yield, €M.

Year	2018 (Jan. to June)	2018 (12 months)	2019 (Jan. to June)	2019 (12 months)	2020 (Jan. to June)	2020 (12 months)	2021 (Jan. to June)*
Stamp Duty - Residential property	70.81	171.54	78.97	179.22	71.58	158.53	86.3
Stamp Duty - Non-residential property	201.52	488.21	213.52	537.64	214.73	407.66	221.8
Stamp Duty -Receipts on Stocks and Marketable Securities	223.18	420.66	189.68	383.62	253.25	506.54	309.2
Non-Life Levy/Life Assurance Levy	90.56	166.45	82.13	186.11	92.34	170.74	89.6

Combined Cards	**7.15**	**11.99**	**12.84**	**17.01**	**8.68**	**18.40**	**1.0**
Other Stamp Duties (Debit/Credit cards, Health insurance)	**22.65**	**206.12**	**29.61**	**211.56**	**48.64**	**831.82**	**21.6**
Stamp duty (Total)	**615.87**	**1464.98**	**606.75**	**1515.16**	**689.22**	**2093.69**	**729.5**

* Provisional

1.2 Description of tax

Stamp duty is generally a tax on documents or instruments. To be liable an instrument must be listed in Schedule 1 of the *Stamp Duties Consolidation Act 1999* (No. 31 of 1999). It must also be executed in Ireland or, if executed outside Ireland, must relate to property situated within Ireland or something done (or to be done) in Ireland. Some instruments may benefit from a full or partial exemption or relief.

Stamp duty chargeable in Ireland falls into two main categories:

- The first comprises the duties payable on a wide range of legal and commercial documents, including (but not limited to) conveyances of property, leases of property, share transfer forms and certain agreements.

- The second category comprises duties and levies payable by reference to statements. These duties and levies mainly affect banks and insurance companies and include a duty in respect of financial cards e.g. Credit, ATM, and Charge cards, and levies on certain life and non-life insurance premiums and pension schemes.

Some stamp duties are fixed, e.g. stamp duty on credit and charge cards which is a set amount irrespective of how much the card is used, while others are levied on an ad valorem basis, i.e. according to value, for example stamp duty at 1% on the value of shares transferred (payable by the person acquiring the shares).

Stamp duty is a self-assessment tax payable by the "accountable person" e.g. the purchaser or transferee in the case of a transfer of property.

The main stamp duties are payable on the following:

- Residential property transactions - 1% on the transfer of ownership of property with a value of up to €1m and 2% on any balance over €1m.

- As of midnight on 19th May 2021, the bulk purchase of houses (not apartments) i.e. 10 or more in any 12 month period, triggers a 10% stamp duty rate that will be applied once a 10th house is acquired, and to which all 10 or more houses purchased in the 12 months will be subject. Certain conditions/exemptions apply.

- Non-residential property transactions[1] - 7.5% on the transfer of non-residential property.

- Transfers of shares in Irish registered companies - 1%[2].

- Financial cards: - Credit and Charge cards – flat rate of €30 per year; ATM only or debit only cards – 12c per ATM withdrawal, capped at €2.50 per year; Combined ATM/debit cards – 12c per ATM withdrawal, capped at €5 per year.

- Cheques or “Bills of Exchange” - 50c per cheque.

- Non-Life Insurance levy on premium income - 3%; there is also a non-tax “Insurance Compensation Levy” of 2%.

- Life Insurance levy - 1% on the premium payable.

- Health Insurance levy - charge is per person insured and varies according to age and the type of health insurance policy – this levy is transferred directly into the Risk Equalisation Fund, rather than into the Exchequer.

- Bank Levy - the Financial Institutions ("Bank") Levy was introduced for the three-year period 2014 to 2016 in Finance (No.2) Act 2013 with the purpose of enabling the banking sector to contribute to economic recovery, and subsequently extended to 2021 inclusive. The annual yield of this levy is approximately €150 million. (Section 126AA of the Stamp Duties Consolidation Act 1999 refers).

1.3 Issues for consideration

The main area for consideration by this paper is the stamp duty regime that applies to the acquisition of residential property, particularly property at the higher end of the value range. As part of this review, there is an examination of the equivalent UK stamp duty system. In addition, and in response to a commitment given during last year’s Finance Bill, there is also a consideration of whether there is a case for a higher stamp duty charge where a person who is ordinarily resident overseas purchases a residential property in Ireland, and also where a residential property being acquired represents a second or subsequent property or multiple properties being acquired over and above (in the case

[1] For stamp duty purposes non-residential property includes: land (agricultural and non-agricultural); sites (other than sites purchased with a connected agreement to build a house or apartment); commercial or business premises, including offices, factories, shops and public houses; options over land.

[2] As of 5th June 2017 trading in shares of companies listed on the Enterprise Securities Market (ESM) of the Irish Stock Exchange is exempt from the 1% stamp duty charge.

where it is an individual making the acquisition) the principal private residence. Again, the UK system is the comparator for the purpose of this analysis.

Other areas examined in this report include the following:

(i) The 10% charge on the multiple purchase of houses
(ii) Non-residential property
(iii) Whether the non-residential 7.5% rate of stamp duty should apply to the sale of shares in REIT's (Real Estate Investment Trusts)
(iv) Farming Reliefs
(v) Other stamp duties.

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2. Residential Property

2.1 Performance

Table 2: Residential Stamp Duty Yield 2013-2021									
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021 (to end-June)
Stamp Duty (Millions)	**€65.51**	**€101.77**	**€123.45**	**€131.84**	**€175.26**	**€171.54**	**€179.22**	**€158.53**	**€86.3***

* Provisional

While revenue under this stamp duty in 2020 was 11.5% (€20.69 million) down on 2019's figures, this has to be viewed in the context Covid-19. The pandemic has impacted both housing construction, reducing the supply of new housing (albeit by a relatively small amount), and in some cases the listing and sale of existing housing stock. This is evidenced by the fact that residential property transactions decreased from 58,382 in 2019 to 48,631 in 2020 according to the Central Statistics Office (CSO)[3].

2.2 Examination of the Residential Rate

Residential Sector - Recent Performance

In spite of the challenges of the Covid-19 pandemic, new dwelling completions in Ireland fell by just 2.6 per cent in 2020 as recorded by the CSO, with units completed falling from 21,075 in 2019 to 20,535 in 2020. At the onset of the pandemic, initial concerns of a substantial decrease in property prices[4] were not realised. Property price inflation throughout 2020 remained steady at between -1 and 2.2 per cent. As of June 2021 property inflation was 6.9 per cent.

Data on the number of housing units where construction has commenced show a significant decline since the onset of Covid-19. There were 21,686 units commenced in 2020, a 17.3 per cent decrease on the 26,237 units commenced in 2019. However, housing commencements showed a considerable rebound in activity following the reopening of all residential construction in April 2021. The first half of 2021 saw 15,530 commencements nationally, 56% higher than the 9,952 units commenced in H1 2020 and 27% higher than the 12,260 units commenced in H1 2019. The summer 2021 ESRI Quarterly Bulletin forecast that 18,000 housing units are expected to be completed this year and 21,000 in 2022.[5] It is expected that the Housing for All strategy will deliver over 300,000 new homes by 2030 at an average of 33,000 per annum.

[3] CSO figures on transactions may differ from Revenue's stamp duty figures for technical reasons.
[4] KBC presentation from May 2020 with a scenario of a 12 per cent decline in prices in a base scenario and 20 per cent decline in a pessimistic scenario. https://www.rte.ie/news/business/2020/0514/1138331-kbc-bank-ireland-results/
[5] https://www.esri.ie/system/files/publications/QEC2021SUM_0.pdf

Stamp Duty

As previously noted, the rate of stamp duty on residential property is 1% on values up to €1 million, and 2% on any excess value above €1 million, though a new 10% rate on bulk purchases of houses (i.e. 10 or more in any 12 month period) was introduced in May this year (with certain exemptions).

Prior to the change in May 2021, the rates applicable to residential property had been unchanged since coming into effect on 8 December 2010, and apply whether the home is being bought for occupancy by the purchaser, or to be offered for rental, and also irrespective of whether the person/entity acquiring the property already owns one or more other residential properties, or where that person resides or entity is registered/incorporated.

It was noted during the passage of Finance Bill 2020 through the Dàil that the UK had a stamp duty surcharge planned to come into effect in April 2021 that would apply to non-UK residents acquiring residential property, and the Minister said it would be looked at as part of the TSG process[6].

To address this commitment, and in order to provide a comparison with the equivalent system operated by our nearest neighbour with whom we share similar legal and legislative systems, the following section will look at the current UK stamp duty system, including the surcharge concerned. It will also look at another UK surcharge that applies to those acquiring second and subsequent residential properties.

2.3 UK stamp duty land tax (SDLT) on residential property

It should be noted that the Stamp Duty, or Stamp Duty Land Tax (SDLT) as it is officially known, system for residential property in England and Northern Ireland is far more complex, and has more exemptions, differentiated rates, and surcharges, than the current Irish system (our system pre-2010 resembled that currently in effect in the UK). What follows is of necessity therefore a simplified outline of how the system in England and Northern Ireland works, intended to allow for a broad comparison with Ireland's system, and should not therefore be seen as providing a comprehensive description of SDLT.[7]

[6] Commitment made by Minister during Dáil Committee Stage debate on grouped amendments 146 & 148 – pertaining to 148: "…*the implementation of a surcharge to take effect from 1 April 2021 in Britain and the North. I will look at the operation of that surcharge in the context of the tax strategy process*."

[7] Stamp Duty Land Tax (SDLT) has not applied to land transactions in Scotland since April 2015 (replaced by Land and Buildings Transaction Tax (LBTT)) and in Wales since April 2018 (replaced by Land Transaction Tax (LTT)).

The standard rates for SDLT (not including any temporary suspensions / reductions that may currently be in place) are as follows:

Property or lease premium or transfer value	SDLT rate
Up to £125,000	Zero
The next £125,000 (the portion from £125,001 to £250,000)	2%
The next £675,000 (the portion from £250,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

However, due to Covid-19, the Stamp duty rate in the UK has, since 8 July 2020, been temporarily suspended for properties under £500,000, but has continued to be charged at 5% on any houses valued at over £500,000, with further increases in the rate applicable at values over £925,000 and £1.5 million. This concession, known as a “holiday” from SDLT is being unwound in two steps, with the first having taken place on 1 July 2021 with the zero rate now applying only on the first £250,000 of value. On 1 October 2021 the system will revert to the standard pre-Covid position (as per table above) where only the first £125,000 is zero rated for SDLT, and a rate of 2% applies for values above £125,000 and at or below £250,000. It should be noted that those rates apply to both freehold and leasehold properties, whether being bought outright or with a mortgage.

In summary, the standard position in respect of SDLT in England and Northern Ireland is that there is a significant progressivity ranging from the portion of the value below £125,000 incurring no SDLT, to the portion above £1.5 million being subject to 12%, and potentially higher depending on the surcharges outlined below.

All three taxes are applied differently and are calculated in different ways.

There are also reduced rates of SDLT for first time buyers and other “special rates” that can apply in certain specific circumstances[8].

There are a number of general surcharges as follows:

(i) 2% surcharge on acquisitions by non-residents

The 2% surcharge on acquisitions by non-residents only came into effect on 1 April 2021. The stated UK government objective of this surcharge is to help to control house price inflation and to support UK residents to get onto and move up the housing ladder. As the third bullet in the SDLT receipts section below shows, February this year saw a year-on-year (seasonally adjusted) increase in such acquisitions of 25.8%, and that they accounted for 7.3% of the seasonally adjusted number of property acquisitions made that month. The combined impact of the SDLT holiday and the pending surcharge are likely to have made a significant contribution to this large increase, but it is not possible to determine how much is due to each of them separately. It will only be after the surcharge has been in effect for a period of time, and the holiday has ended, that a better understanding of the former’s impact on the number and value of acquisitions by non-residents might emerge.

(ii) 3% surcharge on purchase of second or subsequent properties

The UK’s other major stamp duty surcharge applies to acquisitions of second or subsequent properties, and is set at 3%.

This surcharge was introduced in April 2016 in an effort to curb the “Buy to Let” market in the UK which was believed to be partly responsible for housing affordability issues at the time. The change consisted of a new 3% stamp duty on top of any existing stamp duties on the purchase of a residential property by an individual or company that already owned a residential property.

There are a number of exemptions to the surcharge, the principal one being that a refund could be claimed if any prior owned properties are sold within three years of the purchase of the new property. Another exemption applies where a person has a share of 50% or less in an existing property.

Due to the relatively recent introduction of the policy, we have not been able to find any economic analysis of whether it is achieving its objective of curbing the “Buy to Let” market.

[8] Stamp Duty Land Tax: Residential property rates - GOV.UK (www.gov.uk)

(iii) 15% charge on certain companies

Certain corporate bodies, or 'non-natural persons'[9] buying residential property are subject to a special higher rate of SDLT of 15% charged on residential properties costing more than £500,000.

These include:

- companies
- partnerships including companies
- collective investment schemes

The 15% rate does not however apply to property bought by a company that is acting as a trustee of a settlement or bought by a company to be used for:

- a property rental business where the property is let to unconnected third parties
- property developers and trader
- property made available to the public
- financial institutions acquiring property in the course of lending
- property occupied by employees
- farmhouses
- a qualifying housing co-operative

The non-resident and second and subsequent residential property surcharges also apply to such acquisitions.

The Department's understanding is that that the 15% rate above, which can be increased to 17% if the person is a non-resident, is a very narrowly focussed anti-avoidance measure.

Overview of SDLT receipts

[9] Stamp Duty Land Tax: corporate bodies - GOV.UK (www.gov.uk)

SDLT receipts (England and Northern Ireland only) amounted to approximately £11.6 billion in 2019/20, compared with £11.94 billion in the previous year. The peak for stamp duty tax receipts in recent years was in 2017/18 when approximately £12.91 billion was received[10].

Anecdotal evidence has it that the SDLT "holiday" announced on July 8th 2020 as part of a package of measures in response to economic impact of the Covid pandemic, has led to increased demand for housing. This is possibly due to buyers either choosing to act on previously deferred acquisitions, or bringing forward planned acquisitions, in order to benefit from the holiday.

More formal data would appear to support this view:

- The UK Land Registry reports[11] that as of January 2021, the average house price in the UK was £249,309, and the index stood at 130.76. Property prices had fallen by 0.4% compared to the previous month, but had risen by 7.5% compared to the previous year.

- A HM Revenue & Customs report last updated on 23 March 2021[12] states that "*the provisional seasonally adjusted estimate of UK residential transactions in February 2021 is 147,050, 48.5% higher than February 2020 and 23.0% higher than January 2021*".

- The same HM Revenue & Customs report also notes "*the provisional seasonally adjusted estimate of UK non-residential transactions in February 2021 is 10,630, 10.2% higher than February 2020 and 25.8% higher than January 2021"*.

- Rightmove.co.uk reported in April[13] a monthly price surge of 2.1% (+£6,733) which "*has propelled new seller asking prices to a new record high, with the national average now standing at £327,797. This figure shatters the previous record, set in October last year, by over £4,000. The big jump comes as buyer demand sets another new record, chasing the lowest ever proportion of property available to buy. This is now the fastest-selling market that has measured since our records began*".

- The Nationwide Building Society's UK House Price Index report for April 2021 reports that house prices there rose to a new record high of £238,831, an increase

[10] Quarterly Stamp Duty Statistics - GOV.UK (www.gov.uk)
[11] UK House Price Index (data.gov.uk)
[12] UK monthly property transactions commentary - GOV.UK (www.gov.uk)
[13] House Price Index | Property blog (rightmove.co.uk)

of £15,916 in the 12 months. Prices rose 2.1% month on month, which is the largest increase recorded since 2004.

While the above gives a good sense of the current housing market in the UK, until further analysis is carried out after the ending of the stamp duty holiday, it will not be possible to say what contribution the reduced stamp duty rates might have played in creating this more buoyant market.

More recently, an August 2021 report from the UK property website "Rightmove"[14] showed that house prices had fallen for the first time in 2021. They were of the opinion that this was prompted by the ending of the stamp duty holiday and a subsequent fall in demand for bigger homes.

2.4 Lessons for Ireland from SDLT system?

Given the complexity of the SDLT system, and the as yet undeterminable, and potentially interacting, impacts of the Covid-19 related measures and the newly introduced non-resident surcharge, it is difficult to derive any particular learnings for Ireland from the UK system. However, the higher rates of stamp duty for larger transactions is possibly something worthy of consideration whilst continuing to maintain our existing broad structure.

The options that could be considered include:

1. Reducing the cut-off point at which the (currently 2%) higher rate applies, for example to €750,000. This would still leave an average priced urban and rural residential properties in the 1% stamp duty bracket, while capturing a larger number of higher value acquisitions and also a greater proportion of the value involved.

2. Applying the 2% higher rate of stamp duty to the full value of property where it exceeds a given figure. This could be the current higher rate cut off point of €1,000,000, or a higher figure, for example €1,500,000.

3. Introducing a stamp duty surcharge on the full value of purchases of residential property where, at the end of any set of transactions the interest in the property concerned will rest with non-resident individuals or entities.

[14] House Price Index | Property blog (rightmove.co.uk)

Table 3 shows the overall number of property transactions in recent years and the number of properties transacted over €1 million. It indicates that there were 49,120 transactions in 2020, 16.5 per cent lower than the 58,843 transactions in 2019. In terms of higher value acquisitions, a modest decline in transactions of properties over €1,000,000 was observed, with 860 purchases over €1,000,000 in 2020, 10.5 per cent lower than the 961 purchases in 2019. There has been a pickup in overall activity in the sector in Q1 2021 with 12,334 transactions recorded, which is a 6.1% increase on the 11,628 transactions recorded in Q1 2020.

Table 3 - Transactions of properties over €1 million

Year	Total Residential transactions	Total transactions over €1m	Share of total
2015	45,448	527	1.2%
2016	46,658	632	1.4%
2017	51,200	825	1.6%
2018	54,018	924	1.7%
2019	58,843	961	1.6%
2020	49,120	860	1.7%

Source: CSO and Property Price Register

Options 1 – 3: Some arguments for and against

1. Reduce the cut off point for the 2% rate to (for example) €750,000

- **For:**
    - Increased revenue – It is not possible for Revenue to separately identify sales of multiple residences such as apartment blocks from other residences over €1m on their stamp duty systems. For this reason they cannot provide an estimate of the additional revenue that would be generated through pursuing this option. Logic would however indicate that it would give rise to increased stamp duty revenue.

    - Captures larger number / greater share of higher value acquisitions, while avoiding adding to stamp duty costs faced by buyers of average value properties, and indeed of almost all residential properties outside a few limited areas (primarily in, or close to, Dublin).

  - The measure could also offer some small potential to encourage a reduction in sale prices at the lower end of the high value acquisition range, as buyers seek to avoid the higher rate, and those selling price accordingly. This may in turn contribute to a small reduction in property prices across the full value spectrum.

- **Against:**
  - Properties priced at or only slightly above the average in some areas of our bigger cities, Dublin in particular, might see some of their value subject to the higher rate of stamp duty.

    The CSO's residential property price index shows that that in June this year the average price for a property in Dublin City was €475,272, while in Cork City it was €312,784, and in Galway City it was €328,408.

    Analysis from the Property Price Register shows that in 2020, 1,816 properties nationally were sold for over €750,000, with 1,434, or 79%, occurring in Dublin. DAFT.ie report[15] that for South County Dublin the 2020 average asking price was €627,713, while the 2020 average asking price for a 3-bed semi in Dublin 4 was €703,000 and for a 4-bed bungalow in Dublin 6 it was €1,170,000. There is therefore a strong likelihood that the average price in some areas of South County Dublin for mid-sized homes could exceed €750,000, and there could be other such areas in, or close to, our bigger cities.

  - Possibility of increased acquisition cost being passed on to tenants of buy-to-rent properties.

2. The higher 2% rate of Stamp Duty applying to the full value of a property if that value exceeds a given figure.

- **For**
  - Increased revenue - the following table based on 2020 data gives some indicative figures based on a range of trigger values.

[15] https://ww1.daft.ie/report/2021-Q2-houseprice-daftreport.pdf?d_rd=1

It must be noted that Revenue report that it is not possible for them to separately identify sales of multiple residences such as apartment blocks from other residences with values over €1m on the underlying stamp duty systems. However on the basis of manually excluding some of the larger sales, they have arrived at a highly tentative estimate of the yield on a straightforward arithmetic basis of applying stamp duty at 2% on the full value over the thresholds shown, as indicated on the table below. These figures are based on 2020 values and do not allow for any behavioural change impacts.

Table 4: Tentative yield figures from applying a stamp duty of 2% on the full value of a property acquired at a range of values (tentative)

Example trigger point values	**>€750,000**	**>€1,000,000**	**>€1,250,000**	**>€1,500,000**
Number of properties impacted in 2020	1,433	651	410	265
Potential Additional Revenue generated	€13.1m	€6.2m	€3.9m	€2.7m

Source: Revenue

- Added incentive for sellers to keep property sale price below trigger point and for purchasers to seek to acquire a property with a value below the trigger point. This could also put downward pressure on house prices, not only of those at or near the chosen trigger price, but also potentially filtering down to across the whole price spectrum.

- **Against**
  - Gives rise to a much more significant increase in the stamp duty chargeable at the trigger price than currently takes place. This cliff-edge effect may in turn create an increased perverse incentive for market participants to find ways to keep quoted property values below the trigger level, with other ways being found to transfer

additional value from the purchaser to the seller outside the scope of stamp duty.

3. Surcharge for non-residents acquiring residential property

- **For**
    - Increased revenue – Revenue have indicated that is not possible for them to provide an estimate for the revenue that such a measure would generate. Such transactions are not captured by their Stamp Duty system, as there is no differential treatment applied to these taxpayers in the application of Stamp Duty on the purchase of residential property. There is little doubt however that some, albeit unquantifiable and probably small, additional revenue would be generated from such a measure.

    - May act as a disincentive to residential properties being bought as holiday homes by people not resident in Ireland, so releasing housing supply for Irish purchasers, albeit that they may themselves be acquiring a holiday home or investment property.

- **Against**
    - Potential conflict with free movement regulations if surcharge applied to EU residents

    - Possible negligible revenue gain if numbers of such acquisitions are low, particularly in light of potential increased regulatory burden on Revenue and others involved.

    - Could possibly act as a disincentive for workers with valuable skills seeking to relocate to Ireland for more than a short time, while still maintaining tax residency in another country.

    - Disincentive for overseas investors to invest in Ireland's buy/build to rent sector.

As stated above, the intention of these three possible options is to maintain the flat stamp duty system, with few exemptions, that Ireland currently employs. It is not proposed to replicate the UK system, which is far more complex and opaque than our own, with multiple rates, exemptions, and special treatments.

If a decision were to be taken to adopt any of these options, it may be best if only one were introduced at a time, and allowed to operate for a number of years so as to allow for a better determination of whether it is having a net positive or negative impact to be arrived at in isolation.

2.5 New 10% Stamp Duty Rate

In May 2021, in light of a growing awareness of the potentially harmful impact of the increasing incidence of investment funds buying up residential units, including whole housing estates, with the intent of putting them on the rental market, the Government took a number of actions to try to make this practice more difficult for, and less appealing to, those funds.

Regarding Stamp duty, the Minister for Finance brought forward a Financial Resolution to the Dáil on May 19th which was passed that evening. It introduced, as of midnight that day, a new stamp duty rate of 10% that applies to any acquisition of ten or more residential units in a 12 month period. The Financial Resolution was put on a permanent statutory footing by the Finance (Covid-19 and Miscellaneous Provisions) Act 2021.

The new 10% rate applies not only to the unit, or units, which may have just been acquired , and which represent(s) a tenth or subsequent property acquisition in the twelve month period just acquired, but also to the up to nine units acquired in the previous twelve month period to which it has not previously been applied.

A limited number of exemptions from the new 10% rate on bulk purchases of residential property were provided in the Financial Resolution:

(i) Apartments blocks as defined in section 13 of the Act. This was done because, otherwise, there is a significant risk that developers would exit from the apartment building market as such projects would no longer be viable, and an important element of our future housing strategy would be lost.

(ii) Multiple purchases of houses by Local Authorities, Approved Housing Bodies and the Housing Agency. This was an essential in order to ensure the implementation of the broader social and affordable housing agenda.

In addition, two extra exemptions were provided for in the Finance (Covid-19 and Miscellaneous Provisions) Act 2021 at the request of the Minister for Housing, Local Government and Heritage. These are:

(i) An exemption from the 10% stamp duty rate for private sector participants in the Mortgage to Rent Scheme. That scheme provides for an Approved Housing Body, or since 2018 a private company, to acquire ownership of a property with an unsustainable private mortgage from a lender, which enables the household to remain in their home as a social housing tenant. While Approved Housing Bodies were exempt from the 10% rate under the terms of the Financial Resolution, the private company aspect was not, so an amendment was required.

(ii) An exemption which provides that where a residential unit that is subject to the new rate of stamp duty is acquired, and then, within 24 months, leased to a local authority for social housing purposes, the stamp duty paid over and above the pre-existing rates that apply to acquisitions of residential property will be refunded. This was done because otherwise the Department of Housing, Local Government and Heritage's social and affordable housing leasing programme would be placed in jeopardy. It was argued that there would be a significant opportunity cost in forgoing this programme as these dwellings would have to be found, developed/purchased and funded from elsewhere at a significant capital cost.

It is hoped that this stamp duty measure will, along with other regulatory measures, have the desired impact of mitigating the negative effects of the bulk buying of houses by institutional investors. However, as it is likely to take some time to measure their impact, it is not possible to provide a perspective on its impact in this paper.

3. Non-Residential Property

Non-residential property for Stamp Duty purposes represents a significantly larger percentage of the overall stamp duty pot than residential property. It covers the following areas:

- Agricultural and non-agricultural land.
- Sites (other than sites purchased with a connected agreement to build a house or apartment).
- Commercial or business premises, including offices, factories, shops and public houses.
- The creation or transfer of options over land.
- Interests in land (such as wayleaves or other rights to lay cables, pipes, wires or other conduits).
- Easements (a right over someone's property such as a right of way).
- The creation or transfer of a life interest.
- The creation or transfer of a remainder interest.
- Business assets like goodwill or book debts.
- Shares, stocks and marketable securities.
- Policies of insurance.

Table 5 shows the yields for the period 2013 to 2020:

Table 5: Non Residential Stamp Duty Yield 2013-2020									
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021 to – end-June
Stamp Duty (Millions)	**€86.85**	**€173.28**	**€177.64**	**€255.92**	**€202.96**	**€489**	**€537.64**	**€407.66**	**€221.8**

Having been raised from 2% to 6% in Budget 2018 / Finance Act 2017 in an effort to cool the non-residential construction centre and potentially encourage a shift of funds and resources into badly needed residential construction, the rate of stamp duty on non-residential property was further increased from 6% to 7.5% in Budget 2020 / Finance Act 2019. As is clear from the figures above, there was a significant fall in revenue (32%) in 2020 which can largely be attributed to Covid-19.

In the six months to end-June 2021 €221.8 million was received under this stamp duty, which is 3.3% ahead of the figure for the same period in 2020, and 3.9% ahead of the January-June receipts in 2019, though, as demonstrated by the end-year figure for 2020, it is still too early to determine whether any form of rebound is underway.

3.1 Potential impact of Covid-19

The impact of the Covid-19 pandemic will continue to be felt throughout the economy for a number of years to come. For example, there may be less demand for office space due to the successful implementation of working from home policies adopted by most employers in the private and public sectors in response to the pandemic.

How the economic impacts will be reflected in stamp duty terms will only become apparent over the coming year or more. Therefore, it will be for future TSG papers, and other analysis work within the Department of Finance, to reflect on, and put forward appropriate policy responses, if required, to Covid-19 driven changes in the non-residential sector including the impact on stamp duty receipts.

3.2 Sector reviews

In order to provide an indication of what the future might hold for non-residential stamp duty receipts, the following is a short sectoral review of three of the main areas whose activities contribute a significant share of the revenue received under this tax heading.

Office

According to property agents Savills, there was a significant decline in the quantity of office take-up in 2020 with just 161,322 m^2 of space taken-up (47 per cent lower than the 302,902 m^2 recorded in 2019). The ICT sector accounted for 70 per cent of office transactions in 2020 and is expected to account for a sizable share of take-up in 2021[16].

[16] Savills Dublin Office Market - Q4 2020

According to Savills, there was an additional 119,306 m^2 in office space added in 2020. The vacancy rate for offices increased from approximately 6.9 per cent in 2019 to 9.5 per cent by Q4 2020 according to agents Knight Frank.[17] This is likely to have contributed to the decline in prime rents, which have decreased from €672 per m^2 in 2019 to €656 per m^2 in 2020.

CBRE expect to see a noticeable pickup in office leasing in the second half of 2021, with demand prominently from pharmaceutical and high tech firms.[18] However, this Department feels that this "rebound" may be more a reflection of how low demand was during the height of the pandemic and, long term, we anticipate potentially lower office demand than pre-Covid levels due to the implementation of more permanent remote / hybrid working policies.

Retail

Large parts of the in-store retail sector has experienced a very challenging year since the beginning of the pandemic. CBRE expect considerable restructuring of retail leases for the foreseeable future in the form of rent waivers and abatements in return for lease extensions.[19] CBRE also noted retailers renegotiating leases are being granted reductions on their previous rental level. It is noteworthy that the demand for retail properties has increased in the first two months in 2021. Retail should also benefit from the unwinding of the high saving levels if consumers shop in-store, with the Department of Finance 2021 Stability Programme Update estimating an excess of €11 – 12 billion in savings over the past year-or-so.[20]

Hospitality

With the near collapse in international tourism in 2020, there has been a significant decline in room occupancy levels in this sector. A June 2021 survey from consultancy firm Horwath HTL[21] showed occupancy levels went from 73 per cent in 2019 to 32 per cent in 2020.[22] That survey also showed that the average room rate declined 15 per cent to €94.

A recent (July 2021) survey from the Irish Hotels Federation[23] indicated that bookings showed a national average of 58% occupancy for July 2021, 43% for August 2021 and 28% for September 2021, contrasting notably with 90% occupancy levels in 2019 pre-Covid.

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[17] Knight Frank, Dublin Office Market Overview –Q4 2020
https://content.knightfrank.com/research/2162/documents/en/d
https://content.knightfrank.com/research/2162/documents/en/dublin-office-market-overview-q4-2020-7776.pdf

[19] CBRE Bi-Monthly Research Report, March 2021.
[20] Stability Programme Update 2021.
[21] Horwath HTL Market Report – Ireland: Hotel Market Trends and Analysis (June 2021)
[22] https://www.crowe.com/ie/insights/crowe-2020-irish-hotel-sector-sentiment-survey
[23] https://www.independent.ie/irish-news/hotels-rising-to-challenge-to-cater-forpent-up-demand-40687067.html

The national picture is marked by quite significant regional variations, with the highest average bookings this summer being in the South East, (86% in July, 71% in August and 43% in September) whereas the equivalents in worst hit Dublin are 29% in July, 21% in August and 16% in September.

The total investment spend in the hotel sector in 2020 was approximately one-quarter of what it was in 2019.

CBRE estimate hotel values have declined by between 10 and 25 per cent in 2020, but have noted an increase in hotel transactions as a result of these price falls. [24]

[24] See CBRE Real Estate Market Outlook 2021 (P.40).

4. REIT's

4.1 Background

During the passage of Finance Act 2020[25], Minister Donohoe agreed as part of the TSG process to examine a suggestion that the non-residential 7.5% rate of stamp duty be applied to the sale of shares in REIT's (Real Estate Investment Trusts) which derive over 50 per cent of their value from residential property used for investment or letting purposes. This 7.5% rate is provided for by section 31C of the Stamp Duties Consolidation Act 1999. It should be noted that section 31C already applies this 7.5% charge to the sale of shares in IREF's (Irish Real Estate Funds) in the circumstances described above.

It would not be appropriate to examine how one tax i.e. stamp duty, does or does not apply to such bodies in isolation, ignoring the range and scale of other taxes to which they and their investors are liable. The following therefore outlines the current tax position, before looking at how stamp duty fits into that overall situation.

4.2 What is a REIT and how they are taxed?

A REIT (Real Estate Investment Trust) is a quoted company, used as a collective investment vehicle to hold rental property.

A REIT generally has a diverse ownership requirement, so no one person or group of connected persons can control the REIT.

REITs originated in the USA in the 1960s, and aspects of the REIT model have now spread to become a globally recognised investment standard in over 35 countries worldwide, including the majority of the world's developed investment jurisdictions.

An Irish REIT is exempt from corporation tax on qualifying income and gains from rental property, subject to a high profit distribution requirement to shareholders. The Irish distribution requirement is that at least 85% of property profits must be distributed annually to shareholders.

The purpose of the REIT regime is to allow for a collective investment vehicle which provides an after-tax return to investors which is comparable with direct investment in rental property. It does this through eliminating the double layer of taxation at corporate and shareholder level which would otherwise apply.

[25] During the Dáil committee stage debate on amendment 146

A dividend withholding tax (DWT) of 25% must be deducted by the REIT on making dividend payments.

This is not a final liability:

- Irish residents will be subject to tax as normal on the dividends received, with a credit granted for the DWT deducted at source.
- Foreign resident investors may be able to claim a refund of some element of the DWT, based on the provisions of a relevant double tax agreement. Provisions vary from treaty to treaty, but the most common agreed rate for dividends is 15%.

It should be noted that criticisms of the level of tax paid by REITs often refer to REIT profits in terms of increases in the value of properties held by the REITs. However, these are not realised gains, therefore they cannot be distributed for taxation.

The table below show the net DWT collected in respect of REIT dividends in the years 2015 to 2020.

Table 6: net DWT collected in respect of REIT dividends in the years 2015 to 2020

Year	DWT paid
2015	€4m.
2016	€7.8m.
2017	€11.8m.
2018	€12.4m.
2019	€11.4m.
2020	€13.5m. (provisional)

Source: Revenue

A REIT is generally not chargeable to capital gains tax (CGT) accruing on the disposal of assets of its property rental business, subject to certain exceptions.

These exceptions are:

- Any asset that has been developed by the REIT to the extent that the development cost exceeds 30 per cent of the market value of the asset at the time the development commenced, where the asset is then disposed of within 3 years of completion of the development; and,

- The disposal of any assets which are not held for the purposes of the property rental business.

Furthermore, following Finance Act 2019, if a REIT disposes of a property, any sales proceeds must either be used to repay debt on the property, used to purchase new REIT property assets, or distributed to shareholders as dividends.

The REIT regime was introduced in order to attract new sources of non-bank financing to the Irish property market, at a time when the market was stagnating due to the fiscal crisis and property market crash. It was intended to reduce dependence on bank financing in the property market and free up available bank financing for use in other industries.

Rationale for introduction of section 31C of the Stamp Duties Consolidation Act 1999

In general, under the Irish tax system the purchase of company shares is liable to stamp duty at 1%.

When Stamp Duty on the acquisition of non-residential property was increased from 2% to 6% in Budget 2018 an anti-avoidance measure (Section 31C of the Stamp Duties Consolidation Act 1999) was introduced to ensure that the then new 6% rate would also apply where non-residential property held by an entity such as a company is indirectly sold by way of a sale of the shares in the company and effectively, the company itself.

This Section applies the now 7.5% higher rate for non-residential property to the acquisition of entities including companies, partnerships and IREF's, that deal in land or that secure development of land for non-residential purposes.

The charge applies where the entities derive the greater part of their value from Irish property and hold land where:

a) There is little or no other activity carried on by the business, or where it holds and develops land for residential or non-residential purposes and,
b) Where the purchase of the shares, interest or units results in a change in control of the entity and thus a change in control of the land or buildings.

Not all companies deriving value from property are affected. Sales of the following types of entities do not attract the 7.5% charge provided they are carrying on an active business:

(i) Hotels
(ii) Car park businesses where the land was acquired for that business
(iii) Office rental businesses
(iv) Crèches

In 2019 the Department of Finance prepared a report on REIT's, IREF's and Section 110 companies (as they also invest in the Irish property market). The report was presented to the Tax Strategy Group that July, and provided a basis for policy discussions and for amendments introduced in Finance Act 2019.

The stamp duty treatment that applies to the transfer or sale of shares is a measure of general application which applies to shares in all Irish companies. However, the anti-avoidance measure outlined above is focussed on companies, partnerships, IREF's or connected persons who are actively involved in the sale of non-residential property for commercial reasons. For instance, IREFs acquire property and (if they wish to do so) sell it on with the intention of making a profit. As IREFs are potentially acquiring and/or developing property in order to sell for profit, stamp duty at 7.5% applies where non-residential property held by one is indirectly sold by way of a sale of the shares in the company and effectively, the company itself is sold.

REIT's on the other hand acquire properties for the purpose of renting them out, either as acquired or following further development, but not to sell them on for profit. The profit in their model is in the form of rental income, and the properties they acquire are intended to produce that revenue stream over the medium to long-term. In addition, as noted above, if they move away from that model they are subject to CGT on any chargeable gains they make.

In conclusion, therefore, the view of the Department is that there is a significant difference in the business models of REIT's and IREF's which justifies the exclusion of the former from the 7.5% rate under section 31C.

Finally, it must again be emphasised that stamp duty, be it the 1% on shares, or the 7.5% on non-residential property, is payable by the acquirer, and not by the seller, so the cost is not borne by the current investors in Irish REIT's and IREF's, but by anyone acquiring them.

5. Farming Reliefs

5.1 Agri-Tax and Areas under review

The agri-food sector is our most important indigenous exporting industry, playing a vital role in the economy, with 137,500 farms producing over €8bn in output annually. In 2020 agri-food exports accounted for 8.8% of total merchandising exports, with a value of €14.2 billion, marking growth of 59% since 2010. Despite 2020 being a difficult year for the food industry, with much of the hospitality industry across the globe closed for significant periods, exports of agri-food products were down just 3% compared to 2019, demonstrating the resilience of the sector. The agri-food sector makes a significant contribution to employment in rural and coastal areas. Outside of Dublin and the mid-east region, the sector provides between 10% and 14% of total employment. Beyond direct employment, the sector plays a key role in the wider rural and local economy.[26]

The Programme for Government includes a commitment to protect and enhance the incomes and livelihoods of family farms, as the agriculture sector embraces the mission of delivering on environmental objectives, while building on its achievements as a world-class producer of quality food. It also recognises the importance of agriculture in contributing to balanced regional development and employment. Ensuring a fair income to farmers is one of the key objectives of the forthcoming new Common Agricultural Policy (CAP).

Since their inception twenty years ago, stakeholder-led strategies have ensured that the sector has a coherent vision and framework to underpin its continued development. A draft Agri-Food Strategy to 2030 has been agreed by the representative Stakeholder Committee and is currently the subject of a public consultation on its environmental aspects. It adopts a food systems approach and draws on the internationally accepted definition of what constitutes a "Sustainable Food System"; one that delivers food security and nutrition for all in such a way that the economic, environmental and social basis to generate food and nutrition for future generations are not compromised. The vision of the Strategy is that Ireland will become a world leader in Sustainable Food Systems over the next decade and that this should deliver significant benefits for the Irish agri-food sector, for Irish society and for the environment.

[26] Economics and Planning Division, DAFM (April 2021)

As part of its support for the sector, the government has sustained and / or introduced a suite of targeted tax reliefs across various tax heads, a number of which relate to stamp duty.

In this regard, the Department of Finance is currently examining a number of agri-tax issues linked fully or partially to stamp duty. These are:

1. Whether the young trained farmer stamp duty relief, which is due to lapse at the end of this year should be further extended, and if so whether any changes to it should be made.
2. How the means and process for listing the educational qualifications required to avail of a number of agri-tax reliefs might be streamlined and improved.
3. The age limits which apply to certain agricultural reliefs, and whether they are appropriate and consistent.

As part of its consideration of these matters, the Department wrote to the three main farming bodies, the IFA, the ICMSA and Macra na Feirme, seeking their views on the issues concerned. All three replied, and the Department is currently considering their responses, with a view to reflecting them in its analysis of the three issues listed above. This analysis will, in turn, feed into any recommendations that might be made to the Minister for Finance for legislative changes to be announced in Budget 2022 and/or provided for in Finance Bill 2021.

5.2 Young Trained Farmer Stamp Duty Relief

Description

Full relief from stamp duty on the conveyance of farm land is currently available under section 81AA of the Stamp Duties Consolidation Act 1999 (SDCA 1999). The main conditions for granting this relief are that on the date of execution of the deed of transfer the young trained farmer must be (a) under 35 years of age, and (b) the holder of a specified educational and training qualifications (a refund of stamp duty paid can be sought if an appropriate qualification is received within 4 years of the date of execution, and other requirements are met). In addition, the young trained farmer must declare that he/she will retain and farm the land for a period of 5 years, and spend not less than 50% of his/her normal working time farming the land. Section 81AA of the SDCA 1999 sets out the conditions that must be met before the exemption can be claimed, while the third level courses that qualify under this scheme are listed in Schedule 2 to the same Act.

Purpose and benefits

The core purpose of the relief is to promote lifetime transfers of land and encourage more young people to pursue farming.

The Agri-taxation Review, which was published as part of Budget 2015, set out the main policy objectives for continuing support to the sector through agri-taxation measures including "Assisting succession and the transfer of farms".

The age profile of Irish farmers continues to be a cause for concern, with the CSO reporting that 55.3% of farms here were held by those aged 55 and over in 2016[27], and the more recent Teagasc National Farm Survey[28] reporting the average age of farmers in Ireland in 2020 as being 59.2 years, up from 55.4 years in 2016. It is however recognised that there are many social and economic reasons why succession management is a challenge for farmers, therefore assisting succession and the transfer of farms has been a central part of successive Governments' agri-taxation policy. To this end measures to maintain and strengthen that support, such as Agricultural Relief from Capital Acquisitions Tax, Retirement Relief from Capital Gains Tax, the Succession Farm Partnership Scheme, various stock relief schemes and the stamp duty exemptions on transfers of land have been introduced and/or sustained to support that policy. In addition, there were a number of new measures introduced to make these reliefs more effective, including targeting Agriculture Relief at active and trained farmers.

Recommendation 14 of the Agri-taxation Review stated that the current stamp duty exemptions on transfers of land should be retained, including the Stamp Duty Exemption on Transfers of Land to Young Trained Farmers (YTF). Indecon's analysis suggested that where stamp duty relief encourages land mobility to younger active farmers it is likely to result in increased output levels in the sector.

The Department of Agriculture, Food and the Marine also continues to see the YTF relief as an integral part of the package of measures assisting succession and the transfer of farms. They view its renewal as crucial to the policy objectives of the Agri-taxation Review and to the continued sustainable development of the sector as per Food Wise 2025.

[27] The most recent CSO data on the age of farm holders is from 2016 and is set out in the CSO Statistical Yearbook 2018 (https://www.cso.ie/en/releasesandpublications/ep/p-syi/psyi2018/agri/farmsandfarmers/). The preliminary publication of data from a CSO Sept. 2020 survey is expected Dec. 2021 with full results expected March 2022.

[28] Teagasc National Farm Survey 2020 – Preliminary Results – Table 08E

Table 7: Uptake & revenue foregone: Uptake of Young Trained Farmer Stamp Duty Relief 2011-2020										
Year	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue Foregone (€ mil.)	11.9	14.6	16.8	7.8	4.6	5.2	4.7	3.7	7.9	12.9
Number of successful claims	1,152	1,128	1,056	845	731	989	722	714	1,157	848

Source: Revenue

The increase in the rate of stamp duty on the acquisition of non-residential property from 2% to 6% announced as part of Budget 2018 and the further increase from 6% to 7.5% announced in Budget 2020, have contributed to the increase in the amount of revenue foregone under this relief in recent years. The Revenue forgone figure is, of course, also a function of the quantity and value of the farmland acquired by eligible farmers in any given year, and this can also give rise to variations in that figure, as factors affecting demand and supply for farmland (both its level and quality) come into play.

Review and Renewal

The relief was last extended (by three years to 31st December 2021) in Finance Act 2018. As it is due to expire at the end of this year, officials are in the process of reviewing it, with a view to making a recommendation to the Minister for Finance in advance of Budget 2022 as to whether it should be further extended as is (and if so for how long), further extended but also amended (and if so for how long and how amended), or allowed to lapse.

5.3 Educational Qualifications & Age Limits for Young Trained Farmers

Educational Qualifications

In light of the opportunity presented by the review of the Young Trained Farmer relief, and on foot of a commitment made in last year's TSG Stamp Duty paper some further work has been undertaken in the Department, with the assistance of Revenue and officials in the Department of Agriculture, Food and the Marine (DAFM), on the process for listing the educational qualifications required to avail of a number of agri-tax reliefs.

In order to meet the educational criteria for qualified/trained farmer status for DAFM and Revenue, persons are required to hold an approved/ eligible qualification.

The reliefs involved, and the legislative provisions supporting them, are:

1. Stock relief for young trained farmers (section 667B of the Taxes Consolidation Act 1997)
2. Stock relief for registered farm partnerships (section 667C of the Taxes Consolidation Act 1997)
3. Succession Tax Credit (section 667D of the Taxes Consolidation Act 1997)
4. Agricultural (*Capital Acquisitions Tax*) Relief (Section 89 Capital Acquisition Taxes Act 2003)
5. Young trained farmer (*stamp duty*) relief (Section 81AA Stamp Duties Consolidation act 1999)

The lists of such qualifications are currently provided in Schedules 2, 2A and 2B of SDCA 1999, in the relevant sections of the other tax acts (Taxes Consolidation Act 1997 and the Capital Acquisitions Tax Consolidation Act 2003), or via cross-reference to other sections. However, they have not been updated in recent years, and have become outdated and inconsistent, and are difficult to find / access in the legislation.

The required qualifications are also listed in the Revenue Stamp Duty and Stock Relief tax and duty manuals. DAFM also maintain a list of approved qualifications associated with schemes for example Targeted Agricultural Modernisation Schemes (TAMS) and Young Farmer Schemes.

Qualifications which are approved for listing as eligible awards are required to have a predetermined minimum agricultural content.

In order for Higher Education & Training (HET) qualifications to be deemed eligible for inclusion on the Revenue and DAFM Young Trained Farmer Qualifications listing, the award must be a major award recognised on the National Framework of Qualifications (NFQ) and meet the minimum requirement of 70 European Credit Transfer and Accumulation System credits[29] (ECTS) of agricultural content. Further Education and Training (FET) awards are also required to meet the equivalent FE credits (nominally 140 FE credits).

[29] The European Credit Transfer and Accumulation System (ECTS) **is** a tool of the European Higher Education Area for making studies and courses more transparent. **I**t helps students to move between countries and to have their academic qualifications and study periods abroad recognised. ECTS allows credits taken at one higher education institution to be counted towards a qualification studied for at another.

Education institutions apply to Teagasc's Curriculum Development and Standards Unit (CDSU) to have awards approved. A panel led by Teagasc's CDSU reviews the application against established criteria, consulting with external persons as deemed appropriate.

The lists as currently set out in the legislation are administratively burdensome to keep up to date, and are, in practical terms, largely redundant at this time as they have not been updated for a number of years. We are therefore considering providing in Finance Bill 2021 for Teagasc to maintain a publically available list of such appropriate qualifications, including those no longer offered by the third-level institutions, with the current lists being removed from the legislation. As well as removing the need to provide in various pieces of legislation for what are often the same courses, such a new list would also be more easily and quickly updated, ensuring it captures new qualifications as they begin to be offered by the various third-level institutions.

This would also provide one comprehensive list in one readily accessible location covering the range of agricultural reliefs. It would therefore allow the holders of either current or no longer offered qualifications to ensure they are eligible for one, or more, of the reliefs concerned, and would also allow would-be applicants for courses to be secure in the knowledge that, if they achieve the resultant qualification, they will be eligible for a given tax relief or number of reliefs.

This matter will be considered by the Minister as part of the Finance Bill 2021 process.

Age Limits

The Department of Finance (with the cooperation of DAFM and Revenue) is also currently engaged in examining the age limits which apply to the same set of agricultural reliefs, as listed above under qualifications. This is largely due to their appropriateness and consistency (both amongst themselves and with EU equivalents) being raised by some Deputies during the passage of a number of recent Finance Acts.

Possible inconsistencies in the age limits currently applied have been noted in the age at which a person ceases to qualify as a "young trained farmer". For example, a person must be no older than 34 years of age (i.e. "*not attained the age of 35*") to be eligible for the stamp duty relief for young trained farmers, whereas for the Succession Tax Credit (section 667D(2)(b)(ii) of TCA 1997) a qualifying condition is that applicants, who do not qualify on other grounds, must be under 40 years of age in any year of assessment under the scheme This age limit of 40 is however reflective of the 5 year duration of such schemes, meaning the maximum age for claimants entering into such a scheme is also 34). For the Young Farmer Scheme element of EU's Basic Payment Scheme, you must be no more than 40 years of age at any time during the calendar year in which you first submit an application for it.

There may be valid policy reasons for the application of differing age limits to tax reliefs, grant schemes etc. targeted at the farming sector, such as a desire to design them in such a way as to offer the maximum encouragement to intergenerational farm transfers. It is also possible that some or all of the young trained farmer type tax reliefs would not be permitted under the EU's state aid rules if they were not subject to age limits, and so deemed to encourage and support the shared goal of facilitating and encouraging the intergenerational transfer of farms.

The views of the three main farming bodies (the IFA, the ICMSA and Macra na Feirme) have also been sought on this matter, and these will be set out, and examined as part of the Department's analysis of this issue for the purpose of making any resulting recommendation(s) to the Minister for Finance.

6. Other Stamp Duties

6.1 Stamp duty on the acquisition of shares

A stamp duty of 1% is payable on the acquisition of the stocks and marketable securities of Irish incorporated firms. It delivered a net €507 million in 2020, €384 million in 2019, €473 million in 2018 and €449 million in 2017.

The process for the collection of a considerable portion of this stamp duty has been impacted by Brexit, and this is covered in the TSG 2021 paper on Brexit Issues (Brexit Readiness - Taxation and Customs Issues) which is part of the set of papers which accompany this one.

6.2 Stamp on Credit & ATM Cards

Stamp Duty is levied on financial cards, charge cards and credit card accounts.

Table 8: The revenue generated 2016 - 2020 from the various types of cards - charge cards, ATM/Debit/Combined cards					
	ATM Only €m	Combined ATM/Debit €m	Credit/Charge €m	Debit Only €m	Total €m
2020	0.22	18.40	75.18	0.11	93.91
2019	0.46	17.01	37.21	0.00	54.68
2018	0.08	11.99	40.63	0.00	52.7
2017	0.29	9.72	29.72	0.00	39.73
2016	0.50	22.79	46.60	0.02	69.91

Source: Revenue

Rates

The rate for ATM only cards (also known as cash cards) is €0.12 per ATM withdrawal to a maximum of €2.50 per card per year (where a year is 1st January to 31st December).

The rate for combined cards (ATM & debit) is €0.12 per ATM withdrawal to a maximum of €2.50 per card where only the ATM function is used during the year.

The rate for both functions used in a year is €0.12 per ATM withdrawal to a maximum of €5.00 per card. There is no charge where only a card's debit function is used over the course of a year.

For credit cards, financial institutions are charged €30 stamp duty for each active card account on 1 April (except in 2020 – see below) each year under Part 9 of the Stamp Duty Consolidation Act 1999, which they pass on to their customers.

Covid-19 Response

In light of the emerging, and at that time still very uncertain, impact of the Covid-19 pandemic, in March 2020, the Minister announced that the collection of stamp duty from credit card accounts would be deferred from 1 April 2020 to 1 July 2020.

The deferral took effect, and the stamp duty on credit cards was charged to accounts on 1 July 2020. In 2021, the stamp duty timetable reverted to its pre-Covid position, with the stamp duty on credit cards being charged to accounts on 1 April 2021.

6.3 Bank Levy

Section 126AA of the Stamp Duties Consolidation Act 1999 imposes an annual levy totalling €150 million on certain financial institutions for each of the years to 2021 calculated on the basis of the amount of Deposit Interest Retention Tax (DIRT) paid by them in a defined base year.

The levy was originally intended to operate for only three years (2014, 2015 and 2016), however, in Budget 2016, the Minister for Finance announced that he intended to extend the levy for a further five years to 2021 so bringing in an additional €750M over this period.

The year 2015 was the base year for the levy due in the years 2017 and 2018, while the base year for 2019 and 2020 was 2017.

The base year for 2021 is 2019, and Finance Act 2020 provided for the appropriate percentage-rate of the DIRT paid by the institutions in the base year in order to ensure that the targeted €150 million yield is maintained under the levy for 2021. That rate, as set out is section 52 of Finance Act 2020 is 308%, whereas it started a 35% in 2014. That new rate, combined with the 2019 base year, is designed to preserve the existing contribution of €150 million paid each year by the affected financial institutions for 2021.

The Bank Levy, as currently provided for in the stamp duty legislation is due to expire this year. The due date for the last payment of the bank levy under the current legislation is no later than 20 October 2021.

This matter is currently being considered.

6.4 The Health Insurance Levy

The Health Insurance Levy is a stamp duty paid by health insurance companies to support the Risk Equalisation Fund (REF). It is charged as a fixed amount on each health insurance policy, with the amount paid dependent on the nature of the policy. The fixed amount can vary from year to year. The Levy operates in accordance with section 125A of SDCA 1999. The Health Insurance Levy has been paid into the Risk Equalisation Fund since 2013, and the REF received €752 million from Revenue in respect of the duty in 2019 and €771 in 2020.

In autumn each year the Department of Health receives an annual analysis of the market from the Health Insurance Authority (HIA), outlining, among other items, the Stamp Duty levies required to fund the level of risk equalisation for the following year, taking into account the changing demographic profile of those insured and other market developments. Following consultation with the Minister for Finance, the Minister for Health then proposes revised credits and makes a recommendation for the corresponding Stamp Duty levies to the Minister for Finance. The revised risk equalisation credits and Stamp Duty levies are enacted under health insurance legislation.

The annual Health Insurance (Amendment) Bill sets out the risk equalisation credits and Stamp Duty levy applicable for the following 12 month period, the most recent of which covered 1 April 2021 to 31 March 2022. The level of Stamp Duty to be applied to advanced and non-advanced products for adults and children is then calculated on that basis by the Health Insurance Authority (HIA).

For example, in 2020 the Minister for Health accepted the HIA's recommendation to leave the rates unchanged on those that had operated in the period 1 April 2020 to 31 March 2021.

Table 9: Current rates for HIA contracts effective 1 April 2021		
From 1 April 2021	**Non-advanced health insurance contracts**	**Advanced health insurance contracts**
17 and under	€52	€150
18 and over	€157	€449

The arrangements for the collection of the stamp duty remain under examination with a view to streamlining the process and correcting some minor anomalies that have become apparent over time.

6.5 Levies on insurance policies

The supplementary Budget in April 2009 introduced a new insurance levy at a rate of 1% on all life assurance premium income commencing with the quarter ending on 30 September 2009 (section 124B of SDCA 1999).

A Stamp Duty of 3% applies on the gross amount received by an insurer in respect of certain non-life insurance premiums (section 125 of SDCA 1999). The exceptions are reinsurance, voluntary health insurance, marine, aviation and transit insurance, export credit insurance and certain dental insurance contracts. The 3% rate of duty applies to premiums received on or after 1 June 2009 in respect of offers of insurance or notices of renewal of insurance issued by an insurer on or after 8 April 2009.

Table 10: Combined* Revenue Generated Under the Insurance Levies 2016-2020	
YEAR	**€m**
2020	171
2019	186
2018	166
2017	177
2016	157

*Non-Life Levy and Life Assurance Levy (Individual breakdown not currently available)

Neither of these levies is subject to a sunset clause, so they have not been formally reviewed since their introduction.

7. Other matters

Gender and Equality Implications

There are no specific gender or equality implications with regard to the stamp duty related matters covered in this paper.

Stamp duty applies, and all reliefs from it are available, to every taxpayer irrespective of gender, age, civil/family status, sexual orientation, religion, race/ethnicity (including to members of the Traveller Community) and level of physical and/or mental ability.

Requirements that apply to some reliefs such as those stipulating that one must fall within a certain age category, hold one of a list of educational qualifications or have been engaged in a certain profession for a minimum period of time in order to be eligible to benefit from them relief are not, as and of themselves, unnecessarily exclusionary or inequitable. These requirements seek to ensure that reliefs are targeted in order to best achieve the underlying policy objective and that the foregoing of revenue through the provision of reliefs is done in order to engender desirable outcomes.

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