General Scheme of Finance (Local Property Tax) (Amendment) Bill 2025

The General Scheme of Finance (Local Property Tax) (Amendment) Bill 2025 is proposed in order to provide a revised method of calculating Local Property Tax (LPT) liabilities in light of the upcoming revaluation of properties for LPT due to take place on 1 November 2025. The next valuation period will be for a period of five years and will commence in 2026.

In addition, a couple of minor, time-sensitive amendments to other tax legislation are included.

The Finance (Local Property Tax) (Amendment) Bill 2025 will provide for:

- A revised method for calculating liabilities on the basis of fairness;
- A number of technical amendments to LPT legislation;
- An amendment to the Value Added Tax Consolidation Act 2010;
- An amendment to section 817U, Taxes Consolidation Act 1997.

Finance (Local Property Tax) (Amendment) Bill 2025 – Heads of Bill

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Head 1

Short title, collective citation and commencement

To provide that:

(1) This Act may be cited as the Finance (Local Property Tax) (Amendment) Act 2025.

Explanatory Note:
This is a standard provision. Title may be revised.

Head 2

Interpretation

To provide that:

For the purposes of this Bill, the "Finance (Local Property Tax) Act 2012 (as amended)" is referred to as "the Principal Act".

Explanatory Note:

This is the standard 'interpretation' provision for a Bill.

Head 3
Amendments to Section 10D of the Principal Act (properties constructed using defective concrete blocks)

To provide that:

Section 10D applies to all properties which have been designated in scope by the Remediation of Dwellings Damaged by the Use of Defective Concrete Blocks Regulations 2023.

Explanatory Note:

Section 10D of the Principal Act provides for a 6-year exemption from LPT for certain properties that have been damaged by the use of defective concrete blocks in their construction.

The section currently refers to the Dwellings Damaged by the Use of Defective Concrete Blocks in Construction (Remediation) (Financial Assistance) Regulations 2020 (SI No 25 of 2020). Since the enactment of the Finance (Local Property Tax) (Amendment) Act 2021 however, the Regulations and the Scheme have been updated with the Remediation of Dwellings Damaged by the Use of Defective Concrete Blocks Regulations 2023 (SI No 347 of 2023).

As a result, section 10D currently only applies to properties in Donegal and Mayo, while the scheme has been extended to Clare, Limerick and Sligo.

This Head proposes to amend this provision to ensure that properties located in these additional counties that are eligible for the scheme are in addition eligible for the LPT exemption. Consideration is to be given as to how to "future-proof" this provision.

Head 4
Amendments to Part 4 of the Principal Act (Charging Provisions)

To provide that:

- Section 13 of the Principal Act is amended to include the year 2030 in the years for which 1 November 2025 is the valuation date; to specify 1 November 2030 as the next valuation date for the years 2031 to 2035; and to provide for 5-year valuation periods thereafter.
- Section 17 is amended to change the rates of LPT and to change the valuation bands to which these rates are applied.

Explanatory Note:

Section 13 specifies the valuation date and the range of years for which this date is to apply (subsection (2)). It also allows the valuation date to be changed by Ministerial Order (subsection (3)). Firstly, the amendment to this section proposes to include the year 2030 in the range of years for which 1 November 2025 is the valuation date. Secondly, it specifies 1 November 2030 as the next valuation date for the years 2031 to 2035. Finally, it proposes that thereafter, five year valuation cycles will apply.

Section 17 provides for the methodology for charging LPT. This comprises the use of a formula applying the tax rate to an amount that is the midpoint of a particular valuation band. Fixed charges of €90 and €225 apply in respect of Bands 1 and 2 respectively. In the case of properties valued at over €1.75 million, the actual value is used instead of valuation bands. The standard tax rate of 0.1029% is applied to the amount up to €1.05 million; a tax rate of 0.25% is applied to amounts between €1.05 million and €1.75 million, while a tax rate of 0.3% applies to the balance of amounts in excess of €1.75 million.

The proposed amendment to section 17 involves the substitution of a revised tax rate and the table containing the valuation bands with a series of wider bands. The changes to the charging provisions are summarized below:

- Widening of all bands by 20%, thereby increasing midpoint values on which band charges are calculated. The number of bands remains at 20.
- The base rate is changed to 0.0906%.
- Fixed charges are increased by a small amount. The Band 1 charge increases by €5 to €95, while the Band 2 charge increases by €10 to €235.
- The new threshold for the 0.25% rate is €1.26 m (commencing in Band 12), with the threshold for the 0.3% rate is €2.1 m.
- Properties over €2.1m continue to pay on actual value, under the following formula:
    - Initial €1.26m charged at 0.0906%
    - Subsequent €1.26m charged at 0.25%
    - Value over €2.1m charged at 0.3%

	Current Band Structure and charges		**New Band Structure and charges**	
	Band	*Charge*	*Band*	*Charge*
1	1 -200,000	90*	1-240,000	95*
2	200,000 -262,500	225*	240,001-315,000	235*
3	262,501 - 350,000	315	315,001-420,000	333
4	350,000 -437,500	405	420,001-525,000	428
5	437,501- 525,000	495	525,001-630,000	523
6	525,001-612,500	585	630,001-735,000	618
7	612,501 - 700,000	675	735,001-840,000	713
8	700,001- 787,500	765	840,001-945,000	808
9	787,501 – 875,000	855	945,001-1,050,000	903
10	875,001 – 962,500	945	1,050,001-1,155,000	998
11	962,501 – 1,050,000	1,035	1,115,001-1,260,001	1,094
12	1,050,001 – 1,137,500	1,189	1,260,001-1,365,001	1,272
13	1,137,501 – 1,225,000	1,408	1,365,001-1,470,001	1,535
14	1,225,001 – 1,312,000	1,627	1,470,001-1,575,001	1,797
15	1,312,501 – 1,400,000	1,846	1,575,001-1,680,001	2,060
16	1,400,001 – 1,487,500	2,064	1,680,001-1,785,001	2,322
17	1,487,501 – 1,575,000	2,283	1,785,001-1,890,001	2,585
18	1,575,001 – 1,662,500	2,502	1,890,001-1,995,001	2,847
19	1,662,501 – 1,750,000	2,721	1,995,001-2,100,000	3,110
	Rate = 0.1029% (*fixed charge in first and second bands)		Rate = 0.0906% (*fixed charge in first and second bands)	

Head 5

Amendment to section 20 of the Principal Act (Power of elected members of local authority to vary basic rates)

To provide:

In section 20(5) of the Principal Act, that:

- Local authorities may choose to vary LPT down from the base rate by a maximum of 15% (as is presently the case);
- Local authorities may choose to vary LPT up from the base rate by a maximum of 25%.

Explanatory Note:

Section 20 of the Finance (Local Property Tax) Act 2012 provides that local authorities may adjust the LPT collected in their areas up or down by a factor of 15% (i.e. the Local Adjustment Factor or LAF).

This Head proposes to alter section 20 such that local authorities may vary LPT upwards by an increased rate of 25% with effect from the 2026 LPT year. The rate that LPT may be varied downwards is to remain at 15%.

The purpose of this amendment is to give local authorities greater flexibility in relation to the LPT yield for their respective areas.

Head 6

Amendment to Section 39 of the Principal Act (Particulars to be included in a return)

To provide that:

In section 39 of Finance (Local Property Tax) Act 2012, that an Eircode is included as a particular to be included in a return.

Explanatory Note:

Section 39 provides for the items that can be included in a return. This includes the following information:

(*a*) the property's address,

(*b*) its chargeable value,

(*c*) its unique LPT identification number as assigned by Revenue,

(*d*) the name of the liable person,

(*e*) the name of the liable person's spouse or civil partner, as the case may be,

(*f*) the liable person's PPSN or, in the case of a company, that company's tax reference number,

(*g*) the liable person's address for correspondence,

(*h*) the name of the local authority in whose functional area the property is situated, and

(*i*) any other particulars that may be indicated in the return as being required for the purposes of determining a person's liability to local property tax.

This Head proposes to amend this list to include the property's Eircode as a required particular for the purpose of the return. At present, the return includes a field for the Eircode but it is not mandatory. Mandatory reporting of Eircodes in LPT returns could be used to facilitate better and more accurate matching of properties. Furthermore, it would assist in eliminating errors such as written correspondence issuing to the wrong property or liable person as a result of identical or similar addresses.

This Head is subject to engagement with and approval by the Data Protection Commission.

Head 7

Amendments to Part 12 of the Principal Act (Deferred Payment of Local Property Tax)

To provide that:

Section 132 of the Finance (Local Property Tax) Act 2012 is amended:

- In subsections (1) and (2), to increase the annual income thresholds below which a liable person can opt to defer the payment of LPT for both single people (increase from €18,000 to €25,000) and for married and co-habiting couples (increase from €30,000 to €40,000).
- The annual thresholds for a partial 50% deferral are also increased in subsection (3) - from €30,000 to €40,000 and from €42,000 to €55,000, respectively.

Explanatory Note:

Full or partial deferral of LPT is available to property owners subject to meeting specified conditions. Deferred LPT remains payable at a later date (e.g. on sale or transfer of a property), and interest accrues on the unpaid amount for as long as it is outstanding. The interest rate is 3% per annum as of 1 January 2022.

Full deferral of LPT means 100% of the LPT is unpaid. Partial deferral requires 50% payment of the property's charge, with the remaining balance unpaid.

Section 132 sets out the thresholds for deferral on the basis of gross income, as follows:

Liable person (owner-occupiers only)	To qualify for a full deferral gross income should not exceed	To qualify for a partial (50%) deferral gross income should not exceed
Single or widowed person	€18,000	€30,000
Couple	€30,000	€42,000

Section 133 refers to the thresholds for deferral in section 132 and prescribes criteria for mortgage-adjusted gross income deferral, as follows:

Liable person (owner-occupiers only)	To qualify for a full deferral gross income should not exceed	To qualify for a partial (50%) deferral gross income should not exceed
Single or widowed person	€18,000 + 80% of expected gross mortgage interest payments	€30,000 + 80% of expected gross mortgage interest payments
Couple	€30,000 + 80% of expected gross mortgage interest payments	€42,000 + 80% of expected gross mortgage interest payments

11,936 deferrals were claimed in respect of the LPT year 2024. Most property owners availing of deferral did so on the basis of their gross income being lower than the relevant thresholds. Deferrals for 2024 represent a cost of €2.9 million, which remains payable in future.

The 2019 Interdepartmental Review of LPT recommended that income thresholds for LPT deferrals be reviewed regularly with reference to:

(i) movements in the Consumer Price Index (CPI);

(ii) wage growth in the economy;

(iii) changes in fixed income payments by the State.

An analysis of these factors was conducted, identifying high inflation and significant increases to wages and State payments in the period 1 January 2022 to 1 January 2025. In summary:

- CPI rose by 14.4%;
- the national minimum wage increased by 29%;
- average annual wages grew by 13%;
- the personal rate of the state contributory pension increased 14%, while the rate for the state contributory pension with qualifying adult over 66 increased by 29%.

Taking these findings into account, it is proposed to increase the income thresholds for deferral by between 30 and 40% depending on their individual circumstances. A similar adjustment was made in the Finance (Local Property Tax)(Amendment) Act 2021. It is not proposed to make any change to the 80% mortgage interest provision in respect of mortgage-adjusted gross income deferrals.

<table>
<tr><th>Category</th><th>2021</th><th>Proposed new threshold</th></tr>
<tr><td>Single or widower (full deferral)</td><td>€18,000</td><td>€25,000</td></tr>
<tr><td>Couple (full deferral)</td><td rowspan="2">€30,000</td><td rowspan="2">€40,000</td></tr>
<tr><td>Single or widower (partial deferral)</td></tr>
<tr><td>Couple (partial deferral)</td><td>€42,000</td><td>€55,000</td></tr>
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Head 8
Amendment of Value-Added Tax Consolidation Act 2010

To provide for amendments to the Value-Added Tax Consolidation Act 2010 which are anticipated to be proposed for approval by Government on 1 April.

Head 9
Amendment to section 817U of Taxes Consolidation Act 1997

To provide that:

Section 817U of Chapter 5, Part 33 of the Taxes Consolidation Act 1997 (outbound payments defensive measures) is amended to update the definition of associated entities to capture entities that are associated with the same individual or connected individuals, and to ensure the legislation operates as intended.

Explanatory Note:

This Head proposes to update the definition of associated entities in Chapter 5 of Part 33 of the TCA 1997, which deals with outbound payments defensive measures, to capture entities that are associated with the same individual or connected individuals. The amendment is being included in the LPT Bill 2025 rather than Finance Bill 2025 because it needs to be completed as soon as possible to fully complete a tax related milestone in Ireland's National Recovery and Resilience Plan (NRRP) ahead of expected funding drawdowns from the EU Recovery and Resilience Facility this year.