Local Property Tax

LPT

Guidelines for the Sale or Transfer of Ownership of a Relevant Residential Property

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

November 2013

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Sale of a relevant residential property

1. INTRODUCTION

Unless it is outside the scope of the local property tax (LPT) charge or is exempt from the charge, a residential property that is sold after 1 May 2013 was chargeable to LPT in respect of that liability date. Properties that are outside the scope of LPT and in respect of which Revenue does not issue a LPT return form are not included in the clearance procedures described in this note.

This note describes the implications of the sale of a property for both the vendor and the purchaser. These can be summarised as follows:

What a vendor should do before completion of a sale

A vendor should

- Submit all outstanding LPT returns,
- Pay all outstanding tax, interest and penalties,
- Self-correct any return where there has been an under-declaration of value,
- Provide the purchaser with such information about the tax arising on the previous valuation date (including the chargeable value adopted and the basis for it, details of any exemption claimed, details of any Revenue estimate or assessment) as is relevant to the purchaser.
- Ascertain if the agreed sales price comes within **any** of the conditions in sections 4.2.1 to 4.2.3 below and, if not, whether a specific Revenue clearance is required in relation to any potential under-declared liability.

What a purchaser should do before completion of a sale

A purchaser should

- Obtain any relevant information from the vendor,
- Confirm that there is no outstanding tax, interest or penalties in relation to the property,
- Where the property is sold within a valuation period, consider whether the valuation declared by the vendor in relation to the preceding valuation date appears to have been reasonably and honestly made. If not, the purchaser's own estimate of the property's valuation should be used at the following liability date,
- Ascertain from the vendor if the agreed sales price comes within **any** of the conditions in sections 4.2.1 to 4.2.3 below and, if not, whether a formal Revenue clearance has been obtained in relation to any potential under-declared liability.

Revenue has consulted with the Law Society in relation to potential difficulties that might be caused for conveyancing by any lack of certainty at the closing of a sale as to whether a charge on the property exists in relation to LPT. This note addresses these difficulties and sets out in sections 3 and 4.2 below the circumstances in which the parties to a sale can be satisfied that no charge exists. Revenue will not issue clearance where these circumstances apply.

Where the conditions set out in section 4.2 below are not met, Revenue will provide a specific written clearance, in addition to the standard online clearance facility described in section 3 below, at the time of a sale. It is envisaged that this specific clearance should only be required in exceptional circumstances. Unnecessary recourse to the specific clearance procedure may result in significant delay.

The provision of clearance is intended to facilitate purchasers in acquiring clean title to a property. While Revenue may agree that there will not be a charge on a property following a sale in certain circumstances by granting specific written clearance, it will, nevertheless, reserve the right to pursue a vendor for pre-sale liabilities where clearance has been obtained on the basis of false information or inadequate disclosure of the relevant facts.

The procedures described in sections 2.4 and 4 below relate to the first valuation date 1 May 2013. They come into operation on 19 August 2013. They will operate on a trial basis up to the end of 2014 and will be reviewed at that stage.

While it is primarily concerned with sales, some parts of the note also cover changes of ownership that take place by, for example, gifts and inheritances. Therefore, where relevant, references to sales in this note should be read as including all other changes of ownership and references to vendors and purchasers as including previous and new owners, respectively. However, the type of Revenue clearance described in section 4 below only applies in the case of sales.

2. PROPERTY SOLD WITHIN A VALUATION PERIOD

2.1 Continuation of valuation until following valuation date

The usual valuation rule is that the chargeable value that applies in relation to a valuation date continues to apply until the following valuation date. Thus, the chargeable value at 1 May 2013 covers the period up to 31 October 2016 and the chargeable value at 1 November 2016 covers the period up to 31 October 2019. Subject to one exception dealt with in section 2.2. below, this rule applies even where there is a sale during the valuation period.

As the value declared for the preceding valuation date applies for LPT purposes until the next valuation date, a vendor is required to provide a purchaser with details of the chargeable value/valuation band that he or she declared in relation to the immediately preceding valuation date. This valuation is the relevant valuation for the next liability date, subject to the situation in section 2.2 below and to the vendor considering whether the valuation was honest and reasonable (see section 2.4 below).

2.1.1 Example

A vendor values a property for LPT purposes on 1 May 2013 in the €250,001-€300,000 band (Band 5), and sells it for €305,000 in July 2014. The Valuation Band for the liability dates 1 November 2014 and 1 November 2015, on which the liability for 2015 and 2016 is based will also be Band 5. If the property had been sold on 10 July 2014 for €240,000 the Valuation Band for 2015 and 2016 would still be Band 5.

2.2. Sales of exempt property

Subject to one exception, there are no immediate implications arising from a sale of a property that was not a relevant residential property on the valuation date preceding a sale. Such a property is not potentially taxable until the following valuation date. The exception relates to the purchase of a property from a vendor who purchased the property in 2013 and who qualified for the 'first-time buyer' exemption provided for in section 8 of the Finance (Local Property Tax) Act 2012 (as amended) in respect of the years 2013 to 2016 inclusive. Although the intention was to restrict this exemption to first-time buyers of second-hand properties, it actually applies to **anybody** who purchases such a property during 2013 and occupies the property as a sole or main residence. This exemption does not carry through to a subsequent purchaser. Thus, a property acquired after 1 May 2013 and before 1 November 2013, 1 November 2014 or 1 November 2015, as the case may be, from a person who qualified for relief under section 8 will become taxable in respect of subsequent liability dates in the first valuation period.

2.2.1 Example

A person qualifying for relief under section 8 of the Finance (Local Property Tax) Act 2012 (as amended) purchased a second-hand property for €195,000 in March 2013. The house is sold again in April 2014 for €203,000. The purchaser in April 2014 is taxable in respect of 2015 and 2016. In accordance with the usual valuation rule, the chargeable value at 1 May 2013 continues to be the chargeable value until the following valuation date of 1 November 2016. The purchaser should, therefore, make a return based on Band 3, i.e. €150,001 - €200,000. (This band would also meet the 'reasonableness' test discussed in section 2.3 below)

2.3 Purchaser's responsibilities

Before adopting a vendor's valuation in the manner described in section 2.1 above, a purchaser is required to form a view on whether that chargeable value is one that could reasonably have been arrived at. Where the vendor self-corrects in accordance with section 2.4 below, it is the revised chargeable value that must be considered by the purchaser. To assist the purchaser to make this judgement, the vendor is required to provide the purchaser with any relevant information or documentation in the knowledge or possession of the vendor in relation to the valuation of the property on the **immediately preceding valuation date**. This information includes the chargeable value/valuation band included in a return. (See section 5 below in relation to the implications of not providing the required information to a purchaser).

The agreed selling price when compared with the chargeable value that was declared, along with whatever information may be provided by the vendor in relation to his or her determination of that chargeable value, should indicate to the purchaser whether that chargeable value was too low.

Essentially, if a person values a property for LPT purposes and subsequently puts it on the market before the following valuation date at a considerably higher value, a purchaser needs to ask if the LPT valuation was reasonable considering the vendor's asking price.

Where a purchaser forms the view that the chargeable value that was declared by a vendor was too low, he or she is required to submit a revised chargeable value in relation to the liability date following a sale. Where a purchaser forms the view that the property had not been under-valued, he or she can continue to rely on the vendor's valuation until the next valuation date without submitting a revised return. (See section 5 below in relation to the implications of not submitting a revised chargeable value where this is required).

It is important that purchasers do not interpret the legislation as requiring them, in all cases, to make their own valuation of the property at the previous valuation date, and with the benefit of hindsight. The requirement is to decide whether or not a vendor could have reasonably arrived at the chargeable value/valuation band that was returned in respect of that date. A chargeable value/valuation band that was adopted by the vendor to the best of that person's knowledge and belief may also be adopted by the purchaser for the reminder of the valuation period, notwithstanding the fact that subsequent events may cast doubt on the valuation.

For properties with a chargeable value of €1,000,000 or less, Revenue is precluded from seeking to displace a self-assessment which has been honestly made in accordance with Revenue's published valuation guidance. This recognises that there are inherent uncertainties in valuation and that taxpayers ought not to be penalised where a valuation made to the best of a person's knowledge and belief turns out to be too low. Purchasers should have regard to Revenue's published valuation guidance in deciding whether a revised valuation is needed. This guidance is included at Annex 1 to this note.

For properties with a chargeable value in excess of €1,000,000, it may prove less easy to determine whether the chargeable value declared by the purchaser could have been reasonably arrived at. The best evidence in these circumstances is a valuation report by a professional valuer, setting out the value and how it was arrived at. If the vendor had obtained such a report in advance of the previous valuation date, the purchaser may also rely on that report. Alternatively, in cases where there is a significant gap between the chargeable value declared and the sales price which cannot be explained by, for example, movements in relevant property prices generally or improvements that have increased the value of the property, a purchaser may wish to get a professional opinion of the value at the preceding valuation date.

2.3.1 Return to be filed by purchaser

In strictness, a purchaser who decides that a revised chargeable value is warranted does not have to file a return containing the revised chargeable value until the return filing date following the sale. However, Revenue will facilitate early filing to enable the submission of a revised chargeable value to become part of the conveyancing process. It is possible for a solicitor acting for the purchaser to prepare and file a return on the purchaser's behalf. The Form LPT4 should be used for this purpose. This form is available in the LPT section of the website under the heading "Sale/transfer of ownership of residential properties".

2.3.2 Examples

The following examples illustrate how Revenue expects purchasers to form an opinion on whether the valuation used by the vendor is one that could not reasonably have been arrived at.

2.3.2.1 A vendor values a property for LPT purposes on 1 May 2013 in the €100,001-€150,000 band, puts it on the market for €320,000 in January 2014 and sells it for €305,000 in March 2014. The vendor has not provided any information or documentation that would explain the reason for the apparently low valuation at 1 May 2013. As the purchaser is not aware of any valid reason for such an increase in market value, he or she should submit a LPT Return form in respect of the liability date 1 November 2014 showing a revised valuation band for the property at 1 May 2013 values. This should be informed by the price paid for the property, adjusted to reflect any changes in prices generally in the locality between 1 May 2013 and the date of sale and any other special factors affecting the value of the property in the meantime. Thus, if prices generally had risen by, say, 5%, the purchaser should value the property in Band 5 - €250,001 - €300,000 for the November 2014 return.

2.3.2.2 A vendor values a property on 1 May 2013 in the €100,001- €150,000 band and sells it in March 2014 for €160,000. Following the opening of a new school nearby, there has been a general increase in property prices in the area of about 10%. In these circumstances, a purchaser might reasonably form the view that the property had not been under-valued and no revised valuation is needed.

2.3.2.3 A vendor values a property for LPT purposes on 1 May 2013 in the €100,001-€150,000 band, puts it on the market for €210,000 in July 2014 and sells it for €195,000 in September 2014. The vendor produces information showing that two similar houses in the area had been sold in March 2013 and April 2013 for €140,000 and €145,000. Property prices generally have risen in the area by 10%. While the difference between the valuation and the sales price cannot be explained by rising prices generally, a purchaser could form the view that the vendor could reasonably have arrived at the conclusion that the chargeable value on 1 May 2013 fell in the €100,000 - €150,000 band, given the information available about sales of comparable properties at that date. No revised valuation is needed.

2.3.2.4 A vendor values a property for LPT purposes on 1 May 2013 in the €100,001-€150,000 band, puts it on the market for €215,000 in February 2015 and sells it for €205,000 in September 2015. The vendor produces evidence that significant expenditure had been incurred on the property after the 1 May 2013 valuation date which significantly enhanced its value. The purchaser could conclude that this explained the gap between the chargeable value at 1 May 2013 and the sales price.

2.4 Self-correction by a vendor

A vendor needs to consider if the valuation band/chargeable value declared in relation to the preceding valuation date was honest and reasonable having regard to the particular property, the market for that type of property at the valuation date and any objective evidence such as details from the Residential Property Price Register. If, on reflection, and having regard to the asking price/agreed sale price, the vendor considers that the valuation band/chargeable value declared was wrong, was not supported by objective evidence and was not carried out in line with Revenue's published valuation guidance (see Annex 1 to this note), the vendor needs to consider his or her position. The best way to safeguard the position is to make a self-correction by submitting a revised LPT return for the property and paying the additional liability.

Any revised valuation band/chargeable value displaces the previous valuation band/chargeable value. In relation to the Revenue clearance described in section 4 below, where a vendor self-corrects to an honest and reasonable valuation in line with Revenue's published guidance, it is the revised valuation band/chargeable value that is taken into account in determining whether the valuation band/chargeable value comes within any of the general clearance conditions specified in sections 4.2.1, 4.2.2 and 4.2.3 below.

3. UNPAID 'CRYSTALLISED' LIABILITIES AND REVENUE CLEARANCE

3.1 LPT liabilities unpaid at date of sale

Before the sale of a property is completed, a vendor is required to pay up-front any unpaid LPT due in respect of a liability date falling before the date of sale, even if, in the ordinary course of events, such liability would not yet be payable. The liability that has 'crystallised' at this stage comprises unpaid LPT, accrued interest and any penalty amount that has been imposed in relation to a vendor's self-assessment or a Revenue assessment. In addition, all outstanding returns must be filed. Any outstanding 'crystallised' liability that is not paid by a vendor before the completion of a sale is a charge on the property.

Where the Household Charge for 2012 has not been paid or has been part paid prior to 1 July 2013 the arrears amount (including late payment penalties) has now been increased to €200 and is included as part of the LPT liability in respect of the property. In effect, the arrears of the Household Charge become an LPT charge and so become part of the outstanding 'crystallised' liability. In addition, from 1 July 2013 these arrears are being collected by Revenue.

Property owners can pay the €200 arrears by accessing Revenue’s online system at www.revenue.ie using their PPSN/Tax Registration Number, Property ID and PIN or by cheque/ postal order which should be sent to Local Property Tax Branch, Revenue Commissioners PO Box 1, Limerick. Property owners should confirm that the payment is for Household Charge arrears and put their Property ID on the back of the cheque/postal order. Property owners can also be facilitated by calling the LPT Helpline 1890 200 255 and paying by debit or credit card.

Certificates of Discharge/Exemption/Waiver or confirmation of payment of the Household Charge prior to 1 July 2013 are obtained by contacting the Household Charge Support Centre, PO BOX 12168, Dublin 1 or LoCall 1890 357357 or 01 485 3695.

3.2 Revenue clearance for unpaid liabilities at date of sale

To facilitate certification of title, Revenue gives clearance by confirming the LPT position at the date of a sale to a vendor, or a person acting on his or her behalf. Revenue does this by making the relevant information available online and free of charge at www . revenue. ie. Guidance on how to use the online clearance facility can be found in the LPT section of the website under the heading “Sale/transfer of ownership of residential properties”. Revenue will not give any written confirmation other than as outlined in section 4.2 below.

A vendor, or a person acting on his or her behalf, can access the online property history screen if he or she has the unique Property ID, the vendor’s PPSN and a Property Access Number [PAN] that is generated as part of the online access process. Revenue is precluded by data protection legislation from providing details of a person’s LPT liability to a third party. However, a vendor, if he or she chooses to do so, may allow a third party such as a purchaser or a solicitor to access his or her LPT record by passing on these three access numbers. Solicitors and other agents who want to access the online history screen and who are registered for ROS should log in to ROS using a ROS digital cert.

The information available on the property history screen contains a summary report of each year of the LPT liability, the amount paid, any balance outstanding and any interest or penalty that has been imposed. Where a return has been submitted, the screen displays the self-assessed valuation band/chargeable value. Where a return is outstanding, the screen displays the Revenue estimate. In relation to the amount paid and the balance due, where LPT is being paid through deduction at source from salaries/wages or from an occupational pension, the screen may not reflect the current position if the deductions have not yet been remitted to Revenue by an employer or an occupational pension provider. In such circumstances, the amount of the LPT deductions should be validated from the liable person’s payslips.

Clearance can only be assumed where the record for the property shows that a LPT return was filed for all years for which a return was required and the tax paid as well as any interest and penalties on record. Payment of the Revenue estimate amount is not sufficient.

Properties that are outside the scope of LPT and in respect of which Revenue does not issue a LPT return form are not covered by the online clearance facility.

4. 'UNCRYSTALLISED' LIABILITIES AND REVENUE CLEARANCE

4.1 'Uncrystallised' liabilities at date of sale

There may be a potential liability at the date of sale that has not yet 'crystallised' where a vendor has under-declared the chargeable value when making his or her self-assessment. Such a liability may come to light as a result of Revenue's ongoing compliance activity but possibly not until after a sale. Any 'uncrystallised' liability is a charge on the property unless a purchaser submits a revised chargeable value as described in section 2.3 above.

4.2 Revenue clearance for potential 'uncrystallised' liabilities at date of sale

Revenue does not have a charge on a property in respect of liabilities that crystallise only after a property is sold, where a purchaser submits a revised chargeable value as described in section 2.3 above. However, lack of certainty on this point could cause problems for the conveyancing process in that solicitors may be unable to confirm a 'clean' title to the property at the date of sale.

A system that requires Revenue to specifically clear every sale is neither necessary nor desirable. It should be very clear to the purchaser, in most cases, if the appropriate valuation band/chargeable value was used by the vendor. It would also have resource implications for Revenue, would inevitably delay many transactions and could result in increased costs for the parties to the transaction.

Where **any** of the conditions in sections 4.2.1 to 4.2.3 below are met, Revenue accepts that there is no charge on a property in respect of 'uncrystallised' liabilities. **This means that where at least one of these conditions applies at the date of sale, a purchaser can be assured that Revenue will accept that there is no charge on a property following a sale where it establishes after the sale that a vendor had under-declared his or her LPT liability before that sale.**

This clearance is for the benefit of the purchaser. Notwithstanding that Revenue will accept that there is no charge on a property, it will pursue a vendor in relation to any liability that is attributable to a pre-sale under-declaration.

General clearance is offered on the basis that a party to a sale of a property will accept it without referring the matter to Revenue. **Revenue will only provide the specific clearance described in section 4.3 below where the conditions in sections 4.2.1 to 4.2.3 are not met but it is otherwise satisfied that a charge is not warranted.**

4.2.1 General clearance condition 1– allowable valuation margin

The condition in this section relates to the allowable margin by which the sales price of a property exceeds the valuation band/chargeable value that was declared for the property in relation to the 1 May 2013 valuation date.

Condition 1: The sales price must not exceed the upper limit of the valuation band/chargeable value or that, when it does, that any such excess must be within the allowable margin.

The allowable margins are:

- In the case of the first five valuation bands (i.e. up to €300,000), where the sales price falls into the valuation band immediately succeeding the band that was declared,
- In the case of the remaining fourteen valuation bands, where the sales price is not more than 15% higher than the upper limit of the band that was declared, and
- In the case of properties whose declared chargeable value exceeded €1,000,000, where the sales price is not more than 15% higher than that chargeable value.

Examples

4.2.1.1 A property that was valued in the €300,001 to €350,000 band sells for up to €402,500 (or any price less than €300,001). General clearance applies.

4.2.1.2 A property that was valued in the €150,001 to €200,000 band sells for up to €250,000. General clearance applies. If the property sells for €255,000, general clearance does not apply.

4.2.1.3 A property that was valued in the €350,001 to €400,000 band sells for up to €460,000. General clearance applies. If the property sells for €470,000, general clearance does not apply.

4.2.1.4 A property that was valued in the €950,001 to €1,000,000 band sells for up to €1,150,000. General clearance applies. If the property sells for €1,250,000, general clearance does not apply.

4.2.1.5 A property that was valued at €1,200,000 sells for up to €1,380,000. General clearance applies. If the property sells for €1,500,000, general clearance does not apply.

4.2.2 General clearance condition 2 – expenditure on enhancements to a property

The second condition relates to whether or not a vendor has enhanced the value of his or her property since the 1 May 2013 valuation date by carrying out construction/refurbishment work.

Condition 2: The sales price must not exceed the upper limit of the valuation band/chargeable value or that, when it does, that any such excess must be within the specified margin set out in Condition 1, adjusted by the amount of any verifiable expenditure on refurbishment or improvement incurred since 1 May 2013, i.e. the amount by which the sales price exceeds the upper limit must be less than the aggregate of the specified margin and the enhancement expenditure.

For the condition to apply, the vendor must be in a position to make available (if requested by Revenue) receipts verifying the type of work undertaken and the cost of the work done.

Examples

4.2.2.1 A property that was valued in the €150,001 to €200,000 band sells for €295,000. General clearance rule 1 allows for a sales price in the next band €200,001 to €250,000. However, after the valuation date the vendor incurred (verifiable) refurbishment expenditure of €60,000. General clearance applies because the gap between the upper limit of €250,000 and the sales price does not exceed the refurbishment expenditure. If the property sells for €325,000, general clearance does not apply.

4.2.2.2 A property that was valued in the €350,001 to €400,000 band sells for €560,000. General clearance rule 1 allows for a sales price of up to 15% more than €400,000 (i.e. €460,000). However, after the valuation date the vendor incurred (verifiable) refurbishment expenditure of €120,000. General clearance applies because the gap between the upper limit of €460,000 and the sales price does not exceed the refurbishment expenditure. If the property sells for €600,000, general clearance does not apply.

4.2.2.3 A property that was valued in the €950,001 to €1,000,000 band sells for €1,300,000. General clearance rule 1 allows for a sales price of up to 15% more than €1,000,000 (i.e. €1,150,000). However, after the valuation date the vendor incurred (verifiable) refurbishment expenditure of €200,000. General clearance applies because the gap between the upper limit of €1,150,000 and the sales price does not exceed the refurbishment expenditure. If the property sells for €1,400,000, general clearance does not apply.

4.2.2.4 A property that was valued at €1,200,000 sells for €1,600,000. General clearance rule 1 allows for a sales price of up to 15% more than €1,200,000 (i.e. €1,380,000). However, after the valuation date the vendor incurred (verifiable) refurbishment expenditure of €300,000. General clearance applies. If the property sells for €1,700,000, general clearance does not apply.

4.2.3 General clearance condition 3 – sales of comparable properties

The final condition relates to whether or not a vendor based his or her chargeable value on the known and verifiable sales prices of comparable properties in the area.

Condition 3: The upper limit of the vendor's declared valuation band must be at least the Revenue's guidance valuation band[1] and the vendor must have evidence of at least one comparable property sold within the period of six months prior to 1 May 2013.

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[1] An online interactive guide providing indicative property values is available on www . revenue . ie. This provides a guide to average market values of properties in a given electoral district and offers an indicative valuation band for properties depending on type, age and location. It does not provide market values for individual properties.

For the purposes of applying this rule, two properties are comparable if they:

- are located in the same electoral district (can be confirmed by Revenue's online interactive guide[2]),
- are the same type of property, i.e. apartment/flat, bungalow, detached, semi-detached or terraced,
- contain the same number of bedrooms, and
- are in a similar state of repair/condition.

In relation to being in a similar state of repair/condition, the objective test to be applied is that both properties must have been marketed as being in a similar state of repair/condition. This can be determined by comparing any marketing literature. For example, a continuum of state of repair/condition in 'auctioneer' terminology might be:

- In need of complete refurbishment and modernisation,
- Having great potential
- In need of some renovation,
- Ready for immediate occupation/turn-key condition,
- Recently refurbished and modernised throughout, and
- In excellent condition.

For the purposes of this test, the first three descriptions can be taken as representing a similar state of repair as can the latter three.

4.2.3.1 Example

A property that was valued in the €250,001 to €300,000 band sells for €460,000. The property is a terraced house in the Botanic B electoral district. This valuation band is in line with the Revenue online valuation guidance (heat map) which also puts the average value for such a property in the €250,001 to €300,000 band. A similar property was sold in January 2013 for €295,000. It was marketed by the auctioneer as having 3 bedrooms and needing modernisation. This is a similar condition to the vendor's property which also has 3 bedrooms and was marketed as needing renovation. Based on the sales price of a comparable property, general clearance applies.

4.3 Provision of specific Revenue clearance

Revenue will consider specific written clearance on request from a vendor where the conditions in sections 4.2.1 to 4.2.3 above are not met but the vendor, nevertheless, claims that the valuation at the 1 May 2013 valuation date was made in good faith.

This clearance will be separate to the standard online clearance described in section 3.2 above in relation to crystallised LPT liabilities at the date of sale. It will relate solely to potential 'uncrystallised' liabilities arising after a property is sold. Revenue will examine

[2] As for footnote no. 1.

the valuation band/chargeable value that was declared in relation to the 1 May 2013 valuation date. Where it is satisfied that this was reasonable, it will confirm that there will not be a charge on the property following its sale. Alternatively, where it is not satisfied that the valuation band/chargeable value that was declared was reasonable, it will not provide clearance but will, instead, make a Revenue assessment on the vendor. The effect of making an assessment is to crystallise the liability so that it becomes part of the standard online clearance process and should be dealt with accordingly by the vendor and purchaser.

The conditions to be met before Revenue clearance is given are that:

- There must be an actual sale taking place,
- The sales price must have been agreed,
- The vendor must not have self-corrected in accordance with section 2.4 above,
- The sales price must not come within any of the conditions described in sections 4.2.1 to 4.2.3 above,
- The request for clearance must be made in the specified (electronic) format and any supporting documentation must be included with the request,
- Revenue is satisfied that the valuation band/chargeable value declared by a vendor in relation to the 1 May 2013 valuation date was reasonable.

The following supporting documentation is required:

- A professional valuation (if one was obtained in relation to the immediately preceding valuation date),
- Information on actual selling prices obtained from the Property Services Regulatory Authority at www.propertypriceregister.ie,
- Information on the movement in house prices obtained from the Central Statistics Office at cso.ie **and** from daft.ie and myhome.ie,
- Photographs of the property that are certified as genuine by the vendor,
- The geographic coordinates of the property for use with Google Earth, and
- Any other information that the vendor considers to be relevant.

See section 5 in relation to the implications of making a false statement to Revenue.

Revenue will do its best to ensure that clearances are issued within four weeks of the receipt of a request. However, this timeframe will depend to a large extent on the quality of the information provided by a vendor/solicitor. Where this timeframe is not met, a requester should not assume that Revenue is satisfied with the valuation band/chargeable value that was declared by a vendor.

As with the standard online clearance process, the unique Property ID, the vendor's PPSN and a personal access number (provided by Revenue to the vendor) will be required when a request is being made. It is up to the vendor or the vendor's solicitor to circulate the clearance to interested parties as they see fit.

The request must be made in the specified format by secure email[3] with any supporting documents to be attached as a pdf file. The template for this specified format is included at Annex 2 to this note.

Requests in respect of sales where the sales price comes within one of the conditions in sections 4.2.1 to 4.2.3 above will not be dealt with by Revenue as clearance in such cases is to be taken on a self-assessment basis.

5. IMPLICATIONS OF NON-COMPLIANCE

A €500 fixed penalty may be imposed on a vendor who does not provide information to a purchaser about the chargeable value that he or she has declared to Revenue.

A vendor could also be liable to a separate penalty of the amount of the additional LPT that is payable for making a false statement to obtain a reduction in the LPT payable.

A purchaser could be liable to a penalty for failure to submit a revised chargeable value where it appears to him or her that the value that was declared to Revenue by the vendor could not reasonably have been arrived at. This penalty would be the amount of the additional tax payable as a result of the correct value being declared, subject to a maximum penalty of €3,000.

[3] To use Revenue's secure email requires pre-registration.

ANNEX 1

Revenue Valuation Guidance

The following is an extract from Revenue's guide to local property tax that was issued to liable persons with the LPT1 return form and Notice of Estimate. The guide is also available at www . revenue .ie

"10. How do I value my property?

As LPT is a self-assessed tax, you are obliged to determine the market value of any property for which you are the liable person. The market value of your property on 1 May 2013 will form the basis of the calculation of the tax for 2013, 2014, 2015 and 2016 and will not be affected by any repairs or improvements made to your property, or any general increase in property prices, during this period. Any increase in the value of a property arising from expenditure on adaptations to make it more suitable for a disabled person will not be taken into account where the adaptations have been grant-aided under a local authority scheme. See www.revenue.ie for details on how to apply this adjustment.

The following may assist you in valuing your property:

● Property valuation guidance is available on www.revenue.ie which includes an on-line guide that provides indicative property values. If you do not have internet access, terminals are available at Revenue Information Offices and local libraries. You can also contact the Citizens Information Service for assistance: Phone Service: 0761 07 4000, Monday to Friday, 9am - 8pm or in person by calling to a Citizens Information Service near you. The valuation guidance is based on:

- The type of property e.g. detached, semi-detached, apartment etc.
- The age of the property e.g. built before the year 2000 or after.
- The average price of the type of property for the general area.

If your property has certain unique features, is smaller or larger than the average for your area, is in a significantly poor state of repair or has exceptional features, you will have to factor this into your assessment of the valuation of your property.

● The Residential Property Price Register at www.propertypriceregister.ie produced by the Property Services Regulatory Authority (PSRA), provides an actual sales price of all properties sold since January 2010.

● You may choose to obtain a valuation from a competent professional valuer. Some valuers are offering a special price for LPT valuations.

● If you have purchased your property or obtained a professional valuation in recent years, you may use this valuation and adjust for any change in values in your area since the date of this valuation.

You should also refer to other sources of information relating to local properties such as the property section of local newspapers, information from local estate agents and property websites.

Self-assessment requires you to honestly assess the value of your property. If you follow Revenue's guidance honestly, we will accept your assessment and your valuation will not be challenged. However, if you feel that the guidance is not indicating a reasonable valuation for your property, you should make your own assessment. Revenue will challenge cases where deliberate under-valuation occurred. You are responsible for ensuring that you choose the correct value band for your property."

Form LPT5 – Application for General Clearance in Respect of ‘Uncrystallised’ Pre-Sale Liabilities Form

Date: (DDMMYYYY)

Property ID:

Property address:

Vendor’s name:

Vendor’s address (if different from property address):

Vendor’s PPSN:

Personal access number:

Contact details for vendor:

Agreed sales price: € , ,

Valuation band declared on LPT1 Return:

Chargeable Value declared on LPT1 Return if greater than €1m: € , ,

Explanation as to why a general clearance is being sought:

Explanation as to why agreed sales price does not come within any of the general clearance conditions:

Is there any supporting documentation as to why agreed sales price does not come within any of the general clearance conditions? Yes No

Supporting documentation attached? Yes No

I declare that the agreed sales price does not come within any of the general clearance conditions and that all the particulars contained in this application form, and the information attached with this application, are true and correct to the best of my knowledge and belief.

Signature of applicant: ____________________

Status of applicant: ____________________

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