

# Local Property Tax

# LPT

## Guidelines on the local property tax (LPT) exemption for properties constructed using defective concrete blocks

**Revenue**



Cáin agus Custaim na hÉireann  
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## 1. Introduction

A temporary 6-year period of exemption from the charge to local property tax (LPT) is available for certain properties that have been damaged by the use of defective concrete blocks in their construction. The properties that are eligible for the exemption are essentially those that have been confirmed as being eligible for consideration of a grant for remediation work under the Defective Concrete Blocks Grant Scheme administered by Donegal and Mayo County Councils. The scheme is currently limited to these two local authorities. However, if it is later extended to include additional local authorities, the LPT exemption will be similarly extended. Section 3 below contains a broad overview of the Defective Concrete Blocks Grant Scheme. A detailed description is outside the scope of these guidelines which are primarily concerned with how a property qualifies for the LPT exemption.

The LPT exemption is intended to apply to those properties that have been certified as being damaged and confirmed as eligible for the grant scheme. It may happen that not all properties that are affected are eligible for the exemption. However, it is expected that the use of defective concrete blocks, whether it has already caused structural damage to a property or has the potential to cause such damage, will have a negative effect on the market value of the property. This may result in a reduced LPT liability for the affected property, depending on the property's chargeable value on a valuation date (i.e. 1 May 2013, for the period 2013 to 2021, or 1 November 2021, for the period 2022 to 2025).

## 2. 'Pyrite' exemption v 'defective concrete block' exemption

The 'defective concrete block' exemption is similar to the 'pyrite' exemption in certain respects such as the qualifying conditions, the duration of the exemption (fixed 6-year period) and the application process. However, a key difference is that it isn't sufficient for qualification for the 'defective concrete block' exemption to obtain certification of significant damage by a competent person such as an engineer. Such certification must be followed by confirmation of eligibility for the Defective Concrete Blocks Grant Scheme. See section 3 below for an overview of the operation of this grant scheme.

The cause of the damage to a property will determine the appropriate LPT exemption category. If the damage is caused by pyrite in the foundations, the 'pyrite' exemption applies. If the damage is caused by pyrite in concrete blocks in the walls, the 'defective concrete blocks' exemption applies. The presence of pyrite is a feature of the damage to properties in Mayo while the damage to properties in Donegal is caused by a substance called mica in the concrete blocks.

For information on the 'pyrite' exemption, please see the **Guidelines on the operation of the Local Property Tax exemption for properties damaged by pyrite.**

## Defective Concrete Blocks Grant Scheme

The statutory basis for the Defective Concrete Blocks Grant Scheme are the Regulations "*DWELLINGS DAMAGED BY THE USE OF CONCRETE BLOCKS IN CONSTRUCTION (REMEDIATION) (FINANCIAL ASSISTANCE) REGULATIONS 2020*" (S.I. 25 of 2020) which were introduced by the Minister for Housing, Local Government and Heritage on 31 January 2021. The purpose of these Regulations is to provide for a scheme of financial assistance to property owners to carry out the necessary remedial works to properties that have been damaged by the use of defective concrete blocks in their construction. These are blocks that contain excessive amounts of deleterious materials, namely mica or pyrite.

The National Standards Authority of Ireland (NSAI) published a standardised protocol, “I.S. 465:2018 – Assessment, testing and categorisation of damaged buildings incorporating certain deleterious materials”. Acceptance into the grant scheme requires that an engineer assesses, tests and categorises the damage in accordance with the procedures specified in I.S. 465:2018 and prepares a report demonstrating that the property has been damaged. An applicant for a grant then applies for inclusion in the grant scheme and submits the engineer’s report to the relevant local authority. If the local authority confirms eligibility to proceed to the grant approval stage, the property qualifies for the LPT exemption. This exemption does not require actual grant approval, grant payment or remediation work.

The Defective Concrete Blocks Grants Scheme opened for applications at the end of June 2020. It is restricted to owners of properties that are used as the owner’s principal private residence. An owner can only apply for a grant for one property. A property purchased on or after 31 January 2020 will not be eligible for the grant scheme where the purchaser knew, or ought to have known, that defective concrete blocks were used in its construction.

The grant scheme is currently administered by Donegal and Mayo county councils. These local authorities are specifically referenced in the Regulations. However, if the Regulations are extended to include other local authorities, properties situated in their administrative areas can then become eligible for the LPT exemption.

### **3. Qualifying conditions for LPT exemption**

In summary, a property that has been damaged by the use of defective concrete blocks in its construction is eligible for the exemption in the following circumstances:

1. where it has been confirmed as eligible for the consideration of a grant under the Defective Concrete Blocks Grant Scheme administered by Donegal and Mayo county councils (see section 3.1 below),
2. where an insurance company has remediated it or provided sufficient funds to carry out the remediation (see section 3.2 below), or
3. where the builder who built the property has remediated it or provided sufficient funds to carry out the remediation (see section 3.3 below).

In relation to the qualifying conditions numbered 2 and 3 above, the exemption is not restricted to properties in Donegal and Mayo.

### **3.1 Confirmation of eligibility for Defective Concrete Blocks Grant Scheme**

The LPT exemption can be claimed where a “confirmation of eligibility” in relation to a property has been issued by Donegal or Mayo county council. A “confirmation of eligibility” in accordance with the ‘defective concrete blocks’ Regulations is a confirmation that a person is eligible to be considered for confirmation of grant approval in respect of a property for the carrying out of the qualifying works required for, or ancillary to the relevant remedial option for the property. The exemption does not require that a grant has actually been approved or paid or that remediation work has been carried out. Although the Defective Concrete Blocks Grants Scheme opened for applications at the end of June 2020, the exemption is not retrospective and starts to apply in relation to the liability date of 1 November 2021 in respect of LPT payable for the year 2022.

The Defective Concrete Blocks Grants Scheme is a ‘scheme of last resort’ and is not open to property owners who have recourse to alternative options for remediation, such as a claim under an insurance policy or a settlement against a builder or developer. These alternative remediation options are discussed in sections 3.2 and 3.3 below.

### **3.2 Insurance covering structural damage to a property**

Builders and property developers may take out an insurance policy by way of registration with a company that underwrites any major structural defects in the properties that they build or develop. Builders and developers who have such cover should have given a copy of the warranty policy to a person who purchased one of their properties.

The type of evidence of damage required by a structural warranty company in support of a claim for exemption is a matter for the particular property owner and his or her insurance company. Where a property owner makes a successful claim under an insurance policy, Revenue will require such evidence that will satisfy it that, following a claim that a property has been damaged by the use of defective concrete blocks, an insurance company has remediated the property or has provided the property owner with sufficient funds to remediate the property.

### **3.3 Remediation or compensation by builder / property developer**

Builders or property developers may accept responsibility for the damage caused by the use of defective concrete blocks in the construction of properties they have built / developed and agree to undertake the remediation of the properties. This may come about as a result of a voluntary decision by a builder or from the institution of legal proceedings by the owners of damaged properties. Whatever the reason, it is expected that remediation would not take place without it having been established that the damage was significant and that it had actually been caused by the use of defective concrete blocks. In such circumstances, Revenue will require such evidence that will satisfy it that, because a property has been damaged by the use of defective concrete blocks, the builder or property developer who built the property has remediated it or has provided the property owner with sufficient funds to remediate the property.

### 3.4 Type of remediation required

Where a property owner is not issued with a confirmation of eligibility in relation to the Defective Concrete Blocks Grant Scheme, it is a condition for eligibility for the exemption that the property is remediated or that sufficient funds are provided to the property owner to carry out the remediation (as outlined in sections 3.2 and 3.3 above). Although a property might not be accepted into the grant scheme, remediation in this context has a particular meaning. In the context of the grant scheme, the required procedures for the remediation of a property are contained in I.S. 465:2018. The work depends on the remedial option recommended in the engineer's report and can be substantial. In descending order of cost, the remedial options are:

1. demolish entire dwelling to foundation level and rebuild,
2. demolish and rebuild external walls (both outer and inner leafs) down to foundation on a phased basis and re-render,
3. demolish and rebuild external walls (both outer and inner leafs) down to top of rising wall on a phased basis and re-render,
4. demolish and rebuild external walls (outer leaf only) down to top of rising wall on a phased basis and re-render, and
5. demolish and rebuild outer leaf of affected walls only and re-render.

Where an insurance company or a builder/property developer provides a property owner with sufficient funds to carry out the remediation work, this amount must be sufficient to remediate the property in accordance with I.S. 464:2018.

### 4. Making a claim for exemption

In relation to the second LPT valuation date 1 November 2021, property owners are required to revalue their properties and submit an LPT return to Revenue by 7 November 2021. Property owners who are eligible for the exemption on 1 November 2021 should claim the exemption on the return by entering the exemption code number '4' in the exemption box.

Property owners who become eligible for the exemption after 1 November 2021 should send a written notification to Revenue claiming the exemption and submitting evidence of eligibility for the exemption in the form of either:

- in the case of eligibility for the Defective Concrete Blocks Grant Scheme, the confirmation of eligibility issued by the local authority, or
- in the case of a successful insurance claim, remediation by a builder/property developer or the provision of sufficient funds to carry out the remediation works, the relevant documentation.

In the case of a successful insurance claim, remediation by a builder/property developer or the provision of sufficient funds to carry out the remediation works, Revenue is not in a position to be prescriptive about the exact types of documentation that will be accepted as evidence of eligibility for the exemption. Decisions will be made on the facts and circumstances of individual cases. The following types of information might be relevant depending on the particular situation:

- a brief description of the nature and extent of the damage,
- documentation provided by an insurance company in relation to a claim or settlement under structural warranty insurance, structural warranty guarantee or other form of insurance,
- a copy of a court judgement or settlement agreement where a property owner has instituted legal proceedings against a builder/property developer,

- documentation provided by the builder or the property developer in relation to the remediation of the property, whether by direct remediation or the provision of sufficient funds to carry out the remediation, and
- a certificate of remediation prepared in accordance with I.S. 464:2018.

Additional information may also be requested by Revenue to verify that the claimant is eligible for the exemption. Revenue will approve the exemption only where it is satisfied that the documentation submitted constitutes sufficient evidence that:

- an insurance company has remediated a property or provided sufficient funds to carry out the remediation, or
- the builder or the property developer who built the property has remediated it or provided sufficient funds to carry out the remediation.

There is no specific form for the written notification to claim the exemption. In addition to the evidence relating to the basis for the claim, it should include the name and address of the property owner, his or her PPSN and the LPT Property ID for the property. This notification should be submitted using MyEnquiries, Revenue's secure online correspondence service, which is available in both [myAccount](#) and ROS. Alternatively, it can be posted to LPT Branch, P.O. Box 100, Ennis, Co. Clare.

## 5. Timing and duration of exemption

Depending on the circumstances giving rise to the exemption, this date on which a property qualifies for the exemption is either:

- the date on which the local authority issues the confirmation of eligibility for the Defective Concrete Blocks Grant Scheme,
- the date on which a claim is settled under an insurance policy, or
- the date on which the remediation of a property is completed or sufficient funds for remediation are provided, where a builder or property developer remediates, or provides sufficient funds for the remediation of, the property.

The Revenue letter of approval for an exemption will specify the date from which the exemption is to apply.

The exemption will apply from the liability date following the date on which a property qualifies for the exemption. The liability date is 1 November in each year and determines the LPT payable for the following year. The exemption will then apply for a fixed period of 6 consecutive years.

## **6. Self-assessment and Revenue compliance checks**

Claims for the exemption are generally made on a self-assessment basis and Revenue will generally accept claims and supporting documentary evidence at face value. However, all claims are potentially subject to compliance checks by Revenue to verify their validity. Claimants should retain documentation to support their claim for exemption for a period of 6 years following the claim in case of a request for inspection by Revenue.

## **7. Examples illustrating the operation of the LPT exemption**

### **7.1 Confirmation of eligibility for the remediation grant scheme in May 2021**

Aoife owns two houses in Donegal, one of which is her principal private residence and the other a rental property. Both houses have started to show serious cracks in the external walls that she attributes to the use of defective concrete blocks. She applies to Donegal county council for a grant towards the remediation of both houses but only receives a confirmation of eligibility (issued in May 2021) in respect of her principal private residence in accordance with the terms of the scheme. As Aoife is eligible for the exemption on the following liability date of 1 November 2021, and as this is also the new valuation date for LPT, she claims the exemption on her LPT return (by entering the exemption code number '4' in the return) and submits this to Revenue by 7 November 2021. She follows this up by sending on the email she received containing the confirmation of eligibility. Her 6-year period of exemption will be available for the years 2022 to 2027.

### **7.2 Confirmation of eligibility for the remediation grant scheme in December 2021**

Martin's house started to show cracks in the external walls which got much worse by the time he applied to Mayo county council in July 2021 for the remediation grant scheme. He received a confirmation of eligibility in December 2021. However, as this was after 1 November 2021 (the liability date for the year 2022), he doesn't qualify for the LPT exemption until the following liability date of 1 November 2023. This means that his 6-year period of exemption will not start until 2023 and will last until 2028. He is therefore required to pay LPT for 2022 based on the valuation he self-assessed for his house at 1 November 2021 in his LPT return. As it was obvious that his house had been seriously damaged at that stage, he valued it in the lowest valuation band of 'zero to €200,000', resulting in a €90 LPT liability for 2022 (before any adjustment that might be made by Mayo county council).

### **7.3 Settlement of structural warranty insurance claim**

Fintan begins to notice structural damage to his house during 2020. He suspects that the damage is being caused by defective concrete blocks and submits a claim to the insurance company with which his builder had registered the property. The insurance company is satisfied that Fintan has a valid claim in relation to the damage and engages a contractor to carry out remediation works. The remediation is completed in August 2021. Fintan claims the exemption on his LPT return (by entering the exemption code number '4') and submits this to Revenue by 7 November 2021. He follows up by sending copies of the letter from the insurance company settling his claim and the Certificate of Remediation to Revenue in support of his claim for the exemption. This evidence is accepted by Revenue and the claim is approved. As the effective date for the exemption is August 2021, it applies from the following liability date of 1 November 2021 in respect of the year 2022 and the following five years; i.e. 2022 to 2027.



## 7.4 Payment of compensation by the builder

### Example 1

Maria lives in Carlow and isn't eligible for the Defective Concrete Blocks Grant Scheme. She commences legal proceedings against her builder as a result of structural damage to her house that she suspects has been caused by the use of defective concrete blocks. The builder refuses to accept responsibility for the damage but offers Maria €10,000 in return for her agreement not to continue with the legal proceedings. She accepts this offer. Maria is not eligible for the exemption as the amount paid by the builder would not be sufficient to carry out the remediation work.

### Example 2

Sarah had already commenced legal proceedings against her builder for damage caused to her house by the use of defective concrete blocks when the Defective Concrete Blocks Grant Scheme came into operation in January 2020. As she lives in Donegal, she applied to the county council for a remediation grant. The county council issued a confirmation of eligibility for a grant but shortly afterwards, the High Court ordered the builder to pay Sarah €250,000, the estimated cost of remediating her house by demolishing and rebuilding the external walls down to foundation level. She is not then entitled to proceed with the grant application.

The builder carries out the remediation work and gives Sarah a Certificate of Remediation in March 2022. She then writes to Revenue with a claim for the exemption and submits copies of the Court Order and Certificate of Remediation in support of her claim. Revenue accepts her claim with effect from March 2022. She qualifies for the exemption on the following liability date of 1 November 2022 for the 6-year period 2023 to 2028.

The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.