

Part 15-01-43 Home Renovation Incentive (HRI)

This document should be read in conjunction with Section 477B of the Taxes Consolidation Act 1997

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1. Introduction

Section 477B of the Taxes Consolidation Act 1997 (TCA 1997) provides for tax relief by way of an income tax credit equal to 13.5% of qualifying expenditure incurred on repair, renovation or improvement work on principal private residences or rental properties carried out by tax compliant contractors. The provision is entitled Home Renovation Incentive (“HRI”).

Section 477B TCA 1997, as originally enacted, provided relief for homeowners on qualifying expenditure on works carried out at their only, or main, residence.

Section 13 of Finance Act 2014 extended the relief to include rental properties.

Section 8 of Finance Act 2016 extended the relief to include qualifying expenditure incurred by a local authority tenant where the tenant has received prior written consent from the local authority to carry out the works.

The HRI expired on the 31 December 2018 and no claims can be made in respect of work carried out or paid for after this date. There was a limited exception to this deadline where planning permission was in place on 31 December 2018 and the qualifying work was carried out between 1 January 2019 and 31 March 2019. Qualifying work carried out during this period is deemed to have been carried out in the year of assessment 2018.

2. Making a claim

Claims for relief must have been made by the claimant through the HRI online system. As outlined above, **the last year of assessment in which a claim could have been made was 2018.**

The relief was spread over the two years following the year in which the work was paid (or deemed to be paid) for, provided the claimant had a sufficient tax liability in each of the two years to absorb the relief (see [section 3](#) below).

For example, relief for qualifying work paid for in 2016 was given in the tax years 2017 and 2018 with 50% of the relief being given in each year.

3. Excess relief

Where a claimant did not have a sufficient income tax liability to utilise the tax credit in either or both of the two years following the year in which the qualifying work was paid for, the excess relief could be carried forward to the following year and each subsequent year until the relief has been used in full.

The amount of the excess relief used in any tax year cannot be greater than the amount which reduces the income tax charged on the claimant in that tax year to nil.

Example 1

A homeowner paid a VAT registered and tax compliant builder €36,000 (excluding VAT) for an extension to his home. The work was carried out in 2018 and payment for the qualifying work was made in November 2018. No grants or insurance payments were payable in respect of this qualifying expenditure. The tax credit was calculated as follows:

€30,000 (maximum) x 13.5% = €4,050.

Relief was available as follows:

2019: €2,025

2020: €2,025

The homeowner was unemployed in 2018. He recommenced employment in late 2019 but due to the availability of personal tax credits, had no income tax liability for 2019. He did however have an income tax liability of €10,000 in 2020. Relief was therefore granted as follows:

2019: Nil

2020: €4,050 (€2,025 due for 2020 plus €2,025 carried forward from 2019)

Example 2

A homeowner paid a VAT registered and tax compliant builder €10,000 (excluding VAT) for internal and external paint work at her home. No planning permission was required for this work. The work was carried out and paid for

in February 2019. As the work was carried out after 31 December 2018 the work is not eligible for HRI relief.

4. Universal Social Charge (USC)

The tax credit is only available against income tax paid. It is not available as a credit against USC.

5. Penalties

A penalty will apply as a result of (i) failure to comply with the provisions of section 477B TCA 1997, (ii) the provision of incorrect information, (iii) the making of an incorrect claim for a tax credit, (iv) knowingly or carelessly assisting or inducing others to make an incorrect claim or to make an incorrect statement or declaration to Revenue. For further information on the penalty regime, please refer to the [Code of Practice for Revenue Compliance Interventions](#).