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# Properties used by a Charity for Recreational Activities

## Part 02-06

This document should be read in conjunction with section 7A of the Finance (Local Property Tax) Act 2012.

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## 1. Introduction

Residential properties that are owned by a charitable body and used for the sole purpose of providing residential accommodation in connection with the facilitation of recreational activities are exempt from local property tax (LPT). This exemption is intended to benefit organisations, such as the Boy Scouts, who own residential properties that are used by its members when taking part in recreational activities.

## 2. Legislation

The relevant provisions are contained in section 7A of the Finance (Local Property Tax) Act 2012 which was inserted in that Act by section 2 of the Finance (Local Property Tax)(Amendment) Act 2013. Section 7 of this Act contains the definition of a “charity”. The provisions relating to obtaining the necessary charitable status are contained in sections 207, 208 and 208A of the Taxes Consolidation Act (TCA) 1997.

## 3. Qualifying conditions

### 3.1 Charitable status

The property must be owned by a charitable body or trust that has been established solely for charitable purposes and that has been granted charitable status by Revenue under section 207, 208 or 208A TCA 1997.

### 3.2 Use of property

The property must be used solely as residential accommodation. The accommodation must be provided solely in connection with the facilitation of recreational activities, which facilitation occurs as part of the carrying on of the primary purpose of the charitable body. Therefore, where the recreational activities are unconnected with a body’s primary purpose, or are merely incidental to other activities carried out by the charity, the exemption does not apply.

## 4. Examples

### 4.1.

Saol is an Irish charity with charitable tax exemption that provides support for teenage children suffering from anxiety and depression. An integral part of the provision of this support is the organisation of regular weekend recreational activities for the children. When taking part in these activities, the children use a number of residential properties that were purchased by the charity solely for this purpose. The properties are not used for any other purpose. Saol qualifies for an exemption.

## 4.2.

Golden Days is an Irish charity with charitable tax exemption that provides care and support for the elderly in their own homes. It owns a large residential property that is used as staff accommodation and to provide recreational activities on a day-care basis for some of its elderly clients. The property does not qualify for the exemption as it is not used solely as **residential accommodation** for its elderly clients who are there to engage in the recreational activities being provided.

## 5. Claiming the exemption

Where the required conditions for exemption are met on 1 May 2013, the person to whom the LPT1 return form has been sent should claim the exemption on the return form as part of the normal self-assessment process. The code “M” should be inserted in the exemption box on the return form.<sup>1</sup>

Where an exempt property is acquired after 1 May 2013, the original owner will have been responsible for filing the return and the new owner does not have to file a return to claim the exemption for the first valuation period 1 May 2013 to 31 October 2019. However, where a property that was not exempt on 1 May 2013 is acquired after 1 May 2013 and becomes exempt, the new owner should claim the exemption.

## 6. Duration of exemption

The usual LPT rule is that a property that is exempt from the charge to LPT on the first valuation date will not be chargeable until the next valuation date. This means that a property that was exempt on 1 May 2013 will continue to be exempt until 1 November 2019, regardless of whether the qualifying conditions cease to be satisfied in the intervening period. The duration of the first valuation period was extended by three years by the Finance (Local Property Tax)(Amendment) Act 2015 and now ends on 31 October 2019.

## 7. Compliance

The exemption should be claimed on the LPT1 return form by the person to whom the return form was sent as part of the normal self-assessment process. However, Revenue may decide to examine the validity of a claim as part of its normal compliance programme. This may involve the person being required to provide evidence and supporting documentation to prove that the property is exempt. Supporting documentation would include, for example:

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<sup>1</sup>The exemption types are listed on page 10 of the Revenue booklet that was issued with the LPT1 return form.

- the charitable organisation's CHY number for tax exemption purposes,
- details of the recreational activities carried out by the charity,
- details showing when the property has been occupied and by whom.