

Exemption for new and unused properties purchased from a builder or a property developer

Part 02-08

This document should be read in conjunction with sections 6 and 9 Finance
(Local Property Tax) Act 2012 (as amended).

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Table of Contents

1	Introduction	3
2	Legislation	3
3	Qualifying condition	3
4	Duration of exemption	4
5	Claiming the exemption	4
6	Examples illustrating operation of exemption	4
6.1	Property purchased before 1 May 2013	4
6.2	Property purchased after 1 May 2013	5
6.3	Property purchased from person who was not exempt	5
7	Self-assessment and compliance	5

1 Introduction

New and unused residential properties that were purchased from a builder or a property developer and that met the qualifying conditions for the exemption described in Tax and Duty Manual [Part 02-04](#) “Exemption for newly constructed and unused residential properties” were exempt from local property tax (LPT). The exemption applied for the first valuation period covering the years 2013 to 2021. The Finance (Local Property Tax) (Amendment) Act 2021 (section 14) terminated the exemption after the year 2021.

2 Legislation

The relevant provision is contained in section 9 Finance (Local Property Tax) Act 2012 (as amended). The reference to “first sale” in this section is to the first sale by the builder/property developer while the property was still new and unused and not to any subsequent sale by the purchaser. Section 6 is also relevant in relation to the qualifying conditions to be met. Under section 14(2), a property that was exempt on the first valuation date 1 May 2013 continued to be exempt until the second valuation date 1 November 2021.

The Finance (Local Property Tax) (Amendment) Act 2021 (section 14) terminated the exemption after the year 2021. Pending the extension of the exemption for the years 2020 and 2021 by this Act, the exemption was operated by Revenue on an administrative basis for these years. This was because the end date for the exemption specified in section 9 was not aligned with the extended valuation date(s) (see [section 3](#) below) and, unlike the valuation date, was not capable of being amended by Ministerial Order.

3 Qualifying condition

The property must have been purchased from a builder or a property developer who qualified for the exemption under section 6. The builder or property developer must have constructed the property, or arranged to have it constructed, as part of a trade carried on by that person. The property must have been new and unused; i.e. it must not have been previously occupied as a residence or used to generate income of any kind for the builder or the property developer. See Tax and Duty Manual [Part 02-04](#) for details of these qualifying conditions.

Where a receiver or a liquidator took control of properties owned by a builder or a property developer, Revenue took the view that those properties continued to be exempt where the receiver or the liquidator met the qualifying conditions for the exemption. Therefore, where a person purchased a new and unused property from such a receiver or liquidator, the exemption also applied.

4 Duration of exemption

A property that was exempt from the charge to LPT under section 6 on the first valuation date 1 May 2013 was not chargeable until the second valuation date 1 November 2021.¹ This was the position regardless of whether the property was sold by the builder or property developer who qualified for the exemption in the intervening period. The exemption continued on under section 9 for the new owner.

The exemption continued to apply where a property was purchased at any time in the period 1 January 2013 to 31 October 2021. Therefore, a property may have been exempt even though it was acquired before the first liability date of 1 May 2013.

5 Claiming the exemption

The person who was to claim the exemption depended on whether the property was sold by a builder or a property developer before or after 1 May 2013. Where a property was sold in the period 1 January 2013 to 30 April 2013, the purchaser was required to claim the exemption on the LPT1 return form as part of the normal self-assessment process. The code "A" was to be inserted in the exemption box on the return form.

Where a property was still owned by the builder or property developer on 1 May 2013, the builder or the property developer was to file the LPT1 return form. The code "C" was to be inserted in the exemption box on the return form.

Where a property was purchased after 1 May 2013, the new owner did not have to claim the exemption or file a return until 1 November 2021.

6 Examples illustrating operation of exemption

6.1 Property purchased before 1 May 2013

Liam bought an apartment in February 2013 from the builder who had built it as part of his building trade. The apartment had not been occupied since its completion and had not generated income of any kind for the builder. As Liam owned the property on the liability date 1 May 2013, he filed an LPT1 return form and claimed the exemption.

¹ The original second valuation date was 1 November 2016 but this was extended on a number of occasions until it became 1 November 2021 in the Finance (Local Property Tax) (Amendment) Act 2021.

6.2 Property purchased after 1 May 2013

Marian bought a new house from Building Contractors Ltd. on 1 June 2013. The house qualified for an exemption under section 6. As the company owned the house on 1 May 2013, it filed the LPT return form and claimed the exemption. The house continued to be exempt after Marian bought it, but she did not have to claim the exemption, which automatically continued until the end of 2021.

6.3 Property purchased from person who was not exempt

Martin, who worked full time as a solicitor, obtained planning permission to build a house at the end of his large garden. He engaged a builder to do this. He intended to use the house as accommodation for visiting relatives. However, Martin lost his job shortly after the house was completed and sold it in April 2013. Because Martin did not carry on the trade of a builder or a property developer the house was not treated as part of his trading stock. The new owner did not qualify for an exemption.

7 Self-assessment and compliance

The exemption was to be claimed on the LPT 1 return form as part of the normal self-assessment process. However, Revenue may decide to examine the validity of the claim at a later stage as part of its ongoing compliance programme. This may involve requiring the person to provide evidence and supporting documentation to back up the claim for exemption.

Where the validity of a claim is being verified by Revenue, the person should provide evidence that the property was purchased from a builder or a property developer who had qualified for the exemption. Relevant evidence may include promotional sales material issued by the builder/property developer, the purchase contract or evidence of a claim for exemption by the builder/property developer.