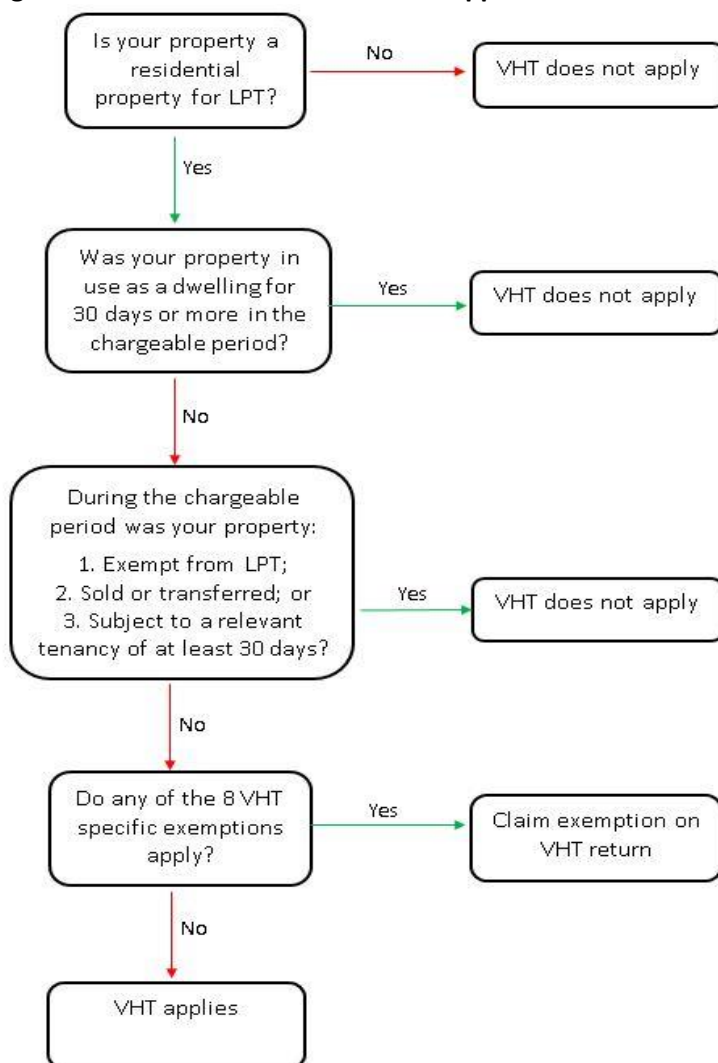


Assisting property owners with VHT obligations – Revenue’s letter campaign

VHT is an annual self-assessed tax that applies to vacant residential properties in certain circumstances, in addition to those properties’ Local Property Tax (LPT) liability. It does not apply to derelict properties or commercial properties as those properties are not subject to LPT. A register of vacant homes and associated taxpayers will be established by Revenue after 7 November 2023, the deadline for filing VHT returns, and will be continually updated as necessary. The register’s purpose is to reflect the legal definition of VHT; it will not be a register of vacant properties according to any other definition.

Figure 1 summarises the circumstances in which VHT will apply. Full details on VHT are available on the Revenue website at www.revenue.ie/VHT

Figure 1: Circumstances in which VHT applies



Source: <https://www.revenue.ie/en/tax-professionals/tdm/income-tax-capital-gains-tax-corporation-tax/part-22b/22b-01-01.pdf>

In advance of the filing deadline of 7 November 2023, Revenue utilised data from several sources to identify an initial subset of properties which may be subject to VHT. To assist property owners with their potential compliance obligations, Revenue contacted the owners to advise them that their property may be in scope of VHT. There will be more properties subject to VHT than were initially contacted by Revenue. Revenue may contact further property owners at a later date following further data analysis.

The owner of a property subject to VHT has a legal responsibility to pay and file, irrespective of contact from Revenue, as VHT is a self-assessed tax.

For this phase of service support, in addition to Revenue's own records, the main data source utilised was metered electricity consumption data obtained from ESB Networks. Revenue applied a methodology which classifies active network connections with a suitably low level of consumption over four consecutive quarters as vacant. This is distinct from definitions of vacancy which are based on 'point in time', for example Census 2022 or GeoDirectory (An Post's property database).

Approximately 115,000 records for urban and rural residential meters meeting this definition of vacancy during the period July 2022 to June 2023 inclusive were received from ESB Networks. The common unique identifier across all data sources used by Revenue was the Eircode. Not all sources had the same level of Eircode coverage and a substantial proportion of ESB Network records (approximately 65,000 records) which met the definition of vacancy have not yet been reviewed with respect to their eligibility or exemption from VHT. The remaining 50,000 records were available for analysis under Steps 1 to 4 outlined below.

The ESB Network data was refined by removing properties that Revenue identified as:

1. Exempt from LPT and therefore outside the charge to VHT.
2. Sold during the VHT chargeable period and therefore outside the charge to VHT.
3. Rented during the VHT chargeable period and therefore outside the charge to VHT.

The above three steps involved using Revenue's LPT Register and Stamp Duty records, as well as data from the Residential Tenancy Board (RTB).

There are a number of VHT exemptions in place, and the final step in the data analysis accounted for one of these:

4. Removal of properties where the owner had died during the VHT chargeable period and the property was therefore subject to a VHT exemption.

As a result of the above preparatory work to assist taxpayers, Revenue is now writing to the owners of 25,000 properties who may be in scope of VHT, as an initial data set. Revenue may contact further property owners at a later date following further data analysis.

The owner of a property subject to VHT has a legal responsibility to pay and file, irrespective of contact from Revenue, as VHT is a self-assessed tax.