

[Part 10-12-02] Living City Initiative

Chapter 13 of Part 10 TCA 1997 provides for a scheme of tax incentives aimed at the regeneration of certain areas in the historic centres of Cork, Dublin, Galway, Kilkenny, Limerick and Waterford. The areas (known as “special regeneration areas” (SRAs)) have been designated for the purposes of the scheme by Order of the Minister for Finance. The maps and boundaries of these areas can be found on the websites of the respective local authorities. The scheme provides for tax relief for qualifying expenditure incurred on the refurbishment and conversion of both residential and commercial buildings. There are three types of relief available:

- owner occupier residential relief
- rented residential relief
- commercial or retail relief.

Relief is only available for work that is carried out during the qualifying period. This runs from 5 May 2015 to 4 May 2020 for owner occupier residential and commercial relief and from 1 January 2017 to 4 May 2020 for rented residential relief. The relief must be claimed electronically by claimants.

Owner Occupier Residential relief:

This residential relief is only available for owner occupiers. Landlords cannot claim owner occupier residential relief on properties they have rented out but may claim relief under the rented residential element of the scheme. An individual who incurs qualifying expenditure (which must be at least €5,000) is entitled to tax relief by way of a deduction from their total income of 10% per annum of qualifying expenditure over a 10 year period. The relief is only available where the property is the claimant’s sole or main residence. Finance Act 2016 removed the floor area requirements of the residential element. The following conditions apply to the owner occupier residential element:

- The property must be located within a “special regeneration area” (SRA).
- The property must have been built prior to 1915.
- The expenditure on refurbishment/conversion must be at least €5,000.
- The claimant must obtain a Letter of Certification from the Local Authority regarding the property before any claim for tax relief can be made.
- The first occupation of the property after the work has been completed must be by the claimant as his/her sole or main residence.

- Any grants received must be deducted from qualifying expenditure.

Relief is only available for expenditure on refurbishment or conversion work that is carried out during the qualifying period for the scheme which commenced on 5 May 2015 and will terminate on 4 May 2020. In calculating qualifying expenditure, only the direct costs of refurbishment and conversion are allowable.

Rented Residential relief and Commercial relief:

The rented residential and commercial elements of the scheme provide for tax relief over a 7 year period by way of an accelerated capital allowance of 15% of qualifying expenditure for each of 6 years and 10% in year 7. While both the residential elements of the relief (owner occupier and rented) are restricted to pre-1915 buildings, the commercial element is not so restricted. The maximum level of actual tax relief which can be obtained in respect of any individual project is capped at €200,000 in accordance with EU state aid rules. The following conditions apply:

- The premises must be located within a “special regeneration area”.
- In the case of a commercial premises, it must be used, after refurbishment/conversion, for retail purposes or for the provision of services within the State or the premises must be let on bona fide commercial terms for such use.
- In the case of a rented residential premises which must have been built prior to 1915, it must be let on bona fide commercial terms, after refurbishment/conversion, for use as a dwelling by the lessee.
- For a landlord of a rented residential premises to claim relief, the relevant Local Authority must have issued a Letter of Certification.
- The expenditure must relate to refurbishment or conversion only and not to “new build”.
- The expenditure must be incurred during the qualifying period. This means the period commencing on 5 May 2015 in the case of commercial premises and on 1 January 2017 in the case of rented residential premises and ending on 4 May 2020 in both cases.
- There are overall limits on the amount of capital expenditure on any project which is to be treated as qualifying expenditure.
- The expenditure on refurbishment/conversion must be at least €5,000.
- A property developer or a person connected with a property developer may not avail of capital allowances under the scheme in certain circumstances.

- Where any part of the refurbishment or conversion expenditure is met directly or indirectly by the State or any State bodies, the amount of expenditure qualifying for relief will be reduced by a multiple of three times the amount of that sum received or receivable.

[A leaflet](#) on the operation of the scheme is available on the Revenue website

A more recent version of this manual is available.