

# IPOA Press Release

For Immediate Release

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## **IPOA concerned about Minister's rent cap proposal, but pleased that property rental is a business**

The Irish Property Owners Association (IPOA) has expressed concern about the call for a rent cap on private rentals by Minister for Housing Jan O'Sullivan.

The Minister suggested that private rents should be pegged legislatively to the cost of living and that the private rental sector in Ireland was disorganised, unlike some other EU countries. But the suggestion was criticised by the IPOA. "Minister O'Sullivan appears to accept that Ireland is not like other countries in regard to the culture of renting, but she still would like to put a legislative noose on the free market," said IPOA Chairman, Stephen Faughnan. "She drew a comparison with a number of countries, including Germany and France, which she said had an organised private rental sector. But the reality is that in Germany and France, taxation policies on rental income are much more benign than in Ireland."

A recent survey by the International Union of Property Owners, to which the IPOA is affiliated, showed that in France, rental income has tax rates of up to 45%, with the higher rate only kicking in where net profit is over €150,000, compared to €32,800 in Ireland. "Even Germany's top rate of 45% does not come in until the net profit is €250,730," noted Mr. Faughnan. "An organised property sector, as suggested by the Minister, requires a more benign Government and Revenue policy so that landlords are able to properly earn their living in the same way as any other business people. While the IPOA have reservations about a rent cap at this point in time, I am pleased that Minister O'Sullivan accepts the proposition that operating as a landlord is a business and should be treated as such in Government tax policy."

The IPOA also noted that rent control, which was in place up to the early 1980s, was responsible for much property dereliction at that time as landlords were unable to fund the quite significant cost of renovation, which would never be recovered in a rent control situation. "Do we want to return to the often squalid conditions which then existed?" said Mr. Faughnan. "The abolition of rent control, following a successful constitutional challenge, paved the way for private rental property to be of significantly better quality, and allowed landlords to earn a reasonable living from their letting business." He added: "Today's landlord is not the same as yesterday's. Most landlords act responsibly in their obligations to tenants and need to be treated fairly by the State as they are providing good quality homes for almost a quarter of the population."

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