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IPOA News

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UIPI 1923 INTERNATIONAL UNION OF PROPERTY OWNERS

Editorial

Stephen Faughnan
Chairman

The Residential Tenancies Act 2004 was enacted in September 2004 after being guillotined. It did not have sufficient debate and landlords and tenants have been living with the difficulties arising from this ever since. The sector needs effective, fair legislation to function in a professional manner. Recently, the Residential Tenancies (Amendment) (No 2) Bill went through both houses of the Oireachtas. Amendments were added to appease Minister Kelly, which were not in the interests of the private rental sector. His original idea of rent control was not workable and instead he has been allowed by Government to add complex, difficult and for some landlords, impossible requirements to legislation. This will be a short term gain for some tenants but will result in long term damage to the sector. More complexity means more administration therefore increasing the cost of supply and ultimately rents. It has resulted in more landlords deciding to leave the sector. There will be an increased number of tenants chasing a reduced number of properties going forward. Compliance difficulties will arise when notices are served and more cases raised with the PRTB. Rents may only be increase every 24 months which may result in larger increases as landlords have to factor the possible potential increase in costs over a 2 year period. Who has this helped? Certainly not landlords or tenants.

The introduction of a long threatened Deposit Protection Scheme is intolerable; proposing the scheme be administered by the PRTB is nothing short of absurd as that organisation is overworked and under so much pressure dealing with their current responsibilities; they will struggle to extend their remit. Tenants need their deposits returned on the day they are leaving a property. They do not need to make a joint application to the PRTB for refund and wait weeks or months. Ridiculous, statistically not required and a compensation fund as outlined by the IPOA would be more effective, cheaper, easily administered and provide more protection.

We note changes in England, Wales, Scotland and Northern Ireland in regard to the private rental sector and it poses the question, do our Governments need or value private rental accommodation? Well it seems they don't! The private rental sector is part of the housing solution, Government should be working with the sector to help house its citizens.

On a different note the market showing signs of improvement is a good sign but even with the increased rents Property Owners are still struggling with debt and fact that the taxation, compliance, standards etc. are so penal you have very little left at the end of the day and you have capital taxation to deal with if you sell or transfer your asset.

At the end of another year which presented many challenges to many people, all we can hope for in 2016 is improvement and confidence and good health.

Have a good Christmas and improved New Year and remember we need and appreciate your support more than ever.

Stephen Faughnan
Chairman

CONTENTS

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AGM

Anne Marie Caulfield, PRTB Director

The AGM for the Association was held on the 4th November 2015 in the Red Cow Moran Hotel. The necessary legalities were dealt with in a fast efficient manner including the approval of the minutes and financial statement, and election of Committee Members. The Chairman gave his report and an update was given on the work of the Association, meetings attended, and media coverage.

Brendan Allen, Allen Morrisey Accountants gave an update on the recent budget and its effect on landlords and also outlined the different Tax Treatment of Corporate Landlords and the traditional landlord.

The Guest speaker was Anne Marie Caulfield, the director of the PRTB. She gave a comprehensive report on the work of the PRTB, Tenants and Landlords rights and obligations and details from recent surveys.

She was joined by Kathryn Ward Assistant Director and Janette Fogarty Assistant Director for the questions and answers session. Members aired their frustration with the Residential Tenancies Act and the length of time it takes to get a Determination Order and with the losses that may incur as a result. There is an inherent problem with the legislation because non-paying tenants with no means are allowed to continue in residence during the course of the dispute resolution process and a property owner may never get their rent. Effectively they are being forced to house some tenants for nothing, and they risk losing their property because they may not be able to pay the mortgage.

Housing Standards

All properties let must be compliant with the Housing Standards for Rented Houses Regulations 2008, amended 2009. These standards are on the IPOA website www.ipoa.ie. Lessors are responsible for ensuring that these standards in place at the beginning of the letting and adhered to during the letting. They include the structural condition, sanitary facilities, heating facilities, fire safety, lighting, ventilation etc. The Local Authorities are charged with inspecting rental properties to ensure compliance. It is important that a property owner inspects their property twice yearly, to ensure compliance and to deal with any maintenance items that arise. It is also in their interest to ensure that the property and gardens are being kept in good order by the tenant.

Equal Status Acts

Be aware that you cannot discriminate against a tenant on the basis of gender, marital status, family status, sexual orientation, religious belief, age, disability, race or member of the travelling community.

Energy Efficiency in the Private Rental Sector

Going forward there will be a call for more energy efficient properties. Refurbishment relief needs to be reintroduced. Any money spent on making a rental property more energy efficient should be allowable in the tax year it is spent, rather than as a capital expense. This would:

- encourage Investors to make their property more energy efficient,
- reduce energy costs and benefit tenants,
- help create employment with consequent tax payments and reduce carbon emissions and help achieve 2020 target.

20 Days to give Irish Water Tenants' Names

Section 47 of the Environment (Miscellaneous Provisions) Act came into effect from 1st October 2015. There is an obligation on the owner of a domestic property with occupants to notify Irish Water of the names of the persons they have an agreement with and the start date of the agreement. If Irish Water is notified within 20 working days of the agreement start date the owner is not liable for water charges.

Irish Water can be notified by calling LoCall 1890 448 448 or +353 1 707 2824 (8am-8pm Mon-Fri, and 9am-5.30pm Sat) or sending an email to landlord@water.ie. They will then open an account in the names of the occupiers and send them a letter inviting them to register with them.

Q. I am a landlord, what are my obligations to notify Irish Water about my tenants and can I avoid liability for water charges myself?

As the landlord for a domestic property, you are obliged to notify Irish Water of the name(s) of your tenant(s) and the start date of the agreement you have with your tenants e.g. rental agreement.

Landlords should contact Irish Water within 20 working days of an agreement start date. Irish Water will then open an account in the name(s) of your tenant(s) and send a letter asking them to register with them. This will ensure that you are no longer liable for water charges while the tenants remain at the property.

Important to note: Under Environment (Miscellaneous Provisions) Act 2015, if tenant information is not provided within 20 working days of an agreement start date, the owner of the property will be liable for water charges until the name(s) of your tenant(s) and start date of your agreement are provided to Irish Water.

Members Meeting in Cork

On the 1st December, there was an information meeting held in Cork. This was an evening meeting, held in Hayfield Manor Hotel. It was an excellently attended meeting with over 100 members, some attending from the surrounding counties including Kerry and Limerick.

A number of presentations were made at the meeting around the Residential Tenancies Amendment Legislation, the new regulations around termination of tenancies and rent increases, the proposed custodial protection scheme and water charges.

It was a packed meeting where conscientious landlords came to update their knowledge on the needless new rules and regulations on the private rental sector. The mood was grim and incredulous, as the room came to grips with the unnecessary legislative changes designed to frustrate the management of rental property, some of which are unworkable.

Members stated that the new rules will make it extremely difficult if not impossible for some landlords to increase rent; it will have a long term detrimental effect on the sustainability of the sector and on the supply of property going forward. The cost of providing property has once again been driven up and it will lead inevitably to landlords leaving the sector and increases in rents.

Notice of Termination Periods

The notice of Termination durations have changed as of the 4th December 2015 and are now as outlined in the table below:-

Duration of Tenancy	Landlord Number of Days	Tenant Number of Days
Less than 6 months	28	28
6 months or more but less than a year	35	35
1 year or more but less than 2 years	42	42
2 years or more but less than 3 years	56	56
3 years or more but less than 4 years	84	56
4 years or more but less than 5 years	112	84
5 years or more but less than 6 years	140	84
6 years or more but less than 7 years	168	84
7 years or more but less than 8 years	196	84
8 years or more	224	112

Get References

When letting get references and check them. You are letting a valuable property and once a tenant is residing in the property it can take a considerable length of time to gain possession, if the tenant is not compliant with the terms of the letting.

- **Ask for photo id to ensure you know to whom you are letting your property.**
- **Get references and check them.**
- **Review the PRTB website to see if there have been difficulties previously.**
- **Ensure that you get the deposit and the first month's rent prior to giving the key.**

Research carried on behalf of the PRTB found that nationally, only 50% of tenants were required to provide any references. This is a shocking statistic .

Written Warnings

It is important to ensure that you manage your property in a professional manner. If a tenant is in breach of their obligation, ensure that you give them a written warning immediately outlining the breach and the consequence if the breach occurs again. Keep a copy for your file.

Insuring Your Property.... Underinsurance And The Insurance Policy Condition Of Average

One of the most important things to consider as a property owner is ensuring adequate insurance cover is in place in respect of damage to the building, landlord's contents, and loss of rental income. It will also be a requirement of any financial lender that the building is adequately insured.

It is important when arranging insurance cover that the correct insurable sum is established.

When setting the sum insured it is a common error on occasion to select the market value of the property. In the event of physical damage to the property, the loss sustained by the owner on the majority of occasions will be the cost of repairing the damage, and that is the basis on which the sum insured should be considered.

The sum insured for the building should represent the full cost of re-instating the building (incl. outbuildings, driveways, boundary walls etc.) to as near as possible the specification it was in prior to a loss occurring. The sum insured should include;

- An allowance for demolition and debris removal
- Reinstatement of the building to comply with current building regulations and local authority requirements
- Inflationary factor to cater for increase in building repair costs during the course of construction (a building could be totally destroyed on the last day of insurance cover almost one year from the initial inception)
- Professional Fees (Architect/Surveyor/Engineer)
- If a Landlord is not VAT registered, then the VAT element of the building repair cost (currently 13.5%) and on Professional Fees (currently 23%) should be included.
- The consequences to a business of inadequate insurance cover should not be taken lightly, as can be demonstrated as follows;
- If a building is insured at €500,000, and following total destruction by a fire costs €1,000,000 to rebuild, then the owner is left with a €500,000 shortfall

Insurance Policies contain an underinsurance penalty clause called 'Average' which proportionately reduces the sum payable in respect of any claim in the event that a property is inadequately insured. In the most simplistic terms, a property insured for €500,000 which will cost €1,000,000 to rebuild if it was destroyed is only insured for 50% of its rebuilding value. Therefore, in the event of damage which costs €100,000 to repair, the Insurer will only be liable to pay €50,000, being 50% of the claim.

It is recognised within the insurance industry the need for protection to property owners to avoid un-necessary over-insurance. Inflationary factors and changes to VAT rates cannot be predicted and where multiple buildings are insured, it may be considered that a total loss of all buildings from one event is unlikely. There are various methods of dealing with these factors, and an experienced insurance broker should be consulted to consider the most appropriate insurance product.

When considering the sum insured for Loss of Rental income, two factors need to be considered;

- Period of cover - What time period will be required to repair a building following total destruction? If 12 months would be considered sufficient, then a 12 month period of cover can be selected. However it is seldom the case that any sizeable property which sustains serious damage can be re-instated within a 12 month time period and a period of 18 months, 24 months or even 36 months may be considered appropriate. It is advisable to ensure that additional time is allowed for the fitting out and re-letting of the property.
- The sum insured should be set at the maximum loss of rental income which may be sustained during the indemnity period. For example, if the property contains 4 fully occupied apartments each producing rental income of €12,000 per year and a 12 month period of cover is selected, then the sum to be insured should be €48,000. If a 24 month period of cover is selected then the sum insured should be €96,000.

Landlord's contents (which may comprise contents of common areas and/or individual flats / apartments) should be insured for their estimated replacement value.

Whilst the setting of loss of rent and contents sums insured may be a relatively straightforward process, establishing a rebuilding cost for a property can be a more complex matter. Further guidance on this is given in the following article.

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Reinstatement Valuations – How do I calculate the re-build costs?

Buildings are an asset and like any asset should be adequately protected. A property reinstatement valuation assesses the cost of reinstating the property to its original condition in the event of total destruction. It is extremely important to note that the market value of the property and the reinstatement valuation of the property are in no way linked.

The reinstatement valuation should typically include the following:

TYPICAL CHECK LIST	
Demolitions / site clearance costs	✔
Re-build costs of the buildings and external works	✔
Professional Fees	✔
Planning Fees	✔
Fire Certificate Fees	✔
DAC Fees	✔
VAT	✔

The reinstatement valuation should be carried out by a chartered quantity surveyor who has experience in the type of building sector that the reinstatement valuation is being calculated on. The valuations are initially prepared from the existing drawings. A site visit plays a critical part in preparing the assessment.

This is not only important for establishing the existing specification, but ensures that all buildings within the site boundary have been captured and any material alterations since the drawings were prepared have been accounted for. Quite often the existing drawings and records are quite poor. We recommend that the site visit be undertaken with the building manager whose knowledge of the scheme should prove invaluable.

The re-build costs are based on the gross internal floor areas. The areas used should be stated in the reinstatement valuation. Existing tenant floor area schedules are a useful cross check. These should not be relied on in their entirety as quite often these are the net floor areas and do not contain the back of house areas, internal wall areas, public areas, malls etc.

A reinstatement valuation should also include the list of exclusions. For example, contents are normally identified separately and included elsewhere. Tenant fit outs, furniture fittings & equipment and shop fronts are normally excluded. These should be verified with the building owner. This ensures that there are no gaps or overlaps in their insurance policies.

It is important that reinstatement valuations are checked periodically to ensure that you are not over or under insured . Tender rates have been increasing steadily since they bottomed out in the second half 2010 / first half 2011 as per the SCSI Tender Indices. It is important that the reinstatement valuation on your property is up to date and that you are adequately insured.

Liam Langan
Director
Buildcost Chartered Quantity Surveyors
www.buildcost.ie

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Custodial Deposit Scheme – How it is Expected to Work!

The deposit protection scheme provisions of the Bill will not be commenced until such a time as the scheme has been established and is ready for operation.

For next year, 2016, the priority will be the planning and procurement of the scheme. The scheme will be operated by the PRTB and will be a custodial deposit scheme.

Until the scheme is operational and ready to 'go live', there will be no change in the administration of tenancy deposits under the Act.

When the scheme is rolled out, it will operate along the following lines:

a) When a landlord is registering a tenancy, he or she must send the deposit (if any) to the PRTB at the same time.

b) Where a landlord has not taken a deposit from the tenant, he or she must provide the PRTB with a statement to that effect.

c) The PRTB will acknowledge the registration and the receipt of the deposit to both the tenant and the landlord. If the deposit is not received, the PRTB will state that in the acknowledgement.

d) The landlord and tenant must provide up-to-date contact details to the PRTB.

e) The landlord and tenant will be obliged to respond to notifications from the PRTB relating to the return of the deposit.

f) Where a tenancy is in existence at the commencement of the deposit protection provisions, the landlord will have 6 months from the date of commencement of the provisions to transmit the deposit (if any) to the PRTB.

g) Where a further Part 4 tenancy comes into being, the deposit for that tenancy does not have to accompany the registration form if it was already lodged at the time of registration of the first Part 4 tenancy.

The Bill sets out the detailed procedures to be followed by the PRTB regarding the return of the deposit, across 2 broad categories:

- where there is agreement between the parties as to the return of the deposit;
- where there is no agreement between the parties as to the return of the deposit.

The following is a general summary of how applications for return of the deposit will be managed:

a) If there is agreement between the parties, a joint application is made.

b) Where the PRTB receives an application for return of the deposit from one party only, the PRTB will notify the other party when the application is received to ascertain if there is agreement to return the deposit.

c) If the reply reveals that there is no agreement forthcoming, it is then a matter for the parties to either come to an agreed position or to refer the matter as a dispute to the PRTB for resolution.

d) If there is no reply to the notification from the PRTB, it will issue a second notification to the other party informing them that if they do not reply within a prescribed period, that the deposit will be paid out to the applicant.

e) If there is no response to the second notification, the applicant will have to make a statutory declaration in relation to the return of the deposit before the PRTB pays it out.

f) If the response to the second notification reveals that there is no agreement forthcoming, it is then a matter for the parties to either come to an agreed position or to refer the matter as a dispute to the Board for resolution.

Indecon Report Into The Feasibility of a Deposit Protection Scheme

The Government intend to introduce a Custodial Deposit Scheme. This is going to take time and cost in terms of compliance and is not the best option for the sector. Statistically it makes no sense and a compensation scheme would give more protection to tenants. The conclusions of the Indecon's Assessment of the Feasibility of a Tenancy Deposit Protection Scheme in Ireland, an independently commissioned and carried are detailed below:-

1. If a formal tenancy deposit protection scheme was to be introduced, our analysis suggests the best option would be a custodial scheme. There would, in such a scenario, be benefits of the PRTB or some other statutory agency, tendering the management and administration of the scheme to a private service provider in order to minimise costs and to take account of economies of scale.
2. There would be significant costs involved in operating such a scheme including staffing costs, legal costs, case processing costs, compliance costs and ICT costs. While a scheme would generate income through the use of the deposits received, our analysis suggests it would not be financially viable without Government subsidies or significant legislative changes in order to reduce dispute resolution costs.
3. Our appraisal indicates that a custodial deposit protection scheme involving legislative change to enable a streamlined lower cost dispute resolution as per the UK and involving outsourcing of administration, dispute resolution and enforcement, would be likely to achieve financial viability. However, in the absence of radical reform of the dispute resolution framework and associated legislative change, a scheme would not be financially viable.
4. Introducing a deposit protection scheme would increase opportunity costs for landlords who would ultimately be reflected in rents and so it would be a mistake to see this as a costless policy option. However, appropriately structured with legislative changes on dispute resolution process, such a scheme could on balance have a marginally positive net benefit.
5. A deposit retention scheme would not eliminate disputes involving deposits but would ensure that in cases where such disputes were deemed to involve landlords unjustifiably retaining deposits that the tenants would receive their money back. It could therefore ensure tenant confidence and would result in increased protection for such tenants. It would also have the benefit in reducing social welfare dependent related exceptional payments, and would reduce PRTB costs. These have been taken account of in our analysis.
6. A deposit retention scheme would need to be linked into the existing PRTB registration system and legislation may be required to encourage PRTB to pass on tenancy information to a scheme

operator. We would not see such a linkage with other regulations such as BER as appropriate.

7. To be viable, in addition to legislation to reduce dispute costs, measures may be required to address non-compliant landlords. A system whereby tenants would receive three months' rent free for non-compliance would enhance compliance rates. There would also be a need to ensure that on-line facilities were used to the maximum extent in terms of administration of any scheme.
8. There are likely to be significant economies of scale for an existing service provider in managing such a scheme operated by an existing operator internationally or related service provider in Ireland. There would be significant higher cost for a provider to build all of the systems required from scratch compared to modifying existing systems.
9. There are significant financial risks in operating any such scheme and the financial outturns would depend on cost containment, interest rates and compliance rates. In order to minimise exchequer risks, any scheme would have to be structured so that any potential financial losses would accrue to the scheme contractor and that such providers have the financial capability to absorb such losses.
10. In an Irish context, the small scale of the market is such that there would be significant economies if one or possibly two scheme operators were licensed to provide the service. This would however reduce the level of competition and options for landlords and would increase the impact of a scheme operator ceasing business.
11. Our analysis suggests that if a decision is made to introduce a formal deposit protection scheme, there are two clear options available to the Government as follows:
    i. To await the introduction of legislation to provide for a lower cost resolution process;
    ii. To provide an exchequer subsidy to meet the shortfall in the financial viability of a scheme.
12. **An alternative approach might be to enhance tenant protection by providing a fund to ensure that where determinants have been made, and where landlords have failed to comply with PRTB enforcement orders, then the outstanding deposits would be paid to tenants. Given that there are only approximately 626 cases annually where PRTB have concluded that deposits should be returned and that we understand in most cases landlords may repay these deposits, the number of cases where a fund would be called on would be limited.**

    The costs of such a measure could be funded by the exchequer partially from savings in social welfare deposit support or from a small levy via the household charge on landlords or other means and this would involve lower costs than operating a formal deposit retention scheme. There are however significant uncertainties regarding these costs and the actual costs could only be determined following a tendering process and the operating experience over time. For that reason there are significant risks to the financial viability of any scheme."

Deposits are taken for damage above normal wear and tear

UIPI Update

The International Union of Property Owners are continuing to work for all property owners in Europe. The UIPI aims to protect and promote the interests, needs and concerns of private landlords and owner-occupiers at national, European and international levels.

Energy Efficiency in rental property is increasingly important but different countries have varied problems and requirements. It is important that a one size fits all approach is not taken.

The UIPI have been arguing the unique nature of diverse rental markets and are working to ensure that Directives are not introduced that damage the rental markets in member countries.

UIPI members were due to attend a demonstration march which was to be held in Paris in solidarity with French Landlords against rent control. The march was called off as a result of the terrorist attack as it was scheduled for a few days later.

France is already experiencing a reduction in investment in the private rental market as a result of the recent changes in the sector.

Stephen Faughnan is a member of the Executive Committee and the European Affairs Committee.

Rent Increase

Rent Increases can only be every 24 months for the next 4 years and the notice period of the rent increase has changed from 28 days to 90 days; give a few days more to be sure of compliance.

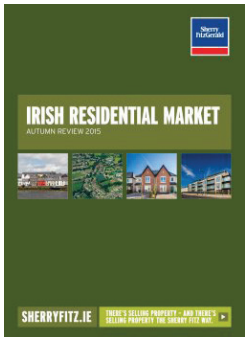
There is no change to the mechanism for setting/reviewing rents as yet. The new requirements in relation to the similar properties etc. are expected to commence in the first quarter of 2016. The new requirements include:-

- Amount of new rent and date of effect.
- Statement that a dispute on rent can be referred to PRTB by the date of effect or 28 days from receipt.
- Include a statement as to why it is not greater than market rent with regard to
  a) terms of tenancy
  b) letting value of similar size, type and character
  ii) comparable area
- Specify the rent sought for 3 similar dwellings advertised in the previous 4 weeks
- Be signed by the landlord / agent

Holiday Letting

In recent times we have been advised by a number of members letting in cities that they have moved to holiday letting. There is more work involved in the administration and turnover of the property but their returns have been greater. It has worked well for some members who needed to increase their income as a matter of urgency and they have notified us that over the past year the income from holiday letting in some cases was twice the income of letting as a private residence.

Property Owners leaving the Market



Sherry FitzGerald's Irish Residential Market Autumn Review estimates that 40,000 rental units have left the Irish rental market since 2011. This trend is continuing; 33% of housing sold in the first 9 months of the year came from the investment sector and 12% were repossessions, many of which would be investment properties. 18% of properties purchased are for investment purposes which shows the depletion of properties from the rental sector.

There are many reasons for Investors to leave the market but information from the DKM Report in September 2014 informs us that 70% of landlords have loans and that 71% had insufficient income from their rental property to pay their mortgage.

The tax treatment of the sector has resulted in many property owners in the private rental sector finding the sector unsustainable and making it impossible for them to remain. We are aware from Members that while many can sustain their property at the moment they intent to sell as soon as they are out of negative equity.

The fear is that when the ECB rate increases which it will inevitably do, the rental income will not cover the increased cost. Increasing the supply of rental property is necessary, but protecting the exiting supply is essential, and fair tax treatment of the sector is the first step required.

On-Line Reports

A number of organisations issue reports on line with a facility to allow for comments including Daft and Myhome. A lot of comments are made by interested parties, but often the comments are very one-sided from people who do not understand the tax treatment and legislation facing landlords. Consider leaving a sensible comment from a landlords' perspective to give a more balanced view of the sector.

Meeting with Joe Costello TD

On the 10th September Stephen Faughnan met with Joe Costello TD, whose constituency houses a large number of pre-63 houses in units. The difficulty around compliance with the Housing Standards for Rented Houses was the main topic of discussion.

The requirement to have a bathroom integral to the unit has caused numerous difficulties and resulted in a loss of rental accommodation in the area. It can be difficult, costly, or in some cases not possible to integrate the bathroom and tenancies are being ended needlessly.

Many of these units have designated bathroom outside their bedsit for their exclusive use. These standards were drafted when there was a surplus amount of rental accommodation but in the current situation should be revisited to legalise bedsits with the exclusive use of a designated bathroom.

This measure could be done with a stroke of a pen, at no cost to the Exchequer. Deputy Costello said that he would discuss the situation with the Minister for Environment.

Finance Bill – New Revenue Powers

Section 71 makes a series of amendments to Chapter 4 of Part 38 of the Taxes Consolidation Act 1997, which is concerned with Revenue powers. In particular, this Chapter provides the Revenue Commissioners with the power to seek records and documents from taxpayers and other third parties, including financial institutions. The specific changes provided for in this section are as follows: Section 902, which enables the Revenue Commissioners to seek information from a third party (other than a financial institution) about a known taxpayer, is amended to also include a taxpayer whose identity is not known at that time, but who is capable of being identified by other means.

Section 902A, which enables the Revenue Commissioners to seek a High Court order requiring a third party (other than a financial institution) to provide information about a taxpayer, is amended to allow the Revenue Commissioners to request the Court to direct that the existence of the disclosure order is not made known to the taxpayer. Where such a request is made to the Court, the Revenue Commissioners must have reasonable grounds for suspecting that the disclosure of the order would lead to serious prejudice to the proper assessment or collection of the tax.

Section 906A, which enables the Revenue Commissioners to seek information from a financial institution about a known taxpayer, is amended to also include a taxpayer whose identity is not known at that time, but who is capable of being identified by other means. This is analogous to the amendment made to section 902 as respects other third parties.

Section 908, which enables the Revenue Commissioners to seek a High Court order requiring a financial institution to provide information about a taxpayer, is amended to allow the Revenue Commissioners to request the Court to direct that the existence of the disclosure order is not made known to the taxpayer. Where such a request is made to the Court, the Revenue Commissioners must have reasonable grounds for suspecting that the disclosure of the order would lead to serious prejudice to the proper assessment or collection of the tax. This is analogous to the amendment made to section 902A for other third parties.

Section 912A, which extends the Revenue Commissioners' powers to obtain taxpayer information from various sources where foreign tax is at issue, is amended to now include the powers provided in section 907A. This means that the power to apply to the Appeal Commissioners for their consent to seek taxpayer information from a third party (where that third party name was provided by a financial institution) is now extended to cover foreign tax. This situation may arise where such information is sought from the Revenue Commissioners by a foreign tax authority under existing legal arrangements, for example, a double taxation agreement. These changes come into effect on the date of publication of the Finance Bill 2015.

Section 72 amends section 888 of the Taxes Consolidation Act 1997 (i) to require a property agent to include in a return of information the tax reference number of each property owner and the Local Property Tax (LPT) number in respect of each residential property, and (ii) to require 15 Government bodies paying rent or rent supplement to include in the return of information the LPT number in respect of each residential property.

Finance Bill 2015 – 100% Mortgage Interest Relief for Social Welfare Tenancies

Extract taken from Report Stage of the Finance Bill which introduces the 100pc allowance on interest for landlords who give a three year commitment to take tenants in receipt of social welfare rent supports.

As always the detail needs careful scrutiny.

15.(1) Section 97 of the Principal Act is amended by inserting the following subsection after subsection (2J):

- "(2K) (a) In this subsection—
- 'Board' means the Private Residential Tenancies Board;
- 'household' has the meaning assigned by the Housing (Miscellaneous Provisions) Act 2009;
- 'housing authority' has the meaning assigned by the Housing (Miscellaneous Provisions) Act 1992;
- 'Minister' means Minister for the Environment, Community and Local Government;
- 'lease' means any lease or tenancy in respect of a residential premises required to be registered by the person chargeable under Part 7 of the Residential Tenancies Act 2004;
- 'qualifying lease' means a lease granted by the person chargeable to a qualifying tenant;
- 'qualifying tenant', in relation to a qualifying lease, means—

(i) a household in respect of which rent is payable by a housing authority—

(I) in accordance with Part 4 of the Housing (Miscellaneous Provisions) Act 2014, or

(II) under a contract under section 19 of the Housing (Miscellaneous Provisions) Act 2009, between the housing authority and the person chargeable, or

(ii) an individual in respect of whom a rent supplement is payable by, or on behalf of, the Minister for Social Protection;

'register' means the private residential tenancies register maintained by the Board under Part 7 of the Residential Tenancies Act 2004;

'relevant borrowings' means borrowed money employed in the purchase, improvement or repair of a premises or a part of a premises which, at a time interest accrues on the borrowings, is a residential premises let under a qualifying lease;

'relevant interest', in relation to relevant borrowings and a specified period, means the amount by which the aggregate deductions authorised by subsection (2)(e) are reduced by the application of subsection (2J) in respect of that part of the chargeable periods (within the meaning of section 321) that falls within the specified period and, for the purposes of this definition, interest shall be treated as accruing from day to day;

'relevant undertaking', in relation to a residential premises, means an undertaking under paragraph (b)(i);

'rent supplement' means any payment under section 198 of the Social Welfare Consolidation Act 2005 towards the amount of rent payable by an individual in respect of a residential premises;

'specified period' means a continuous period of 3 years commencing on or after 1 January 2016 but not later than 31 December 2019.

(b) (i) The person chargeable shall submit to the Board, in such form and containing such information as shall be prescribed by the Minister for the purposes of this subsection, an undertaking to the effect that the person chargeable will let a residential premises under a qualifying lease for the duration of a specified period commencing on—

(I) in the case of a qualifying lease commencing on or after 1 January 2016, the date of commencement of that lease, or

(II) in the case of a lease that commenced prior to 1 January 2016, which would, if the lease commenced on that date, be a qualifying lease, 1 January 2016.

(ii) The Board shall register the relevant undertaking in the register, and the provisions of Part 7 of the Residential Tenancies Act 2004 shall apply to information regarding a relevant undertaking registered in the register as they apply to information regarding a tenancy registered in the register, subject to any necessary modifications.

(iii) A relevant undertaking shall be submitted to the Board under subparagraph (i)—

(I) in the case of a lease referred to in clause (I) of that subparagraph, at the time the person chargeable is required to make an application to register the tenancy under section 134 of the Residential Tenancies Act 2004, and

(II) in any other case, by 31 March 2016.

(iv) Where the person chargeable submits a relevant undertaking in accordance with this paragraph and, following the end of the specified period (in this subparagraph referred to as the 'first period'), submits a relevant undertaking (in this subparagraph referred to as the 'subsequent undertaking') in respect of a subsequent specified period (in this subparagraph referred to as the 'second period'), the second period shall commence on—

(I) in the case of a qualifying lease commencing on or after the day following the end of the first period, the date of commencement of that lease, and

(II) in the case of a qualifying lease that commenced before the end of the first period, the day following the end of the first period, and the subsequent undertaking shall be submitted to the Board—

(A) in the case of a lease referred to in clause (I), at the time referred to in subparagraph (iii)(I), and

(B) in any other case, not later than 3 months after the second period commences, and subparagraph (ii) shall apply to a subsequent undertaking as it applies to an undertaking.

(C) For the purposes of this subsection, where a lease has commenced before 1 January 2016, which would, if the lease commenced on that date, be a qualifying lease and a relevant undertaking is submitted to and registered by the Board, the lease shall be deemed to be a qualifying lease commencing on 1 January 2016.

(D) (i) For the purposes of this subsection, where a qualifying lease (in this subparagraph referred to as the 'first lease') terminates during a specified period the currency of that lease shall be deemed to include a period immediately following its termination (in this paragraph referred to as the 'intervening period') if—

(I) at the end of the intervening period, the person chargeable grants a subsequent qualifying lease in respect of the residential premises (in this paragraph referred to as the 'subsequent lease'), and

(II) during the intervening period—

(A) the premises was not let under a lease that was not a qualifying lease,

(B) the person chargeable immediately before the termination was not in occupation of the premises or any part of the premises but was entitled to possession of the premises, and

(C) a person connected (within the meaning of section 10) with the person chargeable was not in occupation of the premises or any part of the premises, and the first lease and the subsequent lease shall be taken together and treated as one qualifying lease.

(ii) More than one subsequent lease may be granted in respect of a premises under and in accordance with subparagraph (i).

(e) For the purposes of this subsection, where a qualifying tenant ceases to be a qualifying tenant during a specified period, the lease shall nonetheless be treated as a qualifying lease for so much of that period as the tenant occupies the premises under the lease.

(f) This subsection shall apply where the following conditions are met:

(i) a residential premises is let under a qualifying lease for one or more than one specified period, and

(ii) a relevant undertaking in respect of that premises for each specified period is submitted to and registered by the Board.

(g) (i) Subject to this section, a person chargeable who meets the conditions referred to in paragraph (f) may, after the end of the specified period, make a claim to have a deduction authorised by subsection (2)(e) in respect of the residential premises referred to in paragraph (f) computed as if the relevant interest for the specified period accrued on the day immediately following the end of that specified period, and subsection (2J) shall not apply to that relevant interest.

(ii) The relevant interest referred to in subparagraph (i) shall not be included in any computation of relevant interest for a specified period subsequent to the specified period referred to in that subparagraph.

(h) Any claim under this subsection shall—

(i) contain a statement to the effect that the conditions referred to in paragraph (f) are satisfied, and

(ii) be furnished to the Revenue Commissioners by electronic means and through such electronic systems as the Revenue Commissioners may make available for the time being for the purpose of a claim, and the relevant provisions of Chapter 6 of Part 38 shall apply.

(i) Where a premises in respect of which the person chargeable is entitled to a rent is let in part under a qualifying lease and in part under a lease other than a qualifying lease (in this paragraph referred to as the 'other lease'), the amount of deduction authorised under subsection (2)(e) by reference to interest on borrowed money employed in the purchase, improvement or repair of those premises shall be computed on the amount of interest on that part of the borrowed money which can, on a just and reasonable basis, be respectively attributed to the parts of the premises which are let under the qualifying lease and the other lease.

(j) Notwithstanding section 886, where a person chargeable makes a claim under this subsection, the period for which the linking documents and records (within the meaning of that section) relating to the claim are to be retained by the person required to keep the records under that section shall commence on the final day of the specified period in respect of which the claim is made.".

(2) Subsection (1) shall come into operation on 1 January 2016."

Deputy Michael Noonan (Minister for Finance):

"This amendment introduces a new section 15 to the Bill, which amends section 97 of the Taxes Consolidation Act 1997, relating to the rules applying to the computation of rental profits. The purpose of the new section 15 is to give legislative effect to the tax relief measure for landlords that was announced as part of the package of measures and reforms to the private rental sector announced jointly by the Minister for the Environment, Community and Local Government and me earlier this month.

The social housing supports involved include rent supplement, payable by the Department of Social Protection, and the housing assistance payment and rental accommodation scheme, which are administered by certain local authorities. The landlord will be able to avail of the increase in interest deductions from 75% to 100% after the end of the three-year undertaking and where other conditions have been fulfilled. It will be provided on a retrospective basis in that the additional annual 25% deduction for the three-year period will be rolled up and allowed as a deduction against rental profits in year four. This will be in addition to the 75% interest reduction that will be available to the landlord in year four in the normal way.

The new scheme includes a sunset clause specifying 31 December 2019 as the latest date by which a three-year undertaking period to rent to social housing support tenants can commence. The aim is to encourage landlords to buy into the scheme as early as possible so that they may be in a position to commit to a second three-year period and avail of a second tranche of additional rolled-up interest reduction. In essence, a landlord will be able to avail of the scheme for a maximum period of six years, but this will be the case only where the first three-year undertaking is commenced not later than the end of 2016.

The legislation includes provisions to ensure a landlord will not necessarily lose the additional interest reduction if, say, a tenant ceases to qualify for social housing supports or a tenancy in respect of a social housing tenant ceases before the three-year commitment period ends. This caters for cases where a relevant tenant might find employment during the period of the tenancy, for example. Landlords can evaluate what is on offer from this scheme and decide if the expected rate of return from availing of the scheme in terms of tax savings outweighs the expected rate of return in the form of potential additional rents for remaining outside.

Existing tenancies registered prior to 1 January can qualify, once the landlord registers an undertaking to continue to make the accommodation available for three years on or after 1 January 2016 but no later than 31 March 2016. This is the question Deputy McGrath asked and it was a very good question. If this was not allowed, it would not work as intended. There is also a sunset clause, which provides for a three year permanent tenancy, which must be given before the additional part of the interest rate, between 75% and 100%, is rebated to the landlord. It is an incentive built in for this reason. It allows the landlord to roll it over again and give security of tenure for a six year period, and to avail of a break on 100% of the interest rather than the 75% available at present

The legislation provides for the interest deduction to be apportioned on a just and reasonable basis between various properties or between parts of one property let under qualifying and non-qualifying tenancies. The increased interest deduction will be allowed on interest relating to qualifying tenancies only. If there are five units in a house and it costs €1 million in total, that is €200,000 apiece, and if two are rented to people on rent supplement only the interest which runs from those two apartments will be covered. It will be apportioned justly and fairly."

Dublin Place Finders Service

This is a team based in Smithfield, Dublin 7. They are part of Dublin City Council and their mission is to procure and secure rental options for households in need and qualifying for support under the Housing Assistance Payment (HAP) scheme.

This includes households who have previously rented and been good tenants, many of whom are working but all of whom have difficulties making rental payments in today's market.

Due to a recent Government decision in Budget 2016, they can now offer rates up to 50 per cent above today's rent supplement levels.

Pilot HAP Monthly Rent Limits: Depending on the actual local in the Dublin region (i.e. City and County) an example of the rates that, on a discretionary basis, can be paid up to per month, are as follows:

	One Adult Shared	Couple Shared	One Adult	Couple	Adult Couple One Child	Adult Couple Two Children	Adult Couple Three Children	Adult Couple Four Children
DCC								
Incentive	525	600	780	1125	1425	1462	1500	1650
DRCC								
Incentive	525	600	780	1125	1425	1462	1500	n/a
SDCC								
Incentive	525	600	780	1125	1425	1462	1500	n/a
FCC								
Incentive	450	525	780	1050	1275	1350	1425	n/a

The deposit and month's rent are paid in advance. The payments are made into the nominated bank account within a couple of days of agreeing to the tenancy. The rent will be paid effective from the day the tenant moves in.

Dublin City Council housing support service works with your new tenants to help ensure their successful move into their new home and to make sure everything is going smoothly thereafter.

If you would like any more information please contact them at the e-mail address placefinders@dublincity.ie or phone (01) 2226877

Non Payment of Water Charges – Penalties

Late Payment Charges are incurred when any water charges remain unpaid for a period of 12 months.

If any water charges remain unpaid for a period of 12 months after the date of first demand for payment and you have not entered into or are not complying with the terms of a payment plan, there will be a late payment fee of €30 a year for a single-adult household and €60 a year for a combined (water and wastewater service) household with two or more adults. If you only have one water service, the late payment fee is halved.

An additional €30 or €60 will be added on every anniversary of the original add-on date while any of the bill remains unpaid or a payment plan has not been entered into with Irish Water. This provision applies to any amount that remains unpaid or where a payment plan has not been entered into.

Single person (Two Services - Water & Waste)

Year	Amount	Late Payment Charge	Amount Outstanding
1	160	30	190
2	160	30 + 30	410
3	160	30 + 30 +30	660
4	160	30+30+30+30	940

Multiple Occupancy (Two Services – Water & Waste)

Year	Amount	Late Payment Charge	Amount Outstanding
1	260	60	320
2	260	60+60	700
3	260	60+60+60	1140
4	260	60+60+60+60	1640

The Default Charge is €260 per annum if not registered with Irish Water.

MEMBERSHIP APPLICATION 2016 IRISH PROPERTY OWNERS ASSOCIATION

Name: _____

Address: _____

Telephone: Day: _____ Mobile: _____ Night: _____

E-mail Address: _____

I WISH TO BECOME A MEMBER OF THE IRISH PROPERTY OWNERS ASSOCIATION.

I enclose a cheque for ☐ €250 (multiple units) or ☐ €150. (a single unit – 1 unit is 1 apartment or house let as a unit).
I wish to pay by credit card MasterCard: ☐ Visa: ☐ Laser: ☐

Card number: _____ Expiry Date: _____/_____

Cardholders Name: _____

ON BEING ACCEPTED AS A MEMBER OF I.P.O.A, I CONFIRM THAT MY PROPERTIES COMPLY WITH MINIMUM STANDARDS LEGISLATION HOUSING (STANDARDS FOR RENTED HOUSES) REGULATIONS 1993, THE HOUSING (STANDARDS FOR RENTED HOUSES)REGULATIONS 2008 AMENDED 2009

Signed: _____ Date: _____

Introduced By: _____

OFFICE USE: Acceptance Date:_____/_____/_____Reg. No._____ Accepting Officer: _____