



Stamp Duty

New Rates and Basis for Calculating Duty.

Owner Occupier Reliefs

Prohibition of letting of the property reduced to 2 years.

Site to Child Relief

The exemption threshold increased to 500,000.

New Rates With New Basis for Calculating Stamp Duty.

Under the new system there is an exemption of €125,000 with two rates of 7% and 9%. The 7% rate applies up to €1,000,000 and it is charged on the excess of the consideration over the exempt €125,000. The 9% rate applies where the consideration exceeds €1,000,000 and it is charged on the excess of the consideration over €1,000,000.

| Consideration (or Aggregate Consideration) exceeds €127,000* Rate of Duty | |
|---|-----|
| First €125,000 _____ | Nil |
| Next €875,000 _____ | 7% |
| Excess over €1,000,000 _____ | 9% |

**To fully preserve the existing exemption, transactions, where the consideration (or aggregate consideration) does not exceed €127,000, are exempt from stamp duty. Properties with a value in excess of €125,000 but not exceeding €127,000 will not be liable for stamp duty.*

The system applies to instruments executed on or after 5 November 2007 and Revenue will, on an administrative

basis until the enactment of the Finance Act 2008, give immediate effect to these changes.

House Contents.

The contents of residential property will no longer be taken into account in determining the stamp duty liability on the consideration attributed to that residential property. However, the total consideration must be apportioned on a bona fide basis between the property and the contents, and surcharges may apply in the event of undervaluation. It should be noted that stamp duty transactions are subject to audit by Revenue.

Aggregation.

Aggregation will continue to apply in determining the stamp duty liability where a transaction forms part of a larger transaction or of a series of transactions involving residential property. The stamp duty liability is calculated on the basis of the aggregate consideration. The duty is then apportioned between the separate properties which are transferred by separate instruments and the apportionment is pro rata to the consideration for each property.

Aggregation Example:

Two houses are purchased for a total of €1,200,000 - being the sum of €800,000 for House A and €400,000 for House B. Stamp Duty is calculated on the aggregate consideration of €1,200,000

Apportionment of duty between House A and House B

| | | | | | |
|---------|---------|---|-----------------------|---|---------|
| House A | €79,250 | X | €800,000 / €1,200,000 | = | €52,833 |
| House B | €79,250 | X | €400,000 / €1,200,000 | = | €26,416 |

| Aggregate Consideration | Stamp Duty Calculation | Stamp Duty Due |
|-------------------------|------------------------|----------------|
| €1,200,000 | €125,000 | Nil |
| | €875,000 @ 7% | €61,250 |
| | €200,000 @ 9% | €18,000 |
| | | TOTAL €79,250 |

Increase in Site to Child Exemption from Stamp Duty and Capital Gains Tax.

The existing Site to Child relief from Stamp Duty and Capital Gains Tax provides an exemption under both taxes on sites with a market value not exceeding €254,000, where a parent transfers the site to a child for the purposes of constructing the child's principal private residence. The exemption threshold of €254,000 is being increased to €500,000. This change will take effect in respect of disposals made on or after Budget day.

Owner-Occupier Reliefs.

The above changes do not impact on the existing exemptions for first-time owner-occupying purchasers of new or second-hand residential property or other owner-occupying purchasers of a new dwelling house or apartment with a floor area under 125 square metres. The new rate structure will apply to the reduced chargeable consideration in the case of owner-occupying purchasers of a new dwelling house or apartment with a floor area over 125 square metres.

This means that First Time Buyers, purchasing second hand properties are still exempt from Stamp Duty and First Time Buyers & Owner-Occupiers

purchasing new properties up to 125 sq.m are still exempt.

However, the claw-back period, in relation to the condition prohibiting the letting of the entire property, is being reduced for all three reliefs from 5 to 2 years for instruments executed on or after 5 December 2007. Accordingly, references to the "period specified" in provisions of the Stamp Duties Consolidation Act 1999 in the certificates in those instruments will be taken to be references to a period of 2 years rather than 5 years.

For instruments executed before 5 December 2007, to the extent that a dwelling house or apartment is rented out on or after 5 December 2007, it will not involve a claw back of the relief where this occurs in the third, fourth or fifth year of ownership.



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