



Charles O'Brien & Son Auctioneers

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Stamp Duty

Stamp duty in Ireland is a tax payable to the Government based on the documents used in the transfer of property. (In other words, the conveyance document which transfers ownership to you). The value of the property (i.e., home or apartment, land or housing site) and your status (i.e., whether you are a first-time buyer, investor, etc.) will determine the amount of stamp duty that is payable. Stamp duty is divided up into different categories and rates and the amount you pay will depend on:

- Whether you are going to live in the house or apartment (residential or owner-occupier) or are an investor
- Whether as an owner-occupier, you are a first time buyer
- Whether it is a new or second-hand house or apartment
- The size of the house or apartment.

Stamp duty is also payable on land/housing sites without residential buildings. Where your agreement to buy a site is linked to a construction contract, stamp duty may be payable on the full amount of the site **plus** the construction contract.

First-time buyers

A first-time buyer is defined as a person (or where there is more than one buyer, each person):

- Who has not on any previous occasion, either individually or jointly, purchased or built on his/her own behalf a house in Ireland or abroad;
- Where the property purchased is occupied by the purchaser or a person on his/her behalf as his/her only or principal place of residence and
- Where no rent is derived from the property for five years after completion of the current purchase.*

*If the first-time buyer **rents** the house within five years Revenue will claim back or 'clawback' the difference between the higher stamp duty rates and the duty actually paid. The only exception to this is the 'Rent a Room' scheme where part of the house is rented out. If the house is **sold** within five years there is *no* clawback.

A divorced or separated person is considered a first-time buyer in the following circumstances:

- if they have left their former marital home and,
- do not retain any interest in the marital home and,
- their former spouse continues to occupy the home.



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The Revenue Commissioners have published [a leaflet on 'First-time buyer relief'](#) with frequently asked questions (FAQs) on first-time buyers and stamp duty.

Non-owner-occupiers and investors

People who rent out new or second-hand houses or apartments are considered 'investors'. The same rates of stamp duty apply to investors as to non-first time owner-occupiers (See Rules below).

RULES

Stamp duty on new houses and apartments

Owner-occupiers of new houses/apartments are exempt from stamp duty, provided that the area of the house or apartment does not exceed 125 sq. metres (1,346 sq. feet) and a [Floor Area Compliance Certificate](#) has been issued. The house or apartment must not have been occupied prior to its purchase. It must be occupied as the owner's main place of residence for a period of five years from the date of the [purchase deed](#). However if you sell the house during this period you **do not** have to repay stamp duty.

A stamp duty 'clawback' arises where rent, other than under the 'Rent a Room scheme' is obtained within the five year period (or up to the date of a sale during this period) from the date of the purchase deed. The amount of the clawback is the difference between (a) the stamp duty payable at the higher rates which would have applied at the date of the purchase deed and (b) the lower duty (if any) paid as a result of obtaining the benefit of the reduced rates.

Under the '[Rent a Room scheme](#)', there is no stamp duty clawback where rent is received by the person in occupation of the house or apartment on or after 6th April, 2001 for letting of furnished accommodation in part of the house.

If the area of the house or flat is greater than 125 sq. metres (1,346 sq. feet), some stamp duty is payable if the Chargeable Consideration is above the relevant exemption threshold. (The stamp duty is assessed on **either** the cost of the site **or** 25% of the cost of the site plus the building costs (less VAT), whichever is the **greater figure**. This figure is called the Chargeable Consideration.

Stamp duty rates for first-time buyers

Stamp duty rates for first-time buyers who are owner-occupiers of second-hand residential property were changed significantly in Budget 2005. The change affects any legal instruments (e.g. the deed of conveyance or transfer or lease giving effect to the contract) relating to a first-time buyer buying a residential property on or after **2nd December, 2004**. The exemption rate was increased to 317,500 euro, meaning first-time buyers who are owner-occupiers of second-hand residential property do not pay stamp duty on homes up to that value. The same buyers can avail of reduced rates on properties



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up to a value of 635,000 euro. These rate structures also apply to new properties with a floor area of more than 125 sq. metres.

Stamp duty rates for non-owner-occupiers

Non-owner-occupiers are liable for stamp duty on both new and second-hand houses or apartments. The same rates of stamp duty apply to investors as to non-first time owner-occupiers.

Transfer of property between relatives

Stamp duty is payable at half the normal rate applicable if there is a transfer of property (other than shares) to certain relatives (e.g., a parent, grandparent, step-parent, child, brother, sister, half-brother, half-sister, aunt, uncle, niece or nephew). This relief is not available on leases or on transactions involving cousins and/or in-laws.

Site transfers from parent to child

Stamp Duty and Capital Gains Tax do not apply where a parent transfers a site to a child. The site must be for the construction of the child's principal private residence and the market value of the site must not be greater than 253,947.62 euro. A parent can only transfer one site to each child to take advantage of this exemption. If the child then sells the site without the principal private residence being built and lived in for 3 years, there will be a clawback of the capital gains tax relief permitted. There will be no clawback if the child dies.

Stamp duty relief for exchange of farmland for farm consolidation purposes

The [Finance Act 2005 \(pdf\)](#) provided a new stamp duty relief for an exchange of farmland between two farmers. This applies when farmers exchange land in order to consolidate their holdings. The stamp duty is applied to the difference in value between the lands concerned. Formerly each farmer was liable to the full stamp duty on property s/he receives. This once-off relief applies for a two year period and full details, including the qualifying conditions, are set out in Revenue's "[Stamp Duty Farm Consolidation Relief](#)" (pdf) leaflet.



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RATES

PART 2 - STAMP DUTY ON IMMOVABLE PROPERTY

Conveyance or Transfer on sale of any property other than stocks or marketable securities or a policy of insurance or a policy of life insurance.

Reference to the SDCA is to the Stamp Duties Consolidation Act 1999.

Introduction

The most common charge to stamp duty which affects individuals is the stamp duty on the purchase of residential property; i.e. houses and apartments. The amount of stamp duty payable depends on:

The price paid (or the market value where the price paid is less than market value) for the property,

Whether the property is new or second-hand, and

Whether the purchaser is a first time buyer, owner-occupier or investor

The current rates of duty for residential property and non-residential property are set out below

Residential property (for instruments executed on or after 5 November 2007)

| Aggregate Consideration exceeds €127,000* | Rate of Duty |
|--|---------------------|
| First €125,000 | Nil |
| Next €75,000 | 7% |
| Excess over €1,000,000 | 9% |

Non-residential property (for instruments executed on or after 15 October 2008)

| Aggregate Consideration | Rate of Duty |
|--------------------------------|---------------------|
| Up to €10,000 | Exempt |
| €10,001 to €20,000 | 1% |
| €20,001 to €30,000 | 2% |
| €30,001 to €40,000 | 3% |
| €40,001 to €70,000 | 4% |
| €70,001 to €80,000 | 5% |
| Over €80,000 | 6% |



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How to apply

Your [solicitor](#) will calculate how much stamp duty is due and request this from you prior to the closing of the sale. The amount is paid to the Revenue Commissioners who place a stamp on the [property deeds](#). Without this stamp, the deeds cannot be registered.

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