



## Landlord Tax Guide





### **What taxes can I expect to incur if I rent out my property?**

Income tax is charged and calculated on rent received subject to certain deductions. In addition the landlord is liable to pay the Local Property Tax



### **What deductions are considered allowable expenses?**

- Estate agents fees
- Qualifying mortgage interest, since April 2009 75% of interest of purchase, improvement or repair is allowable
- Advertising costs
- Management Fees
- Insurance premiums
- PRTB registration fee, properties must be registered to claim mortgage interest relief.
- Mortgage protection policy premium
- Accountants fees
- Refuse and other service charges
- Costs of repairs and maintenance



### **What expenses can't be claimed for?**

- Pre letting expenses, i.e. expenses incurred prior to the date on which the premise was first let apart from estate agents fees and advertising costs
- Post letting expenses, i.e. expenses incurred after the period of the last letting are not allowable
- Capital expenditure covering outlay spent enhancing the capital value of the property is not tax deductible with the exception of furnishings.



### **How is tax relief on furnishings calculated?**

The current allowance is 12.5% of the cost over 8 years. For example, if you purchase a suite of furniture for €1,000 a capital allowance of €125 per year can be off-set against the rental income for tax purposes for the next 8 years.



### **Can profits on one rental property offset losses on another?**

A profit on one rental property can be offset against the loss on another property provided they are owned by the same landlord.



### **Can losses be carried forward to the following year?**

Losses can be carried forward indefinitely.



### **Can I use trading losses against rental income?**

If you make a loss in your business trade you can use this loss against your Irish Rental Income but only in the current year.



### **How do I pay tax if I'm not resident in the state?**

If you reside outside the state and your tenant pays rent directly to your bank account then the tenant should deduct income tax at the standard rate of tax (currently 20%) from the gross rent payable.



### **If I use a collection agent does this still apply?**

This does not apply if you use a collection agent to collect the rent on your behalf, the collection agent then submits your tax returns in the normal fashion. Brock Delappe Estate Agents provide the service in conjunction with a charter tax advisor.

