

Home Renovation Incentive

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Concepts Realised

Basic Definition: The Home Renovation Incentive (HRI) enables homeowners to claim tax relief at 13.5% on repairs, renovations or improvement works that are carried out on their homes by tax-compliant contractors.

Eligible Work: Repair, renovation or improvement work that is subject to VAT at 13.5%. Examples include: painting and decorating, rewiring, tiling, fitted kitchens, extensions, garages, landscaping, plastering, plumbing, bathroom upgrades, window replacement, attic conversions, driveways, septic tank repair or replacement.

Non-Eligible Work: Carpets, furniture, white goods (such as fridges, dishwashers) and services (such as architects fees) with a VAT rate of 23%. Materials homeowners buy themselves such as paint, tiles, etc. will not be included when working out the qualifying expenditure.

If you are unsure whether the works qualify, contact your Revenue office.

To Qualify: The works must be carried on your primary residence, which you must own and live in. Alternatively, the works may be carried out on a second hand home that you have purchased and live in once the works have been carried out. You must also be up-to-date with your obligations towards Local Property Tax and the Household Charge; you must also be paying income tax (PAYE or self-assessment).

Qualifying Contractor(s): Any contractor must be registered for VAT and be tax compliant. The contractor is to be notified that you wish to avail of the HRI and in return should provide the home owner with evidence of their VAT registration and tax compliance. If several contractors carry out qualified work on your home, you can combine the cost of works to make up the qualifying minimum amount.

Time Limits on Incentive: In general, work must be carried out and paid for between 25 October 2013 and 31 December 2015. Where planning permission is required – 31 December 2015 is the deadline for planning permission and works paid for up to 31 March 2016 will qualify.

Tax Credit: For PAYE tax payers – the amount of allowable credit will be included in you annual Tax Credit Certificate for the 2 years following the year in which the work is carried out. For self-assessment tax payers – the amount will be incorporated into your tax assessment for the 2 years following the year in which the work is carried out.

Rates: Qualifying work has a minimum cost of €4,405 (before VAT at 13.5%). VAT included total is €5,000. The minimum credit is therefore €595. Maximum cost of works is €30,000 (before VAT). The maximum credit is therefore €4,050.

Useful Links:

Home Renovation Incentive frequently asked questions, provided by Revenue.ie:

<http://www.revenue.ie/en/tax/it/reliefs/hri/hri-general-faqs.html>

Information for Home owners on HRI, provided by Revenue.ie:

<http://www.revenue.ie/en/tax/it/reliefs/hri/hri-homeowner-faqs.html>