

# Landlord Tax Guide

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## 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 January 1st 2019, 100% of interest on borrowings for 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
- Pre-letting expenses of up to €5,000 are allowable if the property has been vacant for 12 months prior to the first letting



## What expenses can't be claimed for?

- Pre-letting expenses over €5,000 and / or those incurred if the property is vacant for less than 12 months prior to the first letting.
- Post letting expenses, i.e. expenses incurred after the period of the last letting are not allowable.
- Mortgage interest when the property is not let out for significant periods of time.



## What is capital expenditure and can it be deducted from your rental income?

- There are two types of capital expenditure.
- The first type would be for furniture, fittings, equipment such as kitchen and bathroom appliances and other household items. This expenditure can be written off over 8 years. (12.5% of the cost can be deducted each year). These tax deductions are called capital allowances.
- 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.

The second type of capital expenditure would generally add value to the property such as building an extension and in the event of a sale this expenditure is deductible for capital gains tax purposes but it is not deductible for income tax purposes.



### **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





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