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9 July 2021

Cllr Séamas McGrattan  
Chairperson  
Finance Strategic Policy Committee  
[Fiona.murphy@dublincity.ie]

Dear Chairperson

I wish to refer to your letter of 24 May 2021 concerning reform of the Local Property Tax (LPT).

As you will be aware, the Government has recently given its approval for the General Scheme of the Finance (Local Property Tax) (Amendment) Bill 2021 which has been published at this link <https://www.gov.ie/en/publication/4dc24-heads-of-the-finance-local-property-tax-amendment-bill-2021/>. The Bill is designed to implement the Programme for Government commitments to bring forward legislation in relation to LPT on the basis of fairness and that most homeowners will face no increase in their LPT liability. In addition the Bill will address the commitment to bring new homes, which are currently exempt from or outside of the tax, into the taxation system.

The Programme for Government also includes a commitment to move to 100% local retention of LPT receipts. However, as the LPT revaluation process under the proposed Finance (Local Property Tax) (Amendment) Bill is likely to take a number of months, detailed information on the new yield per local authority will not be available until later in the year. Accordingly, my colleague the Minister for Housing, Local Government and Heritage has recently announced that LPT allocations for 2022 will provisionally be based on updated information regarding the 2021 LPT yield, on a no change basis i.e. the 80:20 model. All other elements will also be based on 2021 figures, including the LPT baselines, the equalisation contribution and self-funding of housing and roads from surplus LPT. I understand that as the yield will change following the revaluation the Minister for Housing, Local Government and Heritage will revisit the matter at that point.

Your letter is mainly concerned with local government funding matters which fall under the remit of Mr Darragh O'Brien TD, Minister for Housing, Local Government and Heritage and Mr Michael McGrath TD, Minister for Public Expenditure and Reform, whom I note you have forwarded your letter to also.

Yours sincerely

Paschal Donohoe TD  
Minister for Finance

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