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## Report to the Finance Strategic Policy Committee

### Rates Exemptions Categories

#### Background

Commercial rates are a charge on commercial property, payable to the relevant local authority. Rates liability is determined by the valuation legislative framework.

The Valuation Acts set out the roles and responsibilities of various parties to the Valuation process – the Commissioner of Valuation, the Valuation Tribunal. The Valuation process is carried out by the Valuation Office, wholly independent to any Local Authority and reporting to the Minister for Finance. Properties which are deemed rateable are valued by the Valuation Office. The Local Authority determines the Annual Rate on Valuation (ARV) which acts as a multiplier. The product of the property valuation and the relevant ARV determines the rates charge payable by the commercial ratepayer.

The key legislation relating to rates is:

- Valuation Act 2001
- Valuation ( Amendment ) Act 2015

The 2015 Act amends the 2001 Act but does not replace it. Other Acts which have amended the 2001 Act include:

- Local Government Reform Act 2014 ( amends Schedules 3 & 4 )
- Section 16 of HSE ( Financial Matters ) Act 2014 ( exempts HSE from rates )
- Section 12 of Water Services Act 2014 ( exempts Irish Water )

#### Valuation Act 2001

Schedule 4 of the Valuation Act 2001 (as amended by the Valuation (Amendment) Act 2015 sets out details of relevant property not rateable. The schedule includes land used for agriculture, horticulture, forestry and sport. Also, buildings used exclusively for public religious worship, caring for sick persons, educational institutions, any art gallery, museum, library, park or national monument which is open to the public and not maintained for the purpose of making a private profit, community halls and buildings used for charitable purposes by a charitable organisation (see Section 16 - Appendix A attached). Buildings occupied by members of either House of the Oireachtas or a member of the European Parliament exclusively as his/her constituency office.

Part 4, Section 15 of the Valuation Act (Appendix B attached) provides that where “a building or part of a building, land or a waterway or a harbour directly occupied by the State (including any land or building occupied by any Department or office of the state, the defence Forces or the Garda Síochána or used as a prison or place of detention), shall not be rateable”.

## **Valuation (Amendment) Act 2015**

The key changes in the Valuation (Amendment) Act 2015 that relate to exemptions include:

- Not for profit childcare facilities exempt
- Sports clubs: bar and food area only

### Not for Profit Childcare facilities

The 2015 Act provides a new exemption from commercial rates for such properties, The Department of Childcare and Youth Affairs wrote to each Community Childcare Provider in August 2015 that was eligible for exemption and informed them of this new provision.

### Sports Clubs / bar and food area only

The partial exemption applies to Clubs where buildings or part of buildings are occupied and are used exclusively for "community sport" on a not for profit basis. The Club must be registered under the Registration of Clubs (Ireland) Act 1904. The Valuation (Amendment) Act 2015 introduced a new provision to the Valuation Act 2001 which gives rise to the partial exemption. This is now set out in Schedule 4, paragraph 4B of the 2001 Act.

## **Water Services Act 2014**

Section 12 of the Water Services Act 2014 provides that public water services property is not rateable and amended Schedule 4 of the Valuation Act 2001. Circular L3 15 dated 22<sup>nd</sup> April 2015 noted that the enactment of the above section would have a negative financial effect on Local Authority budgets and therefore informed Local Authorities that compensation funding would be provided through the Local Government Fund in 2015 and 2016.

## **Section 16 of HSE (Financial Matters) Act 2014**

Section 16 of the above Act amends Schedule 4 of the Valuation Act 2001 to include "any land, building or part of building occupied by the HSE" to be exempt from rates (Schedule 4, Section 20)

## **Exempt Properties not valued by the Valuation Office**

The Valuation Office assess each property and use in order to establish if it is list rateable or exempt in accordance with Schedule 4 and Section 15.

Properties which are exempt from rates are not valued or entered on the Valuation List since January 2014.

Prior to 2014 the value of state occupied exempt properties was €30m. This valuation does not include other categories of exempted properties.

Rates exemptions are set by statute. In the event that the Finance SPC agrees to propose changes, amending legislation would be required by the Minister for Finance.

**Kathy Quinn**  
**Head of Finance**

## APPENDIX A

### Valuation Act 2001 - Schedule 4, Section 16

16.—Any land, building or part of a building which is occupied by a body, being either—

- (a) a charitable organisation that uses the land, building or part exclusively for charitable purposes and otherwise than for private profit, or
- (b) a body which is not established and the affairs of which are not conducted for the purpose of making a private profit and—
  - (i) the principal activity of which is the conservation of the natural and built endowments in the State, and
  - (ii) the land, building or part is used exclusively by it for the purpose of that activity and otherwise than for private profit.

## Appendix B

### Valuation Act 2001 Part 4, Section 15 of the Valuation Act

**15.**—(1) Subject to the following subsections and *sections 16* and *59*, relevant property shall be rateable.

(2) Subject to *sections 16* and *59*, relevant property referred to in *Schedule 4* shall not be rateable.

(3) Subject to [section 16](#), relevant property, being a building or part of a building, land or a waterway or a harbour directly occupied by the State (including any land or building occupied by any Department or office of State, the Defence Forces or the Garda Síochána or used as a prison or place of detention), shall not be rateable.

(4) A fishery on which a rate is struck under [section 55](#) of the [Fisheries \(Consolidation\) Act, 1959](#), shall not be rateable.

(5) In *subsection (3)* “harbour” does not include a harbour in respect of which a company is established pursuant to [section 7](#) of the [Harbours Act, 1996](#).

## Appendix C

### Valuation Act 2001 Schedule 4 as amended by Valuation Act 2015

#### SCHEDULE 4

*Section 15.*

#### **Relevant Property Not Rateable**

1.—Agricultural land.

2.—Land developed for horticulture.

3.—Land developed for forestry.

4.—Land developed for sport.

4A.(1) Any building or part of a building used exclusively for community sport, and otherwise than for profit and not being the premises of a club for the time being registered under the Registration of Clubs (Ireland) Act 1904.

(2) In this paragraph ‘community sport’ means sport, the principal participants in which are—

- (a) inhabitants of the locality in which the building concerned (or part of the building concerned) is situate,
- (b) inhabitants of localities neighbouring the first-mentioned locality, or
- (c) in the case of sporting activities involving teams and with the consent of those responsible in the first-mentioned locality for organising sporting activities in that locality, persons from any geographical area.

4B. (1) Any building or part of a building used exclusively for community sport and otherwise than for profit, and being the premises of a club for the time being registered under the Registration of Clubs (Ireland) Act 1904, but not including any building or part of a building —

(a) used on a regular or occasional basis for the sale or consumption of alcohol or in conjunction with the sale or consumption of alcohol, or

(b) used directly or indirectly in the generation of income, not being —

(i) club membership fees,

(ii) income received from community organisations for the use of the building or part for community purposes, or

(iii) income received from participants in community sport for the use of the building or part for the purposes of community sport.

(2) In this paragraph ‘community sport’ has the same meaning as it has in paragraph 4A of this Schedule but with the modification that, in the case of subparagraph (1)(b)(iii) of this paragraph, the definition of that expression in that paragraph 4A shall be read as if for ‘the principal participants in which are—’ there were substituted ‘the principal participants in which are, ordinarily.’

5.—Farm buildings.

6.—Any domestic premises (but subject to *section 59 (4)* (which provides that apartments are rateable in certain limited circumstances)).

7.—Any land, building or part of a building used exclusively for the purposes of public religious worship.

8.—Any land, building or part of a building used by a body for the purposes of caring for sick persons, for the treatment of illnesses or as a maternity hospital, being either—

(a) a body which is not established and the affairs of which are not conducted for the purpose of making a private profit from an activity as aforesaid, or

(b) a body the expenses incurred by which in carrying on an activity as aforesaid are defrayed wholly or mainly out of moneys provided by the Exchequer and the care or treatment provided by which is made available to the general public (whether with or without a charge being made therefor).

9.—Any burial ground or crematorium which is not established or operated for the purposes of making a private profit and the income derived from the operation of which is used wholly to defray the expenses (including expenses of a capital nature) incurred in its operation.

10.—Any land, building or part of a building occupied by a school, college, university, institute of technology or any other educational institution and used exclusively by it for the provision of the educational services referred to subsequently in this paragraph and otherwise than for private profit, being a school, college, university, institute of technology or other educational institution as respects which the following conditions are complied with—

(a) (i) it is not established and the affairs of it are not conducted for the purposes of making a private profit, or

(ii) the expenses incurred by it in providing the educational services concerned are defrayed wholly or mainly out of moneys provided by the Exchequer,

and

(b) in either case it makes the educational services concerned available to the general public (whether with or without a charge being made therefor).

11.—Any art gallery, museum, library, park or national monument which is normally open to the general public and which is not established or maintained for the purpose of making a private profit.

12.—Property (whether falling within *paragraph 11* or not) occupied by—

(a) the National Museum of Ireland,

(b) the National Library of Ireland,

(c) the National Gallery of Ireland,

(d) the Irish Museum of Modern Art Company,

(e) the Arts Council,

(f) the Heritage Council,

(g) the National Concert Hall Company,

(h) the Chester Beatty Library, or

(i) the National Theatre Society Limited.

**12A.**—Property, being a building or part of a building, land or a waterway or a harbour directly occupied by—

(a) any Department or Office of State,

(b) the Defence Forces, or

(c) the Garda Síochána,

or used as a prison or place of detention, wherever situate but in this paragraph “harbour” does not include a harbour in respect of which a company has been established pursuant to section 7 of the Harbours Act 1996.

13.—Any buoy, beacon or lighthouse.

14.—Any land, building or part of a building occupied for the purpose of caring for elderly, handicapped or disabled persons by a body, being either—

(a) a body which is not established and the affairs of which are not conducted for the purpose of making a private profit from an activity as aforesaid, or

(b) a body the expenses incurred by which in carrying on an activity as aforesaid are defrayed wholly or mainly out of moneys provided by the Exchequer, other than a body in relation to which such defrayal occurs by reason of the Nursing Homes Support Scheme Act 2009.

15.—Any building or part of a building used exclusively as a community hall.

16.—Any land, building or part of a building which is occupied by a body, being either—

(a) a charitable organisation that uses the land, building or part exclusively for charitable purposes and otherwise than for private profit, or

(b) a body which is not established and the affairs of which are not conducted for the purpose of making a private profit and—

(i) the principal activity of which is the conservation of the natural and built endowments in the State, and

(ii) the land, building or part is used exclusively by it for the purpose of that activity and otherwise than for private profit.

17.—Any land, building or part of a building occupied by a society established for the advancement of science, literature or the fine arts and which is used exclusively for that purpose and otherwise than for private profit. 89

18.—Any turf bog or turf bank used exclusively for the purpose of cutting turf or for making turf mould therefrom for fuel or manure.

19.—(1) Any building or part of a building occupied by a member of either House of the Oireachtas or a representative in the European Parliament which is used exclusively for the purposes of accommodating his or her constituency office and the whole or part of the expenses incurred in maintaining that accommodation are defrayed by that member or representative.

(2) In this paragraph “constituency office” means an office which is used solely for the provision of representative services by the member of the House of the Oireachtas or representative in the European Parliament concerned in his or her capacity as such a member or representative but does not include the head office of a political party or any other office occupied by a political party.

20. - Any land, building or part of a building occupied by the Health Service Executive other than any land, building or part of a building referred to in paragraph 8 or 14.

21. The entire network (within the meaning of section 2(1) of the Water Services Act 2007) used for the provision of water services (within the meaning of that subsection) by Irish Water or a person who holds a water services licence under section 79 of the Water Services Act 2007 or land and buildings occupied by Irish Water or such a licence holder.

22. Any land, building or part of a building used exclusively for the provision of early childhood care and education, and occupied by a body which is not established and the affairs of which are not conducted for the purpose of making a private profit.