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**Report to the Finance Strategic Policy Committee**  
**Scoping Document**  
**Review of Dublin City Council's Rates Vacancy Refund**

Dublin City Council seeks to review its strategy relating to commercial rates vacancy refund. The Local Government Reform Act provides for elected members to determine, by resolution, the vacancy refund rate to apply to electoral districts within the local authority's jurisdiction. In Dublin City a vacancy refund rate of 50% has applied to date under the Dublin 1930 Act (i.e. where a rateable premises has been vacant, 50% of rates due has been paid, with 50% not paid). In other local authorities, a full 100% vacancy rate refund has applied. In other words where a rateable premises was vacant, no rates were due.

The value of vacancy refunds varies, based on the quantum of commercial property deemed vacant, closely correlated to the economic cycle.

Over the period 2012-2015, the value of vacancy rates refunds in Dublin City amounted to an annual value of between €13.2m and €17.4m. This arises from the total value of rates associated with vacant premises being between €26.4m and €34.8m, with €13.2m - €17.4m being the value paid as rates and also the value not due or refunded. (See Table 1: Vacancy refunds in Dublin City in 2012 - 2015.)

| Table 1 – Vacancy Refunds Dublin City 2012-2015 |                 |                    |                 |                    |                 |                    |                 |                    |
|---|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|
| AREA  | 2012            |                    | 2013            |                    | 2014            |                    | 2015            |                    |
|   | No. of Accounts | Vacancy Credits    | No. of Accounts | Vacancy Credits    | No. of Accounts | Vacancy Credits    | No. of Accounts | Vacancy Credits    |
| Central Area                                    | 519             | €3,998,258         | 553             | €4,678,432         | 520             | €3,292,518         | 479             | €2,730,963         |
| North Central Area                              | 186             | €1,089,824         | 199             | €1,015,851         | 220             | €1,051,523         | 207             | €872,939           |
| North West Area                                 | 227             | €1,495,091         | 265             | €1,457,689         | 229             | €1,314,017         | 263             | €1,085,722         |
| South Central Area                              | 378             | €2,283,313         | 364             | €1,912,214         | 339             | €1,648,624         | 334             | €1,527,788         |
| South East Area                                 | 986             | €6,554,872         | 1028            | €8,305,296         | 1019            | €7,317,206         | 954             | €6,949,833         |
| MISC  | 7               | €20,799            | 0               | €0                 | 0               | €0                 |                 |                    |
|   | <b>2303</b>     | <b>€15,442,157</b> | <b>2409</b>     | <b>€17,369,482</b> | <b>2327</b>     | <b>€14,623,888</b> | <b>2237</b>     | <b>€13,167,244</b> |

The legislation provides that the elected members may determine the application of vacancy refunds for one or more electoral areas, and may determine the proportion of refund that will apply to the specified areas for the whole of the financial year in question.

Since the enactment of the Local Government Act 2014, Dublin City Council has adopted a strategy in respect of the financial years 2015 and 2016 to retain the vacancy rate refund at 50%. As part of the consideration of the 2017 Budget, the elected members determined that

the vacancy refund rate should reduce to 45% i.e. 55% of the rates liability to be payable, 45% refunded in respect of the financial year 2017.

The purpose of this review is to gather information to inform consideration by the Finance Strategic Policy Committee in the first instance of the vacancy refund framework, in particular:

- Locations of vacant properties
- Commercial sectors having vacant properties
- Evidence supporting the practice of “strategic” commercial vacant properties
- Market conditions for commercial property lettings, domestic and external
- Viability of the collection of increased rates liability arising from a reduction of rates vacancy refund
- Efficacy of targeted vacancy refund rates across different electoral areas.

The review will be based on both an analysis of empirical evidence and interviews with relevant stakeholders. Data sources will include information held by Dublin City Council, economic reports (local, regional and national), and trends in commercial property.

The key review deliverable will be a report that will be presented initially to the Finance SPC. It may be required that the report be subsequently presented to the Economic SPC.

**Kathy Quinn**

**Head of Finance**

**With Responsibility for Information & Communications Technology**