

HOME RENOVATION INCENTIVE (HRI)

At some stage we all dream of moving to a bigger or more functional home. If that's not an option, perhaps renovating your existing property makes more sense. To help homeowners with the financial burden of doing so, Revenue have introduced the Home Renovation Incentive (HRI), an income tax relief introduced for homeowners, landlords and tenants of local authority housing. You can claim the HRI Tax Credit for repairs, renovations and improvements to your home or rental property.

To qualify for the HRI, the following applies:

- you must pay tax under PAYE or self-assessment;
- your LPT payments must be paid up-to-date (not applicable if you are a local authority tenant); and
- work carried out on your property must be by a HRI qualifying contractor.

What works qualify under the HRI?

There is a list of specific types of work and specific types of property covered by the scheme. Check it out below and see if you qualify.

- painting, decorating and tiling. (If you paint, tiles or other materials yourself they do not qualify).
- fitted kitchens
- bathroom upgrades
- plumbing, plastering, rewiring
- attic conversions and extensions
- replacement of windows
- garages, driveways and extensions
- septic tank replacement or repair
- insulation

N.B: Carpets, furniture appliances and service fees, e.g. architects' fees do not qualify.

Qualifying property types

The property must be either;

- your principle residence; or
- a property that you rent out, which must be occupied by a tenant and registered with the PRTB within 6 months of work being completed.

N.B: Holiday homes and new builds do not qualify for the HRI scheme.

When does the work have to be carried out?

Different timelines apply for homeowners, landlords and local authority tenants.

- Luckily for homeowners, you can claim for qualifying work that was carried out and paid for from 25 October 2013.
- Landlords can claim for qualifying work that was carried out and paid for from 15 October 2014.
- Local authority tenants can only claim for qualifying work that was carried out and paid for from 1 January 2017.

N.B: You cannot claim for work carried out or paid for after 31 December 2018.

The only exception relating to the closing date is if planning permission is needed for work. If the permission is in place by 31 December 2018, you can claim for qualifying work that was carried out and paid for up to 31 March 2019.

How much is the HRI worth?

You could claim back a tax credit of 13.5% of the total cost of repairs, renovations or improvements. The amount of the HRI tax credit you can claim back depends on the total cost of the works.

The total value of works carried out must be in excess of €4,405 and up to a maximum of



€30,000, excluding VAT of 13.5% on each property that qualifies. The total cost can be from multiple jobs carried out in the one property. Any spend in excess of the maximum will not be taken into account. The lowest value of the tax credit is €595, the highest tax credit is €4,050.

If you are in receipt of a grant or compensation claim for the qualifying work, these will be taken into consideration in the calculation of the tax credit.

Qualifying contractors

The most important part of claiming the HRI is to ensure you hire a contractor who is participating in the HRI scheme, is VAT registered and tax compliant. Before any work commences, check that your contractor qualifies and work details are on HRI online, otherwise you won't be able to claim the tax credit.

You will know your contractor is a qualified participant when you check HRI online and see work details the contractor has entered.

Before work begins

- Let your contractor know that you are going to apply for the HRI tax credit.
- Get confirmation from them that they are a qualifying contractor under the scheme.
- Have your contractor enter the details of work being carried out on HRI online.
- Provide your contractor with your Property ID - this appears on your LPT letters from Revenue.
- Inform your contractor if it is a rental property that the work is being carried out on.

You are responsible for checking that your contractor has entered details of the work through HRI online. They must also enter payment details as you make them. If this is not

completed you won't be able to claim the tax credit.

Local authority tenants should contact Revenue before any work commences.

When do I make my claim for the HRI tax credit?

You can claim your tax credit for qualifying work from the 1st of January of the year after the work has been paid for. The claim must be within 4 years after the qualifying work was paid for.

Individuals/PAYE taxpayers can claim via Revenue's PAYE service, myAccount. Self-assessment tax payers can apply via ROS.

The tax credit will be applied equally over the two years after the work was paid for, provided you have paid enough tax in each of the previous two years to claim it back. If the full use of the tax credit cannot be in those two years, the credit will be carried forward to later years.

CONTACT US TODAY

Find out how we can help you to extend your home without extending your budget.

14 Gladstone Street, Waterford, X91 YNH1

Tel: 051 877 155
Email: info@jfw.ie
Web: www.jfw.ie

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