



Principal Private Residence Relief

A person disposing of his principal private residence can claim relief from tax on the disposal under S. 604 of the Taxes Consolidation Act 1997 (TCA 97). The section provides that where a dwelling house has been used as the individual's principal residence throughout the period of ownership no CGT will be payable. Relief is also available on the garden or grounds of the residence up to an area of 1 acre (excluding the footprint of the house itself).

Periods of Absence

Where an individual has not been resident in the property for the entire period of ownership an apportionment of the relief will need to be made, and relief will be given for the time the individual actually lived in the property.

Example:

If an individual owned a property for 13 years and lived in it for the first 6 years, he would receive relief for 7 years of occupation; 6 years' actual occupation plus last 12 months (see below). The balance of the ownership period will not be eligible for relief so in effect 5/13 of the gain will be taxed.

Deemed Occupation

The last 12 months are deemed to be a period of occupation.

If an individual has to live abroad for part of the period of ownership, for work purposes, the period away will be deemed to be "occupation" provided he returns to the property after the secondment abroad.

Where an individual is compelled to reside in a different part of the State for work reasons the relief will not be restricted for the first 4 years of absence from the property (again, provided that the individual returns to the property as his principal residence).

If the individual remains out of the house for longer than 4 years the balance of time spent out of occupation will not qualify for relief.

Non Qualifying Use

Where part of a property has been used exclusively for business purposes the relief under S. 604 will have to be apportioned between the business and residential part of the property. No relief under S. 604 is available in relation to a gain on the disposal of any part of the property used exclusively for business purposes.

Dependant Relative

A person can only have one "principal" residence at one time, but an individual may also claim relief under S. 604 (11) in relation to a property occupied by a dependant relative, defined as "an individual, or wife or husband of the individual who is incapacitated by old age or infirmity from maintaining himself or herself or the widowed father or widowed mother (whether or not he or she is so incapacitated) of the individual or the wife or husband of the individual".

The property must be provided rent free and without any other consideration if relief is to be claimed. Only one dwelling house which is being occupied by a dependant relative can qualify for relief under S. 604.

More than One Residence

Where an individual owns more than one residence he must agree with Revenue which is to be his principal residence, within 2 years of the date when the second residence was acquired. In the absence of agreement Revenue can decide which property qualifies for relief.