

Monday 19th September, 2022

IPAV and IPOA To Appear Before Oireachtas Housing Committee

IPAV, the Institute of Auctioneers & Valuers, and IPOA, Irish Property Owners' Association will on Tuesday (20th Sept.) appear before the Oireachtas Committee on Housing, Local Government & Heritage in which they will present proposals to address the flight of small landlords from the market, which is exacerbating the rental and housing crises.

Chief among the recommendations will be a new rate of tax on residential rental income of 25 per cent (inclusive of USC and PRSI) for residential rental profit to encourage small private landlords to remain in the market and support new investment.

It is proposed that this be funded from the introduction of this new tax rate of 25per cent for all investment funds/REITS operating in the residential rental market.

In a document presented to the Committee for the hearing IPAV and IPOA say this would bring some much-needed equilibrium to the treatment of landlords.

“It is entirely inequitable that two different investors both providing identical product and service can have such disparity in tax treatment. The private investor is taxed at a marginal rate of up to 55per cent whilst the private equity fund/REIT pays 0pc tax on rental profit, once they exit the market within a defined period. “

They continue: “While this practice is riddled with imparity for our members, it is the loss to the Exchequer that is astounding when one considers that some REITs continue to make rental profits totalling hundreds of millions of euro.”

They say that such a rate of tax applied to all landlords could be done on a cost neutral basis to the Exchequer and it would help with the retention of, and increase in the supply of rental properties.

A study by economist Jim Power and commissioned jointly by IPAV and IPOA concluded the rental market is in a state of crisis exacerbated with the exit of small non-institutional landlords in significant numbers, reducing supply and putting upward pressure on rents.

The study says there has been a collapse in private investor participation in the market, dropping from 19.9 per cent of total mortgage lending in 2006 or €7.9 billion to 1.4 per cent in 2021 or €143 million.

Ends



IPOA
IRISH PROPERTY
OWNERS'
ASSOCIATION