



Association
of Landscape
Contractors
of Ireland

A Guide to the Home Renovation Incentive Scheme

Summary

The Home Renovation Incentive (HRI) runs from 25th October 2013 to 31st December 2015. It provides for tax relief for homeowners by way of an income tax credit at 13.5% of qualifying expenditure on repair, renovation or improvement works, **including landscaping works**, carried out on a main home (principal private residence) by qualifying contractors.

Qualifying expenditure is expenditure subject to the 13.5% VAT rate.

The works must cost a minimum of €4,405 (before VAT), which will attract a credit of €595. Where the cost of the works exceeds €30,000 (before VAT), a maximum credit of €4,050 will apply.

The credit is payable over the two years following the year in which the work is carried out and paid for. 2015 will be the first year for HRI tax credits.

The works must be carried out on or after 25th October 2013 and up to 31st December 2015. Homeowners must be Local Property Tax compliant in order to qualify under the incentive while Contractors must be VAT registered and tax compliant in order to qualify to carry out works under the HRI.

There is no obligation under the scheme to get all work carried out on a home by one contractor. If a homeowner has several smaller jobs that they want to get done, including work on their garden, they will all qualify providing they meet the criteria outlined above and the total cost of the works can be spread until 31st December 2015, so the homeowner could get the garden done this year and the kitchen next year and claim tax back on both jobs.

The Incentive will be administered through Revenue's online systems and all works, payments and claims will be registered electronically with Revenue.

Detailed information for both Homeowner and Contractor is available on the Revenue website <http://www.revenue.ie/en/tax/it/reliefs/hri/index.html> and information/assistance is also available from the ALCI tel: 01 2479037 ; email: info@alci.ie.

How will the HRI operate electronically?

When the new electronic HRI system is available, Contractors will enter Works Notifications in advance of commencing works. The Works Notification will include a description of the works, the address of the main home where the works will be carried out, the estimated cost of the works including a VAT breakdown, the estimated start and end dates for the works. Homeowners will look up the Works Notification in advance of works commencing to ensure that the Contractor qualifies. Contractors will enter payments received (Payments Notifications) from Homeowners. Homeowners will look up the Payments Notifications as well as entering their tax credit claim.

What information will be entered to the electronic HRI system for Works Notifications?

The Contractor will enter the following information -

- The Property ID (the address will be returned for confirmation)
- The name of the person claiming the HRI relief (the Homeowner)
- A description of the works
- The estimated cost of the works, separately identifying the VAT amount
- An estimated Start Date and an estimated End Date for the works.

What information will be entered to the electronic HRI system for Payments Notifications?

The Contractor will enter the following information -

- The Unique Reference Number (allocated by the electronic HRI system at Works Notification Stage)
- The name of the person making the payment (the Homeowner)
- The date the Payment was received from the Homeowner
- The payment amount, separately identifying the VAT amount.

For example -

A Homeowner is about to engage a Contractor to carry out repair, renovation or improvement work on their main home in July 2014. The cost of the work is €10,000 at 13.5% VAT = Total €11,350.

Stage 1 In advance of Works Notification (before work commences) -

At this stage the Homeowner should have ensured that -

1. The works qualify i.e. it is repair, renovation, improvement or landscaping works to which VAT at 13.5% applies
2. The Contractor is registered for VAT
3. The Contractor is tax compliant (The RCT Rate Notification of '0' or '20%' will be the only acceptable evidence at this stage. The Tax Clearance Certificate will no longer be acceptable)

4. The Homeowner has given the Contractor the LPT Property ID for the main home. **Important, Homeowners should not** give their PPSN or the PIN (received in connection with LPT) to Contractors.

The Homeowner and Contractor should keep copies of documentation

Stage 2 Works Notification (before work commences)

The Contractor enters the works details (Notification) to the electronic HRI system
The Homeowner looks up the electronic HRI system for confirmation that the Contractor qualifies.

Stage 3 Payment Notification

- The Homeowner pays the Contractor €1,000 on 01/08/2014
- The Contractor enters the payment details (showing VAT separately) to the electronic HRI system
- The Homeowner looks up the electronic HRI system for the payment details.
- The Homeowner pays the Contractor €10,350 on 15/11/2014
- The Contractor enters the payment details (showing VAT separately) to the electronic HRI system
- The Homeowner looks up the electronic HRI system for the payment details.

Stage 4 Making the Claim

- The Homeowner claims the tax credit on the electronic HRI system
- The tax credit is applied and spread over 2015 and 2016 in equal amounts.

Payments recorded by the Contractor are available for completion of the Contractors Form 11/CT1.

Where can I get further information/assistance?

Detailed information for both Homeowner and Contractor is available on the Revenue website <http://www.revenue.ie/en/tax/it/reliefs/hri/index.html>

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