CGT1
Guide to
Capital Gains Tax

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

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5. Principal Private Residence

Full relief

A gain on the disposal by an **individual** of a dwelling-house (including grounds of up to one acre) is exempt in certain circumstances. The exemption is available if, throughout the individual's period of ownership, the house had been occupied by the individual as his/her only or main residence or, under certain circumstances, as the sole residence of a dependent relative. In the case of a married couple or civil partners living together only one house can qualify as the only or main residence of both spouses or civil partners. This exemption is not affected by the granting of relief under the rent-a-room scheme (Section 216A TCA 1997). Please note the conditions below where partial relief may apply.

Partial Relief

- Full exemption may not be due if only part of the house has been used as the individual's residence, in which case an apportionment is made to arrive at the exempt portion of the total gain. This may happen where the house is used partly for business purposes or where rooms in the house have been let.

- The exemption is also restricted where the taxpayer has not lived in the house for long periods. However, a period of up to twelve months immediately before the end of the period of ownership is treated as a period of occupation even though the owner may not have been actually living in it during that period. (see **Example 5** in Chapter 11).

- When the private residence comprises development land and the consideration exceeds €19,050, the private residence relief is restricted. This includes the disposal of a garden or part of a garden of a principal private residence as development land, e.g. if sold as a site, or for access, right of way etc. No restriction applies if the consideration (or open market value, if it is transferred in a non arm's length transaction e.g. gift) does not exceed €19,050.

In addition to the above the following periods of absence from the house are also regarded as periods of occupation:

(a)

- (i) any period throughout which the individual was employed outside the State, and
- (ii) a period of up to four years during which the individual was required by the conditions of his/her employment to reside elsewhere.

providing that, both before and after those periods, the house was the owner's only or main residence and throughout those periods he/she had no other house eligible for exemption.

(b) any period of absence during which both of the following circumstances apply:

- (i) the claimant (who would normally live alone) was receiving care in a hospital, nursing home or convalescent home, or was resident in a retirement home on a fee paying basis, and
- (ii) the private residence remained unoccupied.

(c) a period of absence as in (b)(i) above during which the residence was occupied rent free by a relative of the claimant, for the purpose of security or maintaining it in a habitable condition.

Examples (continued)

5. Principal Private Residence relief where owner has not spent all of period of ownership in dwelling house (see Chapter 5)

On 1 January 2000 an individual bought a house for €100,000, including costs. He/she immediately occupied it as his/her sole residence until 31 December 2005 when he/she went to live in a new apartment. The house was then rented, the owner paying income tax as appropriate on the rent received.

On 30 September 2009 the house was sold for €300,000. Principal Private Residence (PPR) relief can be claimed for the period of time the owner lived in the house. As he/she has occupied the house as his main residence, the final twelve months of ownership is also treated as a period of occupancy. Relief is calculated on a *pro rata* basis.

Calculation of gain 2009

		€
Disposal Consideration		300,000
Less incidental costs of sale		10,000
Consideration after costs		290,000
Cost, adjusted for inflation:	100,000 x 1.193 =	119,300
Capital Gain:		170,700

Calculate PPR relief:

Period of ownership: 117 months

Period of time of occupation (including last twelve months of ownership) 84 months.

$$170{,}700 \quad x \quad \frac{84}{117} = 122{,}554$$

€122,554 of the gross gain is relieved due to PPR relief.

Capital Gain amended for PPR relief - 170,700 - 122,554 =	48,146
Less Personal Exemption	1,270
Chargeable Gain	€46,876
Tax due, on or before 15 December 2009 @ 25%	€11,719