



## A Look at The Help to Buy Scheme 2017

A new year, a new approach for first-time homebuyers who can now apply for financial support under the Government's Help-to-Buy scheme.

The scheme which is set to be extremely popular was introduced in the budget last October. It will allow purchasers to claim a rebate of income tax already paid up to a maximum of €20,000, depending on the value of the property.

It is designed to help first-time buyers meet tougher deposit requirements under Central Bank mortgage lending rules, rules that have since been eased by the bank.

### How will it work?

First-time buyers either purchasing newly built homes or building their own can apply for rebates via a form available at the website of the

Revenue Commissioners – revenue.ie. The scheme allows purchasers to claim back a rebate on income tax or Deposit Interest Retention Tax (Dirt) on bank savings paid over the four years prior to the year they are buying or building their first home. If they have worked in Ireland for fewer than four years, or have paid only limited income tax, the amount available in any rebate will be lower.

### What are the limits?

The maximum rebate is 5 per cent of the value of the property, up to a maximum of €20,000. The rebate is available only on properties valued at €500,000 or less after an original, higher limit of €600,000 was reduced during the ongoing passage of the measure through the Oireachtas amid criticisms that it amounted to a "mansion grant".

Applicants must be borrowing at least 70 per cent of the value of the

property. Under revised Central Bank rules, first-time buyers can borrow up to 90 per cent of the value of the property, so the rebate means most first-time buyers will need a deposit of just 5 per cent to secure their home.

### What if I have already purchased, can I still apply?

Anyone who bought their first home since July 19th last year (2016) – as long as the property was newly built – is eligible to apply for the rebate. For people buying this year, or at some point between now and the end of 2019, the money will be paid to the developer directly. Applicants who bought their home in the latter part of 2016 will have the money paid into their accounts, as will those building their own homes. The scheme is available only to owner-occupiers, not to the investment or buy-to-let market, and applicants will need to live in the property for five years or face a potential clawback of the rebate granted.

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### Where to apply?

To complete the online application process, first-time buyers will need to upload a copy of the signed contract to purchase as well as details of the property, its purchase price and the completion date for the purchase.

They will also need to provide details of the mortgage lender and of the mortgage, including the loan-to-value ratio. Purchasers will need to have paid either the full deposit if the home was bought in 2016 or the balance of the deposit due after the rebate to qualify. Revenue will also need details of all purchasers of the property and how much of the rebate is going to each purchaser. The form requires details of the developer or contractor selling the property in the case of new homes or, for self-builds, details of the solicitor acting for the purchasers and proof that the first portion of the mortgage has been drawn down to paying for the self-build.

Once you complete the application, Revenue will confirm the details either with your solicitor (if you are building your own home) or the developer selling the home before paying out any tax refund. That will include officials ensuring the contractor or developer is tax compliant and that all planning permissions have been complied with. Apart from the form itself, applicants will also need to have registered with Revenue's myAccount online service and complete a form 12 tax return for each of the years on which they are

seeking a rebate of tax paid.

MyAccount is effectively a personal online account with the tax authorities through which you should be able to manage all your personal tax affairs, including income tax returns, local property tax and applications for the Home Renovation Incentive.

People not yet registered with myAccount will need their personal public service (PPS) numbers to do so along with their date of birth, phone number, email and home addresses

### Let's Break it Down

Information applicants need to make a claim. To make a claim, you must enter the required information online, confirming the:

- > contract is signed (a copy of the signed contract must also be uploaded)
- > balance of the deposit is paid / total deposit
- > property details
- > purchase price
- > purchase date/completion date
- > mortgage institution details
- > mortgage approval details (including loan-to-value ratio)
- > details of each first-time buyer
- > portion of refund agreed for each first-time buyer (if a group)
- > details of the Developer/Contractor (if property purchased)
- > details of the Solicitor (if a self-build)
- > proof of drawdown of the first tranche of the relevant mortgage (if a self-build)

Once the claim is submitted, as part of the claim stage, the details will need to be verified by the Developer/Contractor in the case of a new build or a Solicitor, acting on your behalf, in the case of a self-build before the refund will be paid

### Information for Contractors

Contractors wishing to operate the HTB incentive will need to provide the following information to Revenue:

- > evidence of tax compliance; which means that a contractor has a Relevant Contracts Tax rate of zero or 20%
- > the contractor's VAT registration details
- > evidence of an up-to-date tax clearance certificate
- > details of qualifying residences which the contractor offers, or proposes to offer, for sale within the period that the incentive is available
- > details of the planning permission(s) under the Planning and Development Acts 2000 to 2015 in respect of the qualifying residences which the contractor proposes to construct within the period that the incentive is available
- > details of the freehold, leasehold estate or interest in the land on which the qualifying residences are constructed or to be constructed, and
- > any other relevant information that may be required by Revenue for the purposes of assessing an application as a qualifying contractor.