

Residential Zoned Land Tax

Finance Bill 2022 and Key Upcoming Dates



Residential Zoned Land Tax (RZLT), introduced in Finance Act 2021, is intended to incentivise the efficient use of land deemed suitable for residential development by levying an annual tax charge on certain sites that are serviced and zoned wholly or partly for residential use.

A limited number of exemptions and reliefs are available for land that is actively used for business purposes, as well as reliefs available for land that is actively being developed for residential or commercial use. In all cases where an exemption or relief is sought, a RZLT return must be filed and a claim made.

Where a site falls in scope and a relief or exemption is not available, a charge to RZLT equal to 3% of the market value of the site on the liability date should become payable. The first RZLT charge will be payable in 2024 in respect of land that fell within scope of the tax on 1 January 2022.

Finance Bill 2022 amendments

Finance Bill 2022 proposes the introduction of various minor amendments to the RZLT regime:

01

Zoning submissions

Site owners that request a change of zoning following the inclusion of a site in the first local authority maps must now retain evidence proving their ownership of the site. Given requests for a change in zoning must be submitted by 1 January 2023 for sites included in the first draft map, businesses are advised to begin collecting all necessary evidence of ownership at the earliest opportunity.

02

Failure to register for RZLT

A new fixed penalty of €3,000 will apply when a person obligated to register for RZLT fails to do so. Notably, this penalty may therefore apply to owners of residential property where the curtilage exceeds 1 acre, as such individuals are required to register for RZLT despite no charge arising on their property.

03

Late filing surcharge

The late filing surcharge measures have been amended to more closely align with equivalent corporation tax / income tax rules. Importantly, deliberately or carelessly filing an incorrect RZLT return will result in the return being deemed not to have been filed on time, with the result that a late filing surcharge may arise.

04

Unauthorised development

When determining whether a site may be excluded from the scope of RZLT by reason of its being used for an active business, no account can be taken of any unlawful or unauthorised development on the site. Finance Bill 2022 amendments mean that a deferral may be available while site owners seek retention or substitute consent for unauthorised development.

05

Partial completion of development

Amendments to the RZLT deferral that is available to site owners while a site is being developed for residential purposes mean that late payment interest at 8% per annum will be due on any deferred RZLT that becomes payable by reason of expiry of planning permission before completion of development. Previously, no interest was payable on such amounts.

06

Lease precluding development

Finance Bill 2022 proposes the introduction of a new relief that may be available where a lease entered into prior to 1 January 2022 precludes development of an in-scope site. Various other conditions must be met, including that the lease must be evidenced in writing and the parties to the lease cannot include the owner and a person connected with them.

Unfortunately, as presently drafted, the relief would not be available with respect to leases entered into after 1 January 2022.

The scope of RZLT remains very broad with limited reliefs, deferrals or exemptions for site owners that might inadvertently find themselves in scope of the tax. Unfortunately, the proposed changes will provide very limited relief to businesses that are unable to bring forward development of a site due to circumstances outside their control, such as the lack of viable development options or failures in the planning system.

First draft maps to be published by local authorities

Local authorities are responsible for drafting maps that will identify any site that is considered to fall in scope of RZLT. This mapping process is iterative in nature, with site owners being entitled to review the draft and supplemental maps once published and submit requests for the exclusion of a site from these maps if they believe that the site should not in fact fall within scope.

A site can be in scope if zoned for residential use or mixed-use including residential. The site must also have access or be connected to services necessary and of a sufficient capacity for residential development. This

would include sites that already have access, or could be connected to, roads, footpaths, public lighting, sewerage, surface water drainage and water supply. Therefore, careful review of the draft, supplemental and final local authority maps will be crucial for businesses. This is particularly the case for businesses that intend to appeal against the inclusion of a site in a draft or supplemental map. It will also be important for businesses that wish to request a change of zoning of a site that has been included in a local authority map. The most immediate upcoming deadlines for owner action are noted below:

Key upcoming dates for site owners

		1 May 2023
1 Nov 2022	1 Jan 2023	
Draft map published by local authorities.	<p>Deadline for site owners to submit a request for the exclusion of a site from the draft local authority map.</p> <p>Deadline for owner submissions seeking a change of zoning of in-scope land.</p>	Where a request for exclusion from a draft local authority map is denied, appeals against this determination must be submitted by 1 May 2023.

Action recommended

The two-month period in which to prepare and submit an appeal against inclusion in a draft map may be particularly challenging for businesses, particularly given this spans the Christmas period. Therefore, early review of the draft maps to be published by local authorities on 1 November 2022 is strongly recommended.

If you wish to discuss the potential impact of RZLT rules on your business, please contact Carmel Logan, Peter Croke, or any member of your KPMG team.

Contact us



Carmel Logan

Partner
CHEC Tax
KPMG in Ireland

t: +353 87 050 4056
e: carmel.logan@kpmg.ie



Peter Croke

Associate Director
TKC
KPMG in Ireland

t: +353 87 744 1243
e: peter.croke@kpmg.ie



kpmg.ie

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