

ENSOR O'CONNOR

SOLICITORS

NOTARIES PUBLIC COMMISSIONERS FOR OATHS

BUDGET 2011-STAMP DUTY.

Probably without doubt, the only major surprise in Budget 2011 was the fundamental changes introduced by the Minister for Finance in relation to stamp duty arising on residential property.

A summary of the main changes introduced are as follows:-

- New Rates for Residential Property will apply to all residential property transactions as and from midnight 7th December 2010.
- A new lower rate of 1% will apply to instruments up to a threshold amount of €1,000,000.00, a rate of 2% will apply thereafter but only in respect of the excess of the consideration which exceeds €1,000,000.00.
- Subject to transitional arrangements, all existing exemptions/reliefs in respect of stamp duty on Residential Property have been abolished.
- The exempt threshold of €127,000.00 has been abolished.
- The exemption in respect of a site transfer from parent to child has been abolished.
- The exemption in respect of first time buyer relief has been abolished.
- The exemption/relief in respect of the purchase by an owner/occupier of a new house with a floor area less than or greater than 125 sq meters has been abolished.
- Consanguinity relief in respect of transfer between related parties has been abolished in respect of residential transactions but will continue to apply in respect of non-residential transactions.
- Transitional arrangements apply where if by reason of the changes in the rates and/or reliefs, a taxpayer is disadvantaged compared to the system applicable prior to the 8th December 2010, hence a taxpayer can avail of these transitional arrangements where an instrument is executed on or after the 8th December 2010 and before July 2011 provided that there is in place a binding contract which had been entered into prior to the 8th December 2011.

- The position in relation to stamp duty on non residential property has not been changed in Budget 2011 and any reliefs/exemptions which were available in this respect continue to be available in 2011.