

# Help to Buy Scheme

## What is the Help to Buy incentive?

The Help to Buy incentive helps first time buyers who are buying or building their own home to help pay their mortgage deposit by giving them a 5% tax rebate based on the value of their house.

## Who qualifies for the incentive?

Initially, to qualify for the incentive, you need to be a first time buyer buying or building a new home that is worth up to €500,000

Your mortgage must be a minimum of 70% of the total cost of the new property or 70% of the value of a new self-build. The house must be occupied by the buyer for at least five years after the house becomes habitable.

## How much can I claim?

You can claim 5% of the value of a property back in income tax and Deposit Interest Retention Tax (DIRT). The maximum amount you can claim is €20,000 (5% of €400,000). You can also get the maximum tax rebate of €20,000 if your property is valued between €400,000 and €500,000. The rebate you can claim will depend on the amount of income tax and DIRT you've paid in the previous four years.

## How do I apply for a tax rebate?

The first step is to apply for a tax rebate application. If you meet all the conditions of the new Help to Buy scheme, you must also show that you've been fully tax compliant before any tax rebate is issued. So you'll need to file tax returns for the previous four years, **even if you're a PAYE earner**.

The Revenue has launched a new online system to process this in 2017. PAYE workers must register for myAccount and complete an eForm 12 for each year. Self-assessed tax payers must be registered for ROS and file a Form 11 for each year in question. Any outstanding taxes must be paid before a rebate can be issued. You can access the site here:

<https://www.revenue.ie/en/property/help-to-buy-incentive/index.aspx>

## **Can I apply for a tax rebate before I find a property?**

Not everyone who wants to avail of the scheme will have decided which house they want to buy. However, you can submit an application and find out how much of a rebate you're entitled to before you agree to buy your home.

The Revenue will process applications and notify you of the maximum tax rebate that you can claim based on your tax record. You can then tell your lender what your rebate will be before negotiating a mortgage.

## **How can I get the tax rebate?**

If you're entitled to a tax rebate and buying a new house, you can make a Claim for Rebate via the online system. Once you've settled on a house and negotiated your mortgage, you can make a Claim for Rebate. You'll need to supply the Revenue with details of the property, the contract, the purchase price and the mortgage approval.

The vendor will need to confirm details of the contract to the Revenue so they can issue the tax rebate based on those details. The tax rebate will then be issued directly to the vendor so that it forms part of your deposit.

If you're building your own house, your solicitor will need to confirm details of the contract with the Revenue. You'll get the rebate when you draw down the first tranche of your mortgage to finance the build.

## **What information do I need to Claim a Rebate?**

You'll need a copy of a signed contract, proof that the balance of the deposit is paid, property details, purchase details, lender information and mortgage approval details, personal details for the buyer/s, details of the portion of refund agreed between buyers (if there is more than one buyer), details of the contractor or developer (if the property is being purchased) or the drawdown of the first tranche of the mortgage (if it's a self-build). These details will need to be verified before any refund is issued.

## **Can I get any rebate if my property is worth more than €500,000?**

No, the cut-off point is €500,000 for new houses and new builds.

## **Can second-time buyers qualify?**

No. It's only available to first time buyers.

### **Can I still qualify if my partner previously bought a property?**

The incentive is only available to people who've never bought a property before. If either you or your partner has previously purchased a home by yourself or with someone else, you won't qualify.

You can still claim the rebate if you're a first time buyer and you take out a mortgage in your own name. However, the application will be based entirely on your individual circumstances so it will be more difficult.

### **Can the tax rebate be taken off me once I receive it?**

There are some conditions that you'll need to meet if you want to hang on to the rebate. If it's later discovered that you failed to meet these conditions, you may be asked to repay the tax rebate. These clawback provisions include a failure to live in the house for at least five years, the non-completion of a purchase, or a contractor not completing a new house within two years of the rebate being issued.

### **How will the value of my self-build be calculated?**

You obviously won't have a purchase price if you're building your own home. The value of the home under the Help to Buy scheme will be based on an approved valuation from the lender's valuer.

### **Does it matter who I buy the house from?**

People buying new houses and looking to claim a rebate will need to purchase a property from a qualifying builder. Qualifying builders will be sellers who have registered with the Revenue and proven themselves to be tax compliant.

### **How long will the scheme last?**

The Minister for Finance Paschal Donohoe announced in his October 2019 budget that there will be no change to the Help to Buy initiative, and first-time buyers of new homes will continue to benefit from the tax rebate in its current form until the end of 2021. This means that buyers will continue to be eligible for relief of up to €20,000 on the purchase of a new home worth up to €500,000.

Since its launch in April 2014, more than 32,000 people have applied for the Help to Buy scheme.

