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LPT on Transfers

Conveyancing 30/06/2023

Section 126 of the *Finance (Local Property Tax) Act 2012* ("the Act") provides that a liable person who proposes to sell a residential property shall, before the completion of the sale of the property, pay to the Revenue Commissioners any Local Property Tax, penalties imposed under the Act and accrued interest which is due and payable in respect of that property.

Section 125 of the Act provides that a sale includes a transfer "for no consideration or consideration which is significantly less than the chargeable value of the residential property at the time of its transfer".

Section 127 of the Act provides that where a liable person does not pay the Local Property Tax in accordance with Section 126 that any unpaid Local Property Tax shall remain a charge on the relevant residential property to which it relates.

Revenue has highlighted to the Conveyancing Committee that a small but significant number of properties are changing ownership with an outstanding LPT liability. Revenue has advised the committee that while the majority of transfers are arm's length transactions some relate to voluntary transfers or partially voluntary transfers. In accordance with Section 127 of the Act, where the LPT charge is not satisfied before the transfer of ownership takes place, the new owner will receive an encumbered asset as the charge remains on the property. Revenue has also highlighted that the pursuit of outstanding liabilities after transfer is standard practice. Revenue states that the [LPT clearance process](#) must be followed before the property is transferred.

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