

22 Taxation of rental income

22.1 Rental income is the income of property owners arising from the occupation or use by others of domestic and foreign properties. Sources from which rental income may be derived include

- the letting or rental of residential, commercial or agricultural property
- easements¹
- the granting of sporting rights and permits, and
- insurance payments received to compensate for non-payment of rent.

22.2 Rental income earned by individuals is declared to the Office of the Revenue Commissioners (Revenue) via an income tax return and is taxable at a personal rate of income tax. Rental income earned by companies is assessable for corporation tax.

22.3 In 2022, gross domestic rental income of just over €8 billion was declared to Revenue through the self-assessment system as follows

- €4.8 billion by individual taxpayers on their income tax returns (Form 11)
- €3.2 billion by companies on their corporation tax returns (CT1 forms).

22.4 This report examines

- the key trends in taxable rental income over the last six years (2017– 2022)
- the systems and procedures Revenue has in place to facilitate the assessment and timely collection of tax on rental income
- the extent to which Revenue compares various sources of information to detect and prevent non-compliance by rental property owners
- how Revenue manages tax compliance of taxpayers operating in the rental sector.

22.5 The chapter also followed up on two recommendations made in a previous report on the taxation of rental income.²

22.6 Rental income in the context of this report refers to what is classed as Schedule D Case V income, foreign rental income and Schedule D Case III income declared by individuals. It does not examine rental income earned from Irish real estate funds or real estate investment trusts; rental income earned under Schedule D Case I or Schedule D Case IV, such as short-term lets, retail business and the retail estate sector; and rental income declared on the Form 12.³

22.7 The examination team reviewed key documents and data produced by Revenue, interviewed relevant members of staff and undertook analysis of relevant datasets. Revenue statistics on income tax are generally published on a ‘taxpayer unit’ basis.⁴ For the purpose of this report, references to ‘individuals’ in the context of data based on Form 11 returns should be interpreted as referring to individual taxpayer units.

¹ An easement is a right of use of the property of others.

² [Report on the Accounts of the Public Services 2013, chapter 16, Taxation of Rental Income.](#)

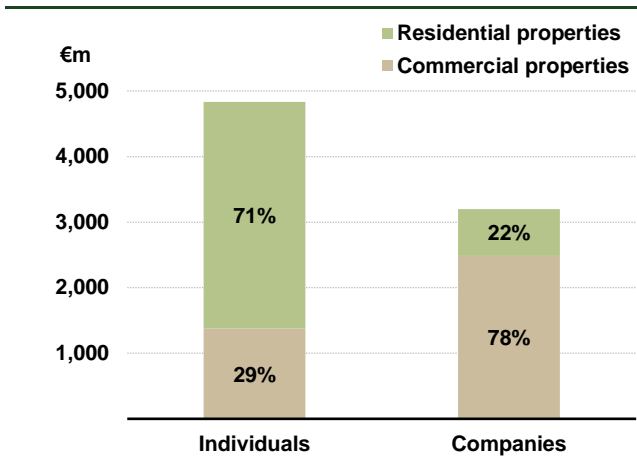
³ The Form 12 tax return is used by individuals who have non-PAYE income of less than €5,000 in addition to their PAYE income.

⁴ A taxpayer unit can refer to an individual with any personal status that is singly assessed or a couple in a marriage or civil partnership who have elected for joint assessment.

Gross domestic rental income trends

22.8 Around €8 billion gross domestic rental income was declared by both individuals and companies in 2022. The majority of gross domestic rental income declared by companies was for commercial properties whereas most of the gross domestic rental income declared by individuals was for residential properties (see Figure 22.1).

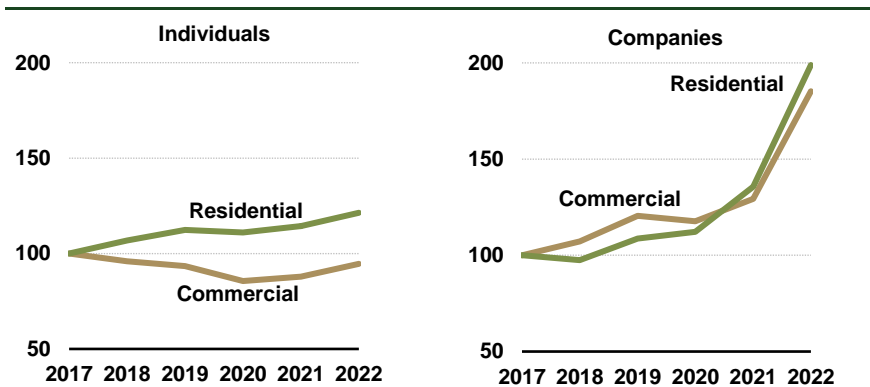
Figure 22.1 Gross domestic rental income declared by individuals and companies in 2022



Source: Revenue Commissioners. Analysis by the Office of the Comptroller and Auditor General.

22.9 Over a six-year period (2017 to 2022), gross domestic rental income declared by individuals has increased moderately, rising by a total of 12% over the period. The average gross domestic rental income declared was approximately €4.5 billion per year. The gross domestic rental income declared by companies fluctuated up to 2020, before growing rapidly. Gross domestic rental income declared by companies increased to €3.2 billion in 2022, representing a 61% increase on 2020 (see Figure 22.2).

Figure 22.2 Indices of gross domestic rental income declared by individuals and companies, 2017 – 2022 (2017 = 100)



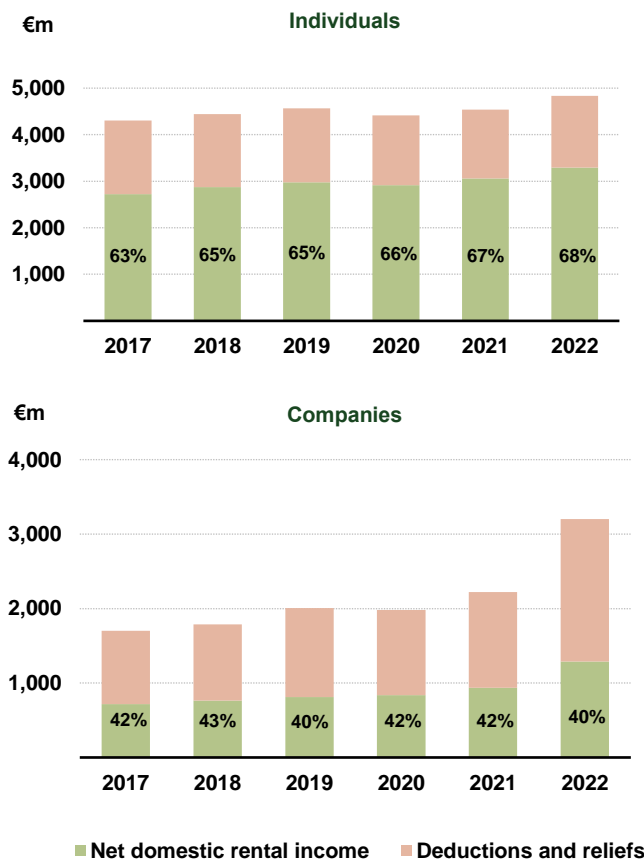
Source: Revenue Commissioners. Analysis by the Office of the Comptroller and Auditor General.

- 22.10 Revenue stated that the increase in 2022 may be due in part to the change introduced from 1 January 2022 whereby non-Irish tax resident corporate landlords are subject to corporation tax rather than income tax.
- 22.11 Rental income statistics based on Form 11 returns only are published annually by Revenue. While Revenue publishes a detailed corporation tax statistical report each year, information regarding domestic rental income declared by companies is currently not included in the report.

Deductions and reliefs

- 22.12 Individual taxpayers and companies that own rental properties are entitled to claim deductions and reliefs from gross rents for various expenses relating to those properties (see Annex 22A). This results in taxable net rental income. Deductions from gross domestic rental income are greater for companies than for individuals. Over the period 2017 to 2022, allowable deductions for expenses, capital allowances and losses resulted in net taxable income that was on average
 - 66% of gross rental income for individual taxpayers and
 - 42% of gross rental income for companies (see Figure 22.3).

Figure 22.3 Net domestic rental income for individuals and companies, 2017 – 2022

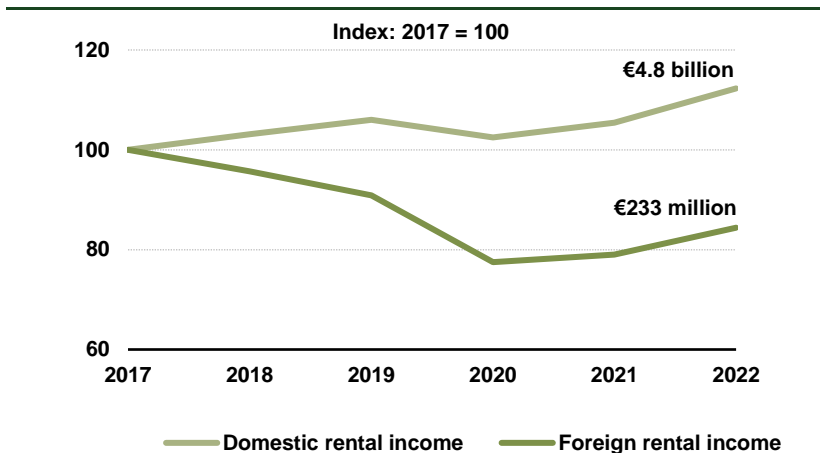


Source: Revenue Commissioners. Analysis by the Office of the Comptroller and Auditor General.

Foreign rental income

- 22.13** For 2022, gross rental income of almost €233 million was declared on Form 11 returns in relation to foreign rental properties.¹
- 22.14** The amount of gross domestic rental income declared by individual taxpayers increased by around 12% between 2017 (€4.3 billion) and 2022 (€4.8 billion). The amount of gross rental income declared in respect of foreign properties fell by around 16% to almost €233 million during the same period (see Figure 22.4).

Figure 22.4 Index of declared gross domestic and foreign rental income by individuals, 2017 – 2022



Source: Revenue Commissioners. Analysis by the Office of the Comptroller and Auditor General.

Credits claimed under double taxation agreements

- 22.15** If an individual is resident and domiciled in Ireland, they are liable to Irish tax on the income received from renting out a foreign property. The general position regarding individuals that are non-resident in Ireland for tax purposes is that they are chargeable to Irish income tax on Irish-sourced income, for example, on rental income from a property situated in the State. Double taxation agreements with other jurisdictions ensure that a taxpayer does not pay income tax twice on the same income.
- 22.16** Where a double taxation agreement is in place, a taxpayer can claim a credit for any tax paid overseas in respect of foreign rental income that is also taxable in the State. While EU member states are required to exchange information under the Automatic Exchange of Information framework on several matters, including the ownership of and rental income from immovable property, they are not obliged to specifically notify Revenue in respect of property that is purchased by an Irish resident individual.
- 22.17** Tax credits claimed by individuals in respect of tax paid on foreign rental income averaged around €16 million per year over the period 2017 to 2022 and the trend broadly follows the foreign rental income for the period.

¹ The CT1 return does not request companies to identify foreign rental income separately from other foreign income. As a result, it is not possible to extract the amount of gross rental income declared by companies that relates to foreign properties.

Returns filed by agents and tenants

- 22.18** Landlords who receive income from a property situated in the State are obliged to submit an annual income tax return to Revenue, regardless of their residency status. Filing options differ depending on where a landlord lives or is resident for tax purposes.

Letting agents

- 22.19** A letting agent is a person or a company engaged by a landlord on a professional basis to arrange the letting out and/or management of the property on the landlord's behalf.¹ A previous examination found that there was no systematic matching of letting agent returns with Revenue's taxpayer records as the information contained in them was not captured electronically.² The report recommended that the introduction of an online facility for letting agent declarations should be considered to facilitate the matching of records from letting agents with taxpayer records.
- 22.20** In 2017, Revenue introduced a portal for letting agents to submit an annual return (Form 8-3) containing details of payments relating to managed premises. It must be filed annually with their corporation tax or income tax return. Over the period 2017 to 2022, just over 900 Form 8-3 returns were filed by letting agents.³
- 22.21** Form 8-3 return compliance is managed centrally by a dedicated team in Revenue, with a compliance programme carried out each year for potential non-filers. As part of the programme, potential filers are contacted to determine whether a requirement to complete a Form 8-3 exists, and to request submission of the form where it does.
- 22.22** In 2024, Revenue initiated a compliance programme in respect of 2022.⁴ It identified 150 potential non-filers and wrote to 147 of these cases, requesting that they review their return filing requirement. Revenue received 70 returns based on the contact made and two letting agents advised that they did not or no longer had a requirement to file a return. No penalties have been applied for failure to file a Form 8-3 return for the years 2017 to date.⁵

¹ Letting agents used for the purposes of advertising and facilitating the booking of short-term lets, retail business and the real estate sector are not included.

² See [Report on the Accounts of the Public Services 2013, chapter 16, Taxation of Rental Income](#).

³ This excludes rental for land and short-term lettings.

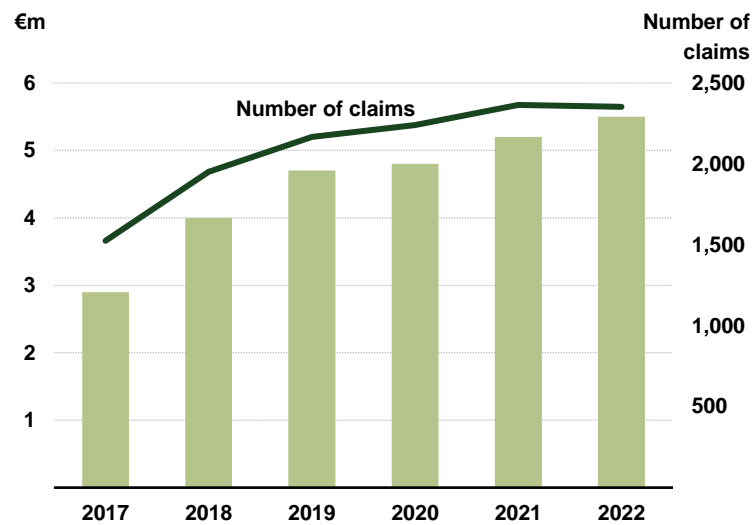
⁴ Timing takes account of return-filing deadlines i.e. returns for 2022 are due by 31 October 2023 (or 15 November for those who file and pay via ROS).

⁵ A penalty of up to €3,000 can be applied for failing to make a required return.

Non-resident landlords

- 22.23** Rental income from an Irish property is subject to tax in Ireland, regardless of where the landlord resides. A tenant or another party paying rent directly to a non-resident landlord (for example, a local authority or other body paying housing assistance/HAP) is obliged to deduct 20% of the rent payable and remit it to Revenue. Anyone who fails to deduct withholding tax from rent may be liable themselves for any tax that should have been deducted.
- 22.24** The rent amount withheld by the tenant is then available to the non-resident landlord to use as a credit against their overall tax liability when they submit their annual return. The value of credits claimed by individual non-resident landlords has increased by almost 90% from €2.9 million in 2017 to €5.5 million in 2022, while the number of claims increased by 54% over the same period (see Figure 22.5).

Figure 22.5 Value and number of credits claimed by individual non-resident landlords in respect of tax withheld by tenants, 2017 – 2022^a



Source: Revenue Commissioners

Note: a This represents the number of taxpayer units (i.e. married persons or civil partners that elect for joint assessment) that claimed a credit for withholding tax. There may be duplication in the number of credits reported as credit could have been claimed on a relevant return by the assessable spouse, non-assessable spouse or both.

22.25 In July 2023, a new system was introduced for tenants and other parties paying rent directly to a non-resident landlord.¹ The Non-resident Landlord Withholding Tax (NLWT) system requires tenants to submit rental notifications when rent is paid directly to a non-resident landlord i.e. weekly, monthly etc. Tenants must remit the withheld rent to Revenue via the NLWT system. The withheld sum is then available to the non-resident landlord (for both individuals and companies) as a credit once they submit their annual tax return.

Collection agents

22.26 A collection agent can be a professional person, such as an estate agent, solicitor or accountant, a family member or other person assigned responsibility by the non-resident landlord to collect the rent on his/her behalf. Prior to the introduction of the NLWT system, the collection agent was the chargeable person for income tax and was required to submit an annual return to Revenue. However, with the introduction of the NLWT, the agent can opt not to be the chargeable person for the Irish rental income and can instead remit withholding tax to Revenue. In that instance, the non-resident landlord must file a return to Revenue.

22.27 It is not possible to confirm the number of returns filed by collection agents over the period 2017 to 2022 as there is no specific marker that indicates that a filer is a collection agent. As a result, it is not possible to disaggregate this data from the returns filed.

¹ [Section 92 of the Finance Act 2022](#), which amended section 1041 of the Taxes Consolidation Act 1997.

Comparing records to identify non-compliant landlords

22.28 Comparing information from both internal and external sources, including third parties, helps Revenue in identifying discrepancies in taxpayer returns that may indicate an under-declaration of rental income.

Information on rental properties

22.29 The Form 11 and Form 12 for individuals and CT1 return for companies do not request information on the address or Eircode of rental properties. The forms currently only require the number and type (commercial or residential) of rental properties to be returned.

22.30 The examination sought information from Revenue on the numbers of properties declared by individuals and companies in their returns. Revenue noted that although figures are available, the usefulness of the number of properties declared by individuals is limited due to the potential duplication of properties e.g. where there is joint ownership of a property.

22.31 Revenue explained that given the nature of property ownership, each owner has a return filing obligation to declare the proportion of rental income to which they are liable from that property. Properties can be jointly owned by married couples, siblings, business partners, friends, former married couples, etc. A simple aggregate count of property numbers across returns does not account for such variables.

Claims for rent tax credit

22.32 The rent tax credit was introduced in Budget 2023 and is available to tenants for the tax years 2022 to 2025.¹ The credit reduces the amount of income tax payable for a tax year, provided the taxpayer has an income tax liability to offset the credit against. It cannot be offset against the Universal Social Charge or Pay Related Social Insurance.

22.33 The maximum value of the tax credit for 2022 and 2023 is €1,000 for jointly assessed couples and €500 in all other cases.² Figure 22.6 shows the number and value of claims paid for the rent tax credit for the years 2022 to 2023.

Figure 22.6 Rent tax credits claimed in 2022 and 2023

	Number of taxpayers ^a	Value €m
2022	313,980	181
2023	354,110	208

Source: Revenue Commissioners

Note: a Refers to individual taxpayer units which can be an individual taxpayer or a couple who are jointly assessed.

¹ [Section 13 of the Finance Act 2022](#).

² For 2024 and 2025, the maximum amount increased to €2,000 for jointly-assessed couples and €1,000 in all other cases.

22.34 In late 2022, Revenue explored the opportunity of cross-matching rent tax credit claims with data already stored in its own systems, such as Residential Tenancies Board (RTB) data and Local Property Tax (LPT) data using the Eircode to match properties. However, Revenue encountered difficulties matching rent tax credit claims to a property in the LPT data due to the lack of an Eircode in the latter. Legislation introduced in 2025 provides that Eircodes will become a mandatory field on LPT returns for the 2026 chargeable period onwards.¹

Other sources of information

22.35 Revenue also uses various third-party information sources to assist it in identifying potential non-compliant landlords — those that may not be declaring rental income and/or not filing returns for rental properties owned. The main sources of information include the following.

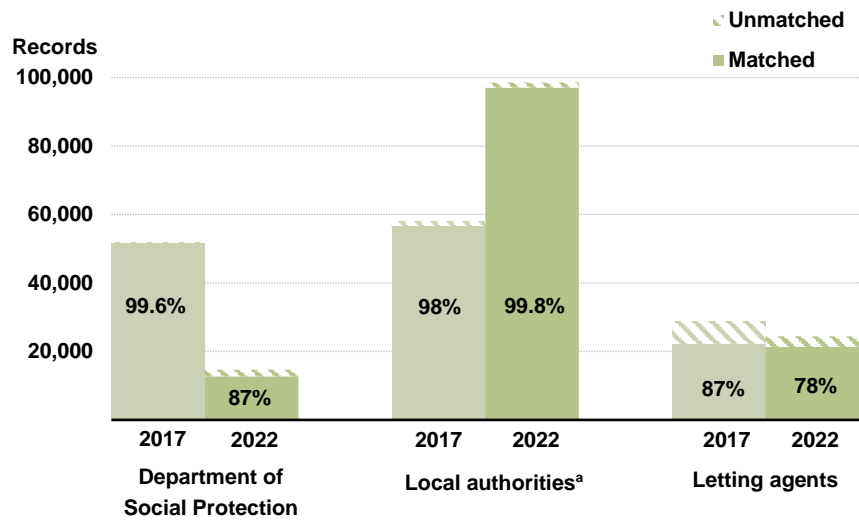
- Residential Tenancies Board — maintains a register of all private registered tenancies. Landlords are required to register details of all their tenancies within one month of their commencement date. The RTB provides bulk data to Revenue on an annual basis, with the transfer governed by a data exchange agreement. Revenue can also obtain data from the Tenancies Board on a case-by-case basis.²
- Department of Social Protection — maintains landlord details in respect of rent supplement payments made to tenants.
- Local authorities — maintain details of the landlords in receipt of housing assistant payments (HAP) or landlords taking part in the Rental Accommodation Scheme or the Social Housing Current Expenditure Programme.
- Letting agents – information submitted in the Form 8-3.

22.36 Revenue matches data on property owners — using the landlord's name, address and PPSN or tax reference number — from these sources with its own records to confirm data held or to identify any anomalies. As can be seen in Figure 22.7, Revenue successfully matched most of its records for 2022 to these third-party sources. There were almost 6,600 (5%) unmatched records in 2022. The percentage of matched records for letting agents is lower than the other sources at around 87%, but this has increased from 78% in 2017.

22.37 Between 2016 and 2024, Revenue successfully matched 81% of RTB data with its own records. There were 248,000 unmatched records over that eight-year period, or an average of around 31,000 per annum. However, by 2024, there was a significant improvement in the matching of records with unmatched records reduced to approximately 6,000 records.

¹ [Finance \(Local Property Tax and Other Provisions\) \(Amendment\) Act 2025](#) introduces amendments to the Finance (Local Property Tax) Act 2012.

² In accordance with [Section 148 Residential Tenancies Act 2004](#), to obtain the information Revenue must provide the RTB with the PPSN or company registration number of the landlord or company.

Figure 22.7 Other sources of matched information, 2017 and 2022

Source: Revenue Commissioners

Note: a The matching rate for local authorities is the combined result for the Rental Accommodation Scheme (96%), Housing Assistant Payments (100%) and Social Housing Current Expenditure Programme (96%).

- 22.38** Revenue noted that unmatched records can be a result of many factors, including the following.
- Duplication of landlord information — of the 248,000 unmatched RTB records, almost 34,000 relate to distinct landlords. The top 100 landlords (per count of tenancies) accounted for 105,000 unmatched records.
 - Tenancy records from charitable organisations or approved housing bodies are difficult to match and will often have multiple tenancies. There were approximately 87,000 unmatched records that have an approved housing body indication in the data.
 - International landlord information provided cannot be matched.
- 22.39** In addition to this, the RTB noted that it has been working with officials in the Department of Housing, Local Government and Heritage on new proposed legislation to facilitate increased data sharing with Revenue to further increase its capacity to identify unregistered tenancies.
- 22.40** Revenue noted that the decrease in records received from the Department of Social Protection is due to the nature of the payment. The Rent Supplement Payment is a short-term, means-tested payment and made directly to the tenant to support them in paying their rent. Recipients who continue to require support under the Rent Supplement Payment are moved to either the Housing Assistance Payment or the Rental Accommodation Scheme, provided through local authorities.
- 22.41** Revenue stated that it has a small, dedicated team that reviews the output of the matching process and works through unmatched data based on a prioritisation model. Unmatched data is also uploaded to Revenue's integrated business intelligence system where caseworkers can access and manually search on a name and address basis.

Census 2022 data on private landlords

22.42 Census 2022, carried out on the night of 3 April 2022, identified 513,704 occupied rental properties. Almost two thirds (330,632) of these properties were declared as rented from private landlords — a 7% increase when compared to 2016, when the previous Census was carried out.

22.43 At the end of December 2022, the RTB's register of private tenancies recorded 246,453 tenancies — a difference of approximately 84,000 between the properties returned on the night of the 2022 Census.

22.44 After completing a data-matching exercise, the Central Statistics Office (CSO) further reduced this difference by approximately 11,000 properties to 73,002 unmatched private rentals by excluding

- properties availing of rent-a-room relief
- properties found to be owned by a local authority in LPT data
- dwellings in which more than one household was recorded on the Census.^{1,2}

22.45 Of the 73,002 tenancies identified as not registered with the RTB, the CSO concluded that

- 35% (25,248) of the tenancies possessed characteristics that may indicate they are likely to be within the scope of RTB regulations³
- 65% (47,754) possessed characteristics that may indicate they are subject to an informal rental arrangement likely to be outside the scope of RTB regulations.⁴

22.46 This indicates that approximately 10% of private tenancies were not in compliance with the requirement to register with the RTB. The CSO is prevented under its legislation from providing the RTB with a list of the properties subject to possible formal rental arrangements not registered with the RTB.⁵ However, the RTB noted that the CSO analysis provided it with a breakdown of the counties with the highest levels of potentially unregistered tenancies. This enabled the RTB to deliver a geographically-targeted registration compliance campaign in partnership with seven local authorities in February 2025.

Managing non-compliance in the rental sector

22.47 Self-assessment of tax liabilities by individuals and companies is an important feature of the operation of tax and duties administration in Ireland. It is the responsibility of landlords (individuals and companies), in line with the self-assessment principle, to ensure that rental income is reported to Revenue via an annual tax return. Revenue's general approach is to promote voluntary compliance by taxpayers in the first instance and, where necessary, to follow up with the intervention most appropriate to the tax risk identified.

22.48 Revenue approaches managing non-compliance in the rental sector through targeted projects — for example, the 2020 – 2024 landlord compliance project — alongside its normal risk-driven compliance activities.

¹ [Rented from Private Landlords 2022, CSO Frontier Series Research Paper](#), July 2024, discussed by the [Joint Housing Committee on Housing, Local Government and Heritage](#) in October 2024.

² According to the CSO, these were instances where more than one Census form was returned for an individual dwelling. This can happen when, for example, two separate households live in the same dwelling but maintain different housekeeping arrangements such as eating separately and not sharing common living spaces.

³ The CSO recognised four characteristics of a private rental property as follows: not declared as a principal private residence; owner has self-declared rental income or property is owned by a company; a tenant in receipt of the Revenue rent tax credit; or the property is registered with the HAP scheme or anyone living in the property is receiving support through the HAP scheme or rent supplement.

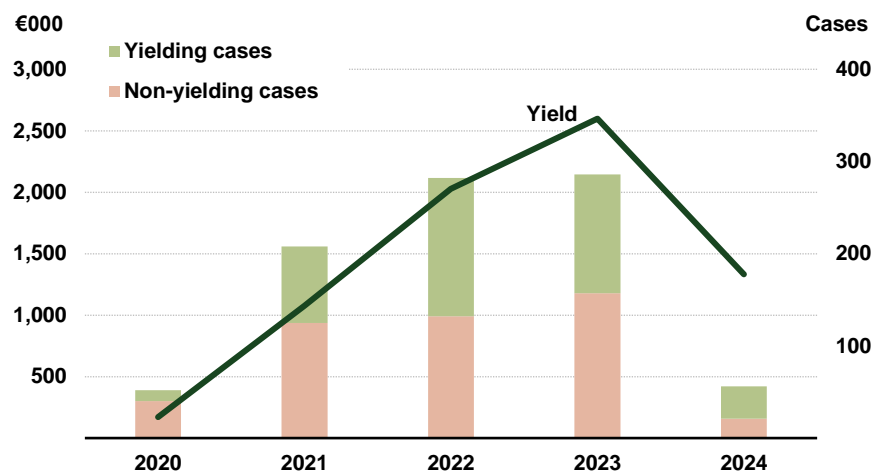
⁴ Certain types of rented properties do not need to register with the RTB, such as short-term lettings for holidays, long-occupation lease tenancies and where a landlord rents to a close family member (spouse, parent or child) without a formal written tenancy agreement.

⁵ [Statistics Act 1993](#), part V of the Act focuses on the protection of information, including restrictions on the use of information, prohibition on the disclosure of information and use of non-identifiable information for statistical analysis.

Targeted projects

22.49 In 2020, Revenue's personal division commenced a targeted project on landlords that ran until 2024.¹ The project focused on landlords with three or more properties that may have under-declared taxable rental income by overclaiming rental expenses. Between 2020 and 2024, the division carried out a total of 884 interventions. Around 46% of the cases yielded just over €7 million in additional tax, interest and penalties. The average yield from yielding cases over that period was approximately €18,000 (see Figure 22.8).

Figure 22.8 Results of the landlord compliance project, 2020 – 2024



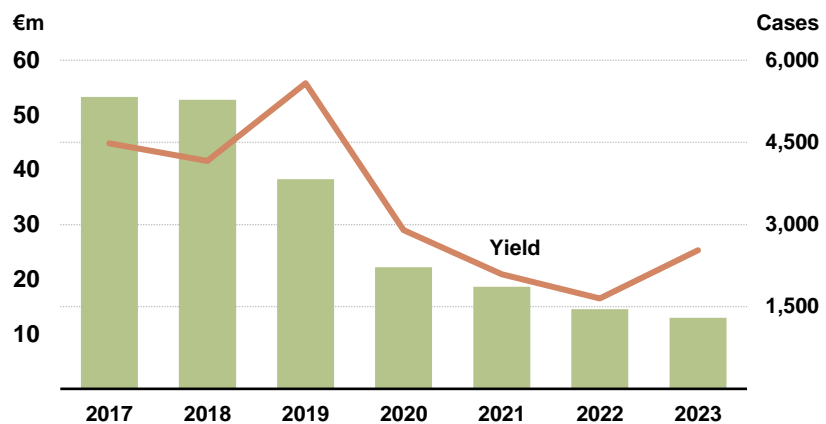
Source: Revenue Commissioners. Analysis by Office of the Comptroller and Auditor General.

22.50 The significant reduction in the number of cases selected for inclusion in the project in 2024 (56 cases) was as a result of Revenue winding down the programme. Despite yielding €1.3 million from 35 cases in 2024, the project is no longer running. Revenue stated that the project focus has moved to identifying landlords who have not declared receipt of rental income, including cases of egregious non-compliance.

General compliance activity

22.51 Revenue carried out just over 21,000 interventions on taxpayers operating in the rental sector between 2017 and 2023 (see Figure 22.9). The total yield from those interventions (across multiple tax heads) over that period was just over €230 million in additional tax, interest and penalties. Revenue stated that these statistics are published in its annual reports, but a breakdown of the yielding and non-yielding cases that specifically related to rental income is not compiled for that purpose. As such, it was not possible to provide a breakdown.

¹ The personal division manages service and compliance activity for individuals with PAYE income only and entities with no trade or professional income such as trusts, charities or sporting bodies.

Figure 22.9 Yield and number of interventions carried out on taxpayers operating in the rental sector, 2017 – 2023

Source: Revenue Commissioners. Analysis by Office of the Comptroller and Auditor General.

- 22.52** These interventions were initiated by Revenue on taxpayers identified as operating in the rental sector where either third-party information or local intelligence within Revenue divisions indicated the presence of various risks. Yield from these interventions may relate to several tax heads e.g. income tax, VAT, corporation tax.
- 22.53** It was previously (in 2013) recommended that Revenue should consider requiring caseworkers to record intervention yields under several broad headings (e.g. retail, professional service, rental income) and then collate this data to better enable Revenue to identify the source of tax yield from its interventions.¹ At the time, Revenue was planning the development of a new case management system.
- 22.54** The case management system now in place does not allow analysis of overall intervention yields below main tax head. For example, the portion of the intervention yield of income tax that relates to rental income cannot be easily extracted at an aggregate level. This can only be confirmed by opening individual cases on Revenue's system.
- 22.55** Revenue stated that the introduction of reporting on tax yield from interventions at a granular level would introduce a high level of complexity into the case management system as well as development costs.

Conclusions and recommendations

- 22.56** During the six-year period (2017 to 2022) under review, gross domestic rental income declared by individuals and companies increased steadily. The fastest rate of increase identified was in respect of rents declared by companies, which increased by 61% from 2020 to 2022.
- 22.57** In 2022, gross domestic rental income declared was around €8 billion comprising €4.8 billion declared by individuals and €3.2 billion declared by companies. Most rental income declared by companies relates to commercial properties, while individuals primarily declare rental income from residential properties.

¹ [Report on the Accounts of the Public Services 2013, chapter 16, Taxation of Rental Income.](#)

- 22.58** The examination found that although Revenue publishes annual statistics on rental income, this only includes income declared on Form 11 returns. It does not include rental income statistics for companies.

Recommendation 22.1

Revenue should consider publishing rental income (Schedule D Case V) statistics for companies. This would enhance transparency by showing how a significant part of the rental sector is contributing to overall Exchequer revenue. This information could be included in either Revenue's annual publication of rental statistics or its annual corporation tax analysis report.

Accounting Officer's response

Agreed.

Revenue publishes a comprehensive corporation tax analysis report, alongside its annual report each year. While Schedule D Case V income returned on corporation tax returns represents only one cohort of taxpayers operating in the wider rental sector, Revenue will consider the value of including such rental income statistics in future publications of its corporation tax analysis report.

Timeline for implementation

To be considered further when drafting the report for publication in 2026.

- 22.59** Individuals and companies can use deductible expenses, capital allowances and losses to reduce their overall taxable rental income. Over the period 2017 to 2022, this has resulted in average net taxable income that is 66% of gross domestic rental income for individual taxpayers and 42% of gross domestic rental income for companies.

Foreign rental income

- 22.60** Almost €233 million gross foreign rental income was declared by individuals on Form 11 returns in respect of 2022.
- 22.61** Where a double taxation agreement is in place with another jurisdiction, a taxpayer can claim a credit for any tax paid overseas in respect of foreign rental income that is also taxable in the State. Between 2017 and 2022, double taxation credits claimed by individuals averaged around €16 million per year.
- 22.62** While EU member states are required to exchange information under the Automatic Exchange of Information framework on several matters, including ownership of and income from immovable property, they are not specifically obliged to notify Revenue in respect of property that is purchased by an Irish resident. The Form 11 return does not request the taxpayer to confirm the location of the foreign rental property when claiming the credit.

Letting agents

- 22.63** A previous recommendation on the introduction of an online facility to facilitate the matching of records from letting agents with taxpayer records was implemented by Revenue in 2017. Over the period 2017 to 2022, just over 900 Form 8-3 returns were filed by letting agents.

Non-resident landlords

22.64 Tenants and other parties paying rent directly to a non-resident landlord are obliged to deduct 20% of the rent payable and to remit it to Revenue. The rent amount withheld by the tenant is then available to the non-resident landlord to be used as a credit against their overall tax liability when they submit their annual return. In 2022, the value of credits claimed by individual non-resident landlords was €5.5 million.

Comparing records to identify non-compliant landlords

22.65 Matching information from various sources, including third party data, enables Revenue to identify inconsistencies in taxpayer returns that may point to under reported rental income.

22.66 Taxpayer returns (Form 11, Form 12 and CT1) request the number and type (commercial or residential) of rental properties to be returned. Details of individual properties are currently not required to be provided. This limits Revenue's ability to match the information contained in taxpayer returns with its own records and third-party sources to identify taxpayers that may warrant further review.

22.67 LPT legislation has recently been amended to provide that Eircodes will be mandatory on LPT returns for the 2026 chargeable period onwards. This should improve the accuracy of property identification in the future.

22.68 Following the introduction of the rent tax credit in 2022, tenants claimed a total of €181 million and €208 million for the tax years 2022 and 2023 respectively. While the rent tax credit data can be used on a case-specific basis for compliance intervention work, large-scale analysis and matching of the data to existing Revenue sources is not possible.

Recommendation 22.2

To enhance its ability to match data, Revenue should consider amending its taxpayer returns forms (Form 11, Form 12 and CT1 returns) to include details of individual properties including for example a unique property identifier such as the Eircode.

Accounting Officer's response

Not agreed.

Revenue's role is to implement the legislation in place. At present, the legislative provisions setting out the basis of assessment for Case V in the Taxes Consolidation Act does not provide for the requirement for a breakdown of individual properties. It is not possible, without policy decisions and legislative provision, to add additional information-gathering requirements to tax returns.

Furthermore, responsibility for gathering information for what is essentially a rental property register is not in keeping with Revenue's role. A landlord is required to register rental properties with the Residential Tenancy Board and it would seem to be a significant and disproportionate requirement on compliant landlords to duplicate the provision of property details through their tax returns. In addition, landlords of residential properties are required to meet their Local Property Tax obligations which will now include the Eircode as a mandatory field.

Timeline for implementation

Not applicable.

- 22.69** Revenue matches its own records on property owners with the Residential Tenancies Board (RTB), local authorities, the Department of Social Protection and letting agents to identify any anomalies. Revenue successfully matched the majority of its records to these third-party sources for 2022. Improved matching of RTB registrations with Revenue records provides reasonable assurance that landlords who are RTB compliant are also making declarations for tax purposes.
- 22.70** When Census data (captured in early 2022) was compared to RTB data at the end of 2022, it indicated that around 10% of private tenancies were not in compliance with the requirement to register with the RTB. Under its current legislation, the CSO is unable to share identifying information on these tenancies with the RTB. However, the RTB noted that the CSO analysis provided it with a breakdown of the counties with the highest levels of potentially unregistered tenancies. This enabled the RTB to deliver a geographically-targeted registration compliance campaign in partnership with seven local authorities in February 2025.

Managing non-compliance in the rental sector

- 22.71** A project on landlords carried out by Revenue's personal division between 2020 and 2024 identified that 46% of cases reviewed had under-declared their rental income tax by overclaiming rental expenses. These cases yielded a total of just over €7 million in additional tax, interest and penalties.
- 22.72** Revenue carried out just over 21,000 interventions on taxpayers who operated in the rental sector between 2017 and 2023. The total yield from those interventions (across multiple tax heads) was just over €230 million in additional tax, interest and penalties. Revenue is unable at the aggregate level to report the amount of the yield or the number of yielding cases that specifically related to rental income.

Recommendation 22.3

To enable it to identify the source of tax yield from interventions, Revenue should consider requiring caseworkers to record the yield from compliance activity under the specific income stream giving rise to the yield (e.g. rental income) and collate this data.

Accounting Officer's response

Not agreed.

Revenue adopts a whole-case management approach across its compliance framework meaning that multiple risks across multiple tax heads can be addressed through a single compliance intervention. Revenue's case management system facilitates the reporting of compliance intervention outcomes by sector, including the rental sector, using NACE code conventions. The NACE code under which an individual or company is categorised within Revenue data systems is input at the self-assessment registration stage whereby the company or individual selects the most appropriate NACE code that reflects their main business activity or activities. Data extraction on the basis of NACE code has its limitations as it cannot offer the required granularity where a taxpayer has multiple economic activities. For example, in the majority of cases, the rental of a residential property may not be the main business of the taxpayer and therefore, such a taxpayer is not readily identifiable from the data as being in receipt of rental income.

The case management system reports on tax yield for particular income tax or corporation tax return period(s), as it is the filed return (or multiple returns) that generally forms the basis of a compliance intervention. For individuals, rental income is taxed under Schedule D Case V and is reported by the taxpayer in their Form 11 return, which contains details of all income liable to tax, in relation to a particular return period. The introduction of reporting on tax yield from interventions at a granular level would introduce a high level of complexity (as well as development costs) into the case management system.

Revenue is satisfied that compliance intervention reporting adequately supports effective reporting on compliance activities. Additionally, when Revenue initiates specific compliance programmes targeted at landlords or short-term letting, the outputs of such compliance programmes are monitored and evaluated on an on-going basis.

Annex 22A Rental income deductions and expenses

Deductible expenses

Revenue applies three main rules when assessing an individual's/company's right to claim expenses to reduce a rental income tax liability. The rules are that the expenditure

- has been incurred by the landlord
- is not of a capital nature
- must generally be incurred during the period in which the landlord is entitled to receive rental income.

Some examples of expenses that may be claimed are repairs, insurance, advertising costs, property maintenance costs and accountancy fees in relation to the preparation of a rental account and management fees. A deduction is also available for mortgage interest on loans used to purchase, improve or repair a rented residential property. However, to claim a deduction for mortgage interest relief, the landlord must be registered with the Residential Tenancies Board (RTB).¹

Capital allowances

Capital allowances can be claimed by individuals and companies on the cost of fixtures and fittings in the rental property. The allowances are claimed at a rate of 12.5% per annum over an eight-year period from the date of purchase. In addition to capital allowances on fixtures and fittings, an individual or a company may also claim capital allowances on qualifying assets that generate the rental income, for example, industrial buildings (4% over 25 years).

Losses

For an individual, where a loss arises because of allowable expenses being more than the rents received, the loss can be carried forward and set against future rental profits. Losses incurred in prior-year periods may be used against current-year profits after deductions to reduce the amount of rental income that is subject to tax. Losses on uneconomic rentals may not be set against profits from other rental properties.²

In the case of companies, if the main source of income is derived from the rental property sector, rental losses can be used in full (i.e. 100% of the losses) to reduce the amount of taxable rental income. Trading losses however (as opposed to rental losses), may only be used to reduce taxable rental income by 12.5%. As with individuals, losses on uneconomic rentals are not permitted to be used.

Pre-letting expenses

Certain expenses incurred on a vacant residential premises (pre-letting expenses) are authorised as a deduction against rental income from that premises.³

¹ From April 2022, a landlord is obliged to register a tenancy with the RTB within one month of its commencement date and every year thereafter on the anniversary of the date the tenancy began, for so long as the tenancy exists.

² Uneconomic rentals, as provided for in section 75(4) of the Taxes Consolidation Act, are those where the rent under a lease is insufficient, taking one year with another, to defray the expenses and obligations of the lease. This could include so-called peppercorn rents, where a nominal or very low rent charge is in place and fixed as part of a long-term lease.

³ Section 97A of the Taxes Consolidation Act 1997.

The maximum authorised deduction is set at €10,000 per vacant premises from 1 January 2023. Prior to this, the cap on allowable pre-letting expenses was €5,000. The type of pre-letting expenditure that can be deducted from rental income is of the same type authorised under section 97(2) TCA. There is a clawback if the property ceases to be a rented residential property within four years of letting the property.