

Review of the Operation of the Local Property Tax ***Submission by the Citizens Information Board (April 2015)***

Introduction

The Citizens Information Board (CIB) welcomes the opportunity to make a submission to the Review Group on the Operation of the Local Property Tax (LPT). A 2013 CIB Submission¹ to the Department of Finance and the Revenue Commissioners highlighted issues relating to the operation of the LPT, including, in particular, those related to deferrals and exemptions, filing and payment options, and the nature of the information provided and local authority/social housing tenants being wrongly billed for the tax. The main focus of the current Submission is also on issues relating to the administration of the scheme as identified by Citizens Information Services (CISs) and the Citizens information Phone Service (CIPS).

On the broader aspect of the review relating to recent residential property price developments and the overall yield from LPT and its contribution to total tax revenue, the Board's view is that key considerations should be the ongoing pressures on low-income households and the widely acknowledged problem of household and personal indebtedness in Irish society.² On the matter of the desirability of achieving relative stability in LPT payments, it is considered important that every effort is made to eliminate as far as possible the various administrative difficulties identified in this Submission.

The Operation of the Local Property Tax: Issues Identified by CISs and CIPS³

Issues relating to the administration of the Local Property Tax identified by Citizens Information Services (CISs) and the Citizens Information Phone Service (CIPs) during 2014 and 2015 to date refer mainly to the following areas:

- Difficulties in getting through to Revenue LPT by phone
- Deficits in information

¹http://www.citizensinformationboard.ie/publications/social/downloads/LocalPropertyTax_Submission_Oct2013.pdf

²CISs and CIPs deal with over 1 million queries from the public annually and some 40% of these are social welfare related. MABS dealt with over 40,000 clients via local services and the National Helpline in 2014. The majority of its clients are reliant on social welfare payments (55%),

³ CISs dealt with over 10,000 LPT queries from members of the public in 2014 and 15,000 queries the previous year.

- Difficulties with LPT deductions at source
- Outstanding Household Charges administration issues

Contacting Revenue LPT Division by Telephone

Difficulties in contacting Revenue LPT by telephone were regularly referenced in feedback from CISs and CIPS. In many instances telephone waiting times were long and calls were frequently dropped as the person waited or a message was given to call back at another time. This resulted in people incurring unnecessary and, indeed, prohibitive telephone costs when trying to pay their property tax. A lack of response from the Helpline Number is regularly reported. This causes frustration for both the public and for information providers seeking to assist people in paying their LPT.

These issues are illustrated by the following case examples which are broadly indicative of the types of difficulties encountered.

A woman had made a number of unsuccessful attempts, over a number of weeks, to contact the Revenue LPT section in order to sort out Household Charge liability against the property she is living in. It took 50 minutes for the information provider to get through.

A couple both in their 80s and both with hearing difficulties failed on numerous occasions to have their telephone calls to the LPT section dealt with – they get confused with all the pre-recorded messages and are unable to cope with the system. An added difficulty in this instance was that neither of them is able to use the Internet. The CIS failed to make telephone contact with the LPT section on behalf of the couple on the day they sought assistance.

A woman who has registered for LPT wanted to amend the property band and clarify how she was meant to be making the payment. The CIS checked online but it was not clear. None of the contact telephone numbers provided to CISs⁴ was answered and the CIS was, therefore, unable to assist her on the day. The woman in question stated that she could not afford to call the 1890 number herself because she did not have a landline and the mobile charges are very expensive.

A man sought assistance with paying his LPT. He did not have an ID number or PIN as he had never received any correspondence from Revenue. The CIS rang Revenue on his behalf and was waiting 20 minutes for an answer and subsequently placed on hold for another 10 minutes before being able to speak to an official. The man himself stated that he had spent €40 on phone calls (almost half his actual LPT liability for the year) and stated that he could not afford to call anymore.

An older woman told the CIS that she could not get through to Revenue by telephone. She had a simple question that she needed to ask but was frustrated by the number of options offered when she phoned and ended up having to hang up. She was upset at the prospect of money being deducted from her pension. She needed to know how much she owed and wanted to make a once off payment.

⁴ In recognition of the number of callers to CISs in relation to the LPT, Revenue facilitated services by providing additional contact details to the network in instances where they were acting on behalf of a caller.

A man wanted to pay his household charge and LPT for 2013 and 2014 but did not have ID or PIN to log onto Revenue to pay online. The CIS phoned LPT helpline on his behalf and after 15 minutes got an answer and was transferred to their head office as payment was late. After another 20 minutes wait and being told there was another 19 min wait before the call would be answered, the CIS information provider had to terminate the call. "The client only has a mobile phone and would not be able to afford this length of wait for call to be answered".

Deficits in Information

Despite the considerable efforts that have been made to make the information on LPT charges, valuations and payment methods as clear as possible, feedback from CIB service delivery partners continues to refer to instances where people were not provided with the relevant information about the charges or where the information was not sufficiently clear and/or liable to misinterpretation.

Some people were unhappy with the fact that they were not informed directly when their LPT was due. Some people were reported as experiencing confusion about when the property tax was to be paid due to the fact that no notification had been sent from Revenue. Other information deficits identified referred to people getting demands for payments which they had already made. A small minority were unaware that they had to register their property with Revenue in order to pay the LPT.

The following case examples illustrate some of the issues arising from instances where incorrect or inadequate information was on the LPT system.

A person called to a CIS on behalf of her elderly neighbour who has received demand for non-payment of the Household Charge from Revenue even though it had been paid to the Local Authority at the time. The issue appears to have arisen because there are 4 separate properties listed at the same address. The woman involved never received any correspondence about the LPT. Now she has a property ID but the fact that the Household Charge has already been paid on that property has not been registered. The woman in question has been advised to provide the original receipt to prove payment which she may have difficulty in doing.

A CIS client had home valued in recent months at a higher band than had previously been registered with Revenue and provided this information to Revenue. Following this, the client contacted Revenue twice regarding an update as deduction at source had not been changed for 2014. The client received a letter from Revenue advising that the 2013 return was not paid in full which he dealt with by paying the amount outstanding. However, in order to amend 2014 return, Revenue advised that it was better to leave deduction at source as is and to pay the €90 difference (between bands) at the Post Office over the coming months. The reason given for this was that if deduction at source is amended 6 months into the year, the previous 6 months payment already made would not be counted and deduction would be on the basis of zero payment to date in 2014 which would mean that that the house owner would then need to write to Revenue to request a refund or credit for 2015.

A woman called to the CIS very upset after receiving an Invoice for LPT with a new Property ID on letter. The tax had already been paid but apparently had been registered to a different ID. The CIS could not get through to LPT section by phone to get clarity on the matter for the woman.

A CIS client had received a letter from Revenue advising that €400 was due in respect of non- payment of household charge on 2 properties. When the CIS accessed the LPT on-line, there were 2 properties listed for this client. However, he stated that he owns only 1 property, which he rents. He lives with his parents and the problem arose because he has the same name as his father.

Other issues that arose referred to an application for deferral of payment not being implemented, a wrong allocation of a property band and a property not registered.

An older person whose only income was a social welfare pension had opted for deferral of the property tax. However, he received a letter from Revenue LPT seeking the payment. The CIS was informed by Revenue that there had been a problem with the scanning of the form and that he needed to submit a letter declaring his income. The man was distressed initially when he contacted the CIS thinking he had to pay Revenue a big bill.

A couple in their 80s presented with letter from Revenue advising property ID and PIN and requesting payment of LPT. The couple do not use Internet or have Internet access and stated that they had written a letter to Revenue last year regarding their property and received no response. The CIS logged on to Revenue on their behalf which showed that they were registered in Band 3 and had selected to defer payment. Revenue advised that they had issued a letter in May 2013 to clients with estimate of value of property. As they did not respond within allocated timeframe Revenue proceeded and entered the property in that band. The couple now wish to register the property in Band 1 and pay the charge which they did with the assistance of the CIS.

The client wanted to get information for her elderly neighbour on the LPT and how to pay. The neighbour did not have his property ID or a PIN number. The CIS tried to request an ID and PIN online using the person's PPSN but the system did not recognise the number. The CIS was advised by Revenue that the property had never been registered and drafted a letter to be sent to Revenue indicating that the person named was the owner of the property and requesting a PIN and ID so that he could register and pay the LPT.

There were a number of instances referenced in feedback from CISs where people had been expecting to get notification from Revenue as to when the property tax was due and the amount to be paid.

An older person household had not received any notification with regard to their Local Property Tax for 2014 which they stated they assumed they would get. They did not know how much they needed to pay and were worried as they were expecting to receive something in the post. They were unsure of the deadline and how to pay.

A 60-year old woman who does not have Internet access paid her LPT last year by credit card but did not, as she expected, receive any letter from Revenue regarding the 2014 payment.

LPT Deductions at Source

Difficulties were identified in respect of the option to have LPT deductions at source. There was some lack of clarity from Revenue as to why people could not increase the amount deducted from social welfare payments when they had an income above the minimum SWA income level. The following case examples illustrate the issue.⁵

A man wanted to pay LPT by deductions at source. He is in receipt of Disability Allowance and a Living Alone Increase. Having arranged a €10 per week deduction directly with Revenue in the past month, he now finds that only €2 per week is coming out of his SW payment. The Revenue deduction at source system will not allow deductions that bring his income below the SWA rate of €186. The system does not allow for the deduction from his overall SW payment which is €195.70 (including Living Alone Allowance).⁶ The man does not want to make regular payments to LPT via service provider as it will cost him €1 each time. The man has been advised by Revenue that his only option is to set up Direct Debits, Single Debit Authority or to save up and pay the outstanding balance by end of year.

A person is in receipt of two social welfare payments €102 half rate Carers Allowance and €188 Illness benefit. These payments cannot be amalgamated and therefore, their property tax cannot be deducted at source.

Outstanding Household Charges Wrongly Notified

Instances relating to people being notified by Revenue that the Household Charge on their property was outstanding when this was not the case were referenced by CISs as is evidenced by the following case examples.⁷

A CIS client had query about Household Charge arrears that she is exempt from paying. She had notified Revenue online previously, but the amount is still showing as outstanding on the 'payment history'. Tried to ring through to that section and was advised that the wait would be 11 minutes. Client decided to send a copy of the exemption letter from the council to Revenue LPT by post in order to make sure it is being dealt with.

A CIS client has had ongoing problems with LPT/Household Charge (HC) since November 2013. He had paid HC on two properties in 2012 (he has receipts) but this was not recorded and he has been getting letters requesting him to pay the HC with penalties. Revenue LPT were contacted about this and eventually acknowledged that he had paid the HC on one of the properties. Eventually it was discovered that when he paid the HC on two properties the money was recorded as paid on the same property and so one was refunded. Client now owes €200 on one property including penalty fees. Client tried to pay the HC online but it is still showing up as €400 due despite receiving two letters stating he only owed €200 now. There was an ongoing problem with getting the matter resolved because of difficulty in contacting Revenue LPT by telephone.

⁵ See Appendix for Additional Indicative Case Examples on this topic

⁶ The regulations state that deductions can only be made taken from one social welfare payment only.

⁷ See Appendix for Additional Case Examples on this matter.

Other Issues Referenced by CISs and CIPS

- *Local Property Tax Exemption Criteria for People with Disabilities*
An issue identified in respect of LPT exemption criteria for people with disabilities refers to people being unaware that there are exemptions for people with disabilities subject to certain criteria being met and to changes in the eligibility criteria introduced in 2014.⁸
- *Difficulty in adjusting property valuation downwards on-line*
A 78-year old person sought assistance in revaluing her property for LPT (the woman felt that her property had been over-valued). However, the online registration system does not apply when someone is seeking to revalue property downwards.
- *Local Authority tenants being billed for LPT*

A person renting a house from Local Authority for the past 2 years received a letter demanding 2 years LPT and Household Charge arrears. The CIS established that the property is registered on-line to Clare County Council.
- *Liability for LPT after sale of property*
The fact that people who owned properties as of the 1st Nov 2013 and sold properties thereafter in 2013 are still liable for the 2014 charge was deemed by some CIS clients as unfair.
- *Issues arising from digital divide*
There are specific difficulties with the LPT for people who cannot use the Internet or and /or who do not have computer access

Summary

The experience of CIS and CIPS users shows that some people experienced difficulty in paying their Local Property Tax because of a number of inter-related factors, in particular, people not having and/or not being able to understand what was required of them and, secondly, difficulties in accessing the Revenue LPT section by telephone. The latter problem was exacerbated for those who could not use the Internet.

While CISs were in many instances able to assist their clients with the process, their ability to do so was hampered to some extent by long waiting times on the telephone and a related inability to assist individual clients on the day.

Other issues highlighted were provisions for deductions at source from social welfare payments where a person has more than one such payment. This is a matter that should be given further consideration.

⁸ www.revenue.ie/en/tax/lpt/guidelines-reliefs-disabled-incapacitated.pdf

Many of the operational issues identified by CIB service delivery partners will no doubt be sorted out over time. However, the difficulties experienced by those on low income and those reliant on social welfare and older persons in particular need to be kept under ongoing surveillance. This will be all the more important as the requirement for new property valuations comes on stream.

APPENDIX

Additional Case Examples

LPT Deductions from Social Welfare Payments

A CIS client is in receipt of EU UK State Pension and also getting a top up Non-Contributory Irish pension of €126.70 weekly. He paid his LPT for 2013 and registered and agreed to pay his 2014 liability via deductions at source from his Irish Non-contributory Pension. However, he received a letter from LPT to say this deduction cannot be made as his Irish pension of €126 is below the SWA rate of €186.00. He rang Revenue to explain that the reason that his Irish pension was only €126.00 a week is due to his extra UK Pension and that he is not below the SWA rate when both pensions are taken into account. However, the regulations state that deductions can't be made because his Irish pension is below the SWA rate and that deductions can be taken from one social welfare payment only.⁹

A woman wished to pay LPT by deduction at source from her SW pension, but the SW system cannot accommodate this as this would bring her net pension below the threshold of €186 per week. This means that she will have to pay the balance of the LPT weekly at her Post Office and, thereby, incur an additional €1 fee each week. "Her LPT of €90 will cost her an extra €52 a year".

A man on Disability Allowance is paying LPT in third band, €315 per year. He had been paying by deduction from source but had arrears from 2013 as the DSP would not take more than €2 per week from his payment because this would bring him below the minimum payment threshold. The build-up of arrears meant that he had to arrange to pay €13 per week from June 2014 to December 2014 to clear the arrears and cover the 2014 bill. This is leaving him in very difficult circumstances and at risk of poverty. The €13 a week he has to pay puts him further below the minimum income threshold.

A CIS client registered for his Local Property Tax liability and he selected the option of having his LPT liability of €90 for 2014 to be paid in instalments out of his Irish Non-Contributory Pension of €140 per week. He explained that the reason he was only getting €140 a week of a non-contributory pension was that he was also in receipt of a weekly UK Contributory State Pension. The man rang the Revenue LPT section in to explain his case but he was told it was simply not an option because he is below the SWA rate of pension from the Republic of Ireland. The man did not feel in a position to pay the LPT in full nor did he wish to have to pay by direct debit -- therefore, his only option of payment choice that could work for him was to pay in instalments in the Post Office incurring an additional charge of €1 for every payment.

Outstanding Charges and Tax

A man came into the CIS with a letter from Revenue about outstanding LPT which he has already paid and Household Charge which he has not paid. There is no record online of his payments being made. We were unable to speak to anyone on the LPT helpline as they were not taking any phone calls. He was advised by the CIS to find receipts as proof of payment so that the CIS can write to Revenue LPT on his behalf to clarify the matter.

⁹ <http://www.revenue.ie/en/tax/lpt/dsp-recipients.html#section18>

Client received letter from Revenue stating they were liable for Household Charge on a property that is different than the address where the letter was sent. Letter stated Revenue checked the Property Register listing and the client was liable as current homeowners. Client stated she is an EU citizen living in Ireland who does not own any property here. Client confirmed they never owned any property and have always rented through an Agency. The CIS contacted Revenue and explained same. After some time on hold Revenue advised no further action was required by the client and that they will be in contact in due course.