

DOUGLAS NEWMAN GOOD BROADLY WELCOME THE MEASURES IN BUDGET 2012

DNG welcome the measures and that that the government realise the importance of the property market to the overall economic recovery within Ireland which is seen in the form of a number of measures announced yesterday by the Minister for Finance to stimulate the property market.

STAMP DUTY FOR COMMERCIAL PROPERTY

Significant and welcome changes have been introduced to the levels payable on Commercial Property transactions such as sites, farmland, retail units and offices with a reduction from 6% to 2%, making investment into this sector more attractive as the rates can no longer be considered punitive.

CAPITAL GAINS TAX

While CGT has been increased from 25% to 30%, those purchasing an Investment Property before year end 2013 and holding same for 7 years will not be liable for CGT on any profit made during that period. This will lead to a significant increase in investor driven transactions.

UPWARD ONLY RENT REVIEWS

For some time the uncertainty with regard to the possible abolition of the Upward Only Rent Review Clause has had a negative impact on the commercial investment property sector. Clarity on this matter is very welcome.

SECTION 23 TAX SHELTERS

Once again it is welcome to have clarity in this sector that Section 23 style reliefs will not be removed. However, the 5% surcharge tax for those with incomes over €100,000 will be a difficult pill to swallow for those suffering losses on their property portfolios. It will be important that this surcharge affects those with positive rather than negative rental returns.

MORTGAGE INTEREST RELIEF

DNG welcome the increase in mortgage interest relief from 15% to 25% for First Time Buyers purchasing in 2012 which will stimulate activity in the first time buyer market There is also an increase from 10% to 15% for non-First Time Buyers. FTB's who purchased between 2004 & 2008 will now see their Mortgage Interest relief increased to an attractive 30% which will an important life line to many mortgage holders.

HOUSEHOLD CHARGE

The new charge of €100 is inexpensive and we do not see it having any effect on the market at the present time.

Further commenting on the announcement Keith Lowe CEO of Douglas Newman Good Group stated "The measures announced in budget 2012 is a clear indication that the government accept that the having a fully functioning property market is essential to overall economic recovery and that the measures being implements are welcome. However, the government need to ensure that there is adequate lending available specifically to the residential sector to assist recovery as this lack of liquidity continues to restrict transaction levels.