Living City Initiative

Part 10-13-01

This document should be read in conjunction with sections 372AAA to 372AAE of the Taxes Consolidation Act 1997

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The Living City Initiative is a scheme of property tax incentives provided for in Chapter 13 of Part 10 of the Taxes Consolidation Act 1997.

There are four types of relief available under the scheme:

- owner occupier residential relief (introduced for expenditure incurred on or after 5 May 2015),
- commercial relief (introduced for expenditure incurred on or after 5 May 2015),
- rented residential (landlord) relief (introduced for expenditure incurred on or after 1 January 2017), and
- living over the shop relief (introduced for expenditure incurred on or after 1 January 2026).

The purpose of this Tax and Duty Manual (TDM) is to provide an overview of the Living City Initiative and a guide to two TDMs relating to the relief, one in relation to the owner occupier residential element of the relief and the other in relation to the rented residential, commercial and living over the shop elements of the relief.

TDM Part 10-13-01a provides detailed guidance in relation to the owner occupier residential element of the relief.

TDM Part 10-13-01b provides detailed guidance in relation to the rented residential, commercial and living over the shop elements of the relief.

The Living City Initiative is aimed at the regeneration of certain areas. The designated areas are in Cork[1], Dublin[2], Galway[3], Kilkenny[4], Limerick[5] and Waterford[6], and from 8 April 2026, also include areas in the following towns: Athlone, Drogheda, Dundalk, Letterkenny, and Sligo. The areas (known as "special regeneration areas" (SRAs)) have been designated for the purposes of the scheme by Order of the Minister for Finance. Expenditure on a property located outside a SRA cannot qualify for tax relief. The scheme provides for tax relief for qualifying expenditure incurred on the conversion or refurbishment of qualifying premises in the qualifying period. For all four elements of the Living City Initiative the qualifying period ends on 31 December 2030.

[1] S.I. No. 182/2015 - Taxes Consolidation Act 1997 (Living City Initiative) (Special Regeneration Area) (Cork) Order 2015.
[2] S.I. No. 183/2015 - Taxes Consolidation Act 1997 (Living City Initiative) (Special Regeneration Area) (Dublin) Order 2015.
[3] S.I. No. 184/2015 - Taxes Consolidation Act 1997 (Living City Initiative) (Special Regeneration Area) (Galway) Order 2015.
[4] S.I. No. 185/2015 - Taxes Consolidation Act 1997 (Living City Initiative) (Special Regeneration Area) (Kilkenny) Order 2015.
[5] S.I. No. 186/2015 - Taxes Consolidation Act 1997 (Living City Initiative) (Special Regeneration Area) (Limerick) Order 2015.
[6] S.I. No. 187/2015 - Taxes Consolidation Act 1997 (Living City Initiative) (Special Regeneration Area) (Waterford) Order 2015.

Finance Act 2025 amended the pre-1915 building age requirement that applied to the owner occupier and rented residential elements of the scheme to provide that residential premises built before 1975 in the SRAs will be eligible for relief. The commercial and living over the shop elements of the relief are not restricted by the building age. The Act made other changes to the commercial and rented residential elements of the scheme and introduced a new Living over the Shop element to the scheme. The changes introduced by Finance Act 2025 take effect from 1 January 2026.

The **owner occupier residential element** of the relief is, on or after 1 January 2023, allowed as a deduction from the claimant's total income, with an amount equal to 15% of the qualifying expenditure being deductible for the first six years and an amount equal to 10% being deductible in year seven. Where the deduction on such expenditure is not wholly utilised in the year the unused portion of the deduction may be carried forward to the next year and so on for a period of ten years from the year of assessment in which a claim was first made. For works carried out prior to 2023, the relief is allowed against total income at a rate of 10% of qualifying expenditure a year for ten years. In this case, if all the relief for one year cannot be used in that year because of insufficient income, the excess cannot be carried forward.

The **rented residential, commercial and living over the shop elements** of the relief constitute de minimis State aid under Commission Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid. With effect from 1 January 2024, the EU de minimis rule imposes a cap of €300,000[7] on the maximum amount of State aid that an undertaking can avail of from all sources subject to the de minimis Regulation, in any rolling three-year period. As these elements of the relief come within the de minimis Regulation, certain reporting and publication requirements apply.

For qualifying expenditure incurred on or after 1 January 2026 on the rented residential, commercial and living over the shop elements of the relief, the expenditure is written off at the rate of 50% per year for each of two years.

For qualifying expenditure incurred prior to 1 January 2026 on the rented residential and commercial elements of the relief, the expenditure is written off at the rate of 15% for the first six years with the remaining 10% available in year seven. The maximum level of tax relief for the rented residential and the commercial elements of the scheme was €200,000 per project.

Further details in relation to the relief are available in the TDMs referred to above.

[7] Prior to 1 January 2024 the maximum amount of State aid that an undertaking could avail of in any rolling 3-year period was €200,000.