

## CAPITAL ACQUISITION TAX / GIFT TAX

If you are receiving a substantial financial gift or inheritance to fund the purchase of your house we would strongly advise you to obtain professional tax advice regarding potential gift tax implications.

## EXPENSES INCURRED WHEN PURCHASING RESIDENTIAL PROPERTY

Approximate costs as detailed below are based on a purchase price of residential land registry property of €300,000.00 with a mortgage.

Professional Fees plus VAT	Quotations upon request
Postage	€ 50.00
VAT @ 23%	€ 11.50
Stamp Duty @ 1% of Purchase Price	€ 3,000.00
Registration Fees	€ 875.00
Commissioners Fees	€ 20.00
Searches (Approx)	€ 250.00
Apportioned LPT	€ 400.00
<b>Expenses (Approx) less Professional Fees</b>	<b>€ 4,606.50</b>

If you are purchasing an apartment you will normally be required to pay the Management Service Charge Fee a year in advance or refund the Vendor for the remainder of the year in which you buy. You will be required to pay this on closing with balance purchase funds.

PLEASE TELEPHONE OR EMAIL US FOR A QUOTATION FOR OUR PROFESSIONAL FEES.

## CONTACT DETAILS

For further information please visit our web page or telephone the office and ask to speak to Marcus Lynch or Caroline Davin-Power. Out of office hours appointments can be arranged on request.



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## BUYING A HOUSE

### 1. THE FIRST STEP IN BUYING A HOUSE

Once you have found the home you have been looking for the first step is to pay a booking deposit. This is paid directly to the Estate Agents/Auctioneers. Once paid, the Estate Agent/Auctioneer will issue a Sale Agreed Note to all parties with full details of the House Sale.

The Vendor's Solicitor will arrange for Contracts together with copies of the title documentation to be furnished to us, your solicitors. You should ensure that the Estate Agent/Auctioneer has furnished you with a receipt stating that the booking deposit has been paid subject to contracts, title and loan approval. If you decide not to proceed with the purchase of the property after paying the booking deposit but not having signed Contracts, the Estate Agent/Auctioneer is obliged to fully refund the booking deposit to you. It's also a good idea at this stage to talk to your prospective neighbours. You will be living with them for a very long time.

### 2. HOW WE ACT ON YOUR BEHALF

Once the Contract documentation is provided to us, we investigate the title to the property. If necessary, we raise pre-contract inquiries with the solicitors acting for the Vendor. When satisfied that the title to your new property is in order, we then arrange a meeting with you at our offices to sign the Contract documentation and if you are obtaining a mortgage we will go through all relevant Loan documentation with you.

On the signing of Contracts, you will be required to pay the balance of the deposit. In general, the balance of the deposit will be 10% of the purchase price, less any booking deposit that you have already paid. In each case we will confirm the exact amount to you once we have received the Contract documentation. The signed Contracts, together with the deposit, will then be returned to the Vendor's solicitor. Prior to the signing of Contracts we will normally conduct a Planning Search in respect of the house in order to ensure that no planning issues arise.

### 3. PRE CONTRACTUAL STEPS

#### MORTGAGE

- Before signing Contracts we require proof of funds to purchase the property and sight of Letter of Loan Offer in respect of your mortgage from your Bank or Building Society. Your Letter of Loan Offer will set out the terms and conditions of the loan including any special conditions. We will carefully explain these to you.
- Life Assurance and Building Insurance are pre-requisite for all mortgages. Your broker or bank will offer you advice as to the best policies to suit your needs. It is imperative that you obtain your life policy or mortgage protection policy as soon as possible as some insurance companies will require you to undergo a medical examination. You should ensure that the life policy or mortgage protection policy is in place along with the other loan documentation at least one week before the purchase of your home is due to complete.

### DIRECT DEBIT

- You will also be responsible for completing a direct debit mandate in respect of your mortgage repayments for your bank or building society. Remember that your loan cheque will not be released if this or any other special condition remains outstanding.

### INDEMNITY BOND

- There may also be other outlays such as an Indemnity Bond Premium to be paid. This arises where you are borrowing over a certain percentage of the house price and your bank of building society requires an additional policy to be put in place to ensure that their security is adequately covered.

### SURVEY

We strongly advise that you have a survey carried out on the property by a qualified Surveyor before signing contracts.

### LOCAL AUTHORITY PLANNING SEARCH

We advise that you attend your local authority office to check the planning Register and the Development Plan for the area, as these will provide you with information on any new proposed developments for the area in which you are buying and any planning issues concerning the property. We can provide this facility for you.

## 4. A BINDING CONTRACT

Once we have received one part of the Contract from the Vendor's Solicitor with both the Vendor's and your signature a binding Contract is in place. This means that the Vendor is legally bound to sell the property to you and you are legally obliged to complete the purchase. In advance of the return of signed contracts a completion date will be agreed between the parties and a definite closing date will be inserted in the Contracts. The completion date is normally 3-5 weeks after contracts are signed by both parties.

## 5. PRE-COMPLETION

In order to ensure there is no delay to the agreed closing date we will ask you to ensure that all remaining purchase funds including outlay and professional fees (See Schedule 1 - Associated costs) are lodged into Marcus Lynch Solicitor's Client Account at least five days in advance of completion. We will furnish you in advance with a completion statement which sets out the balance of any monies payable by you. In addition you will need to sign the mortgage.

We will submit final cheque requisition form to your lending institution well in advance of closing. It is in your interest to ensure that all of the terms and conditions in the loan agreement have been fully complied with by you e.g. life policy, property insurance, direct debit. Any non-compliance will result in a delay to the final draw down of funds and ultimately the closing date.

### HOUSE INSPECTION

If at all possible you should conduct a house inspection of the property on the morning of completion to ensure that the house is in good order and that any agreed contents have been left in the property.

## 6. COMPLETION

On the Closing date the title documentation will be provided to us by the Vendor's Solicitors and in return the balance purchase monies are paid over via electronic transfer to the Vendor's Solicitors account. We will check all documentation to ensure that it is in order. We will obtain searches in respect of the property and ask the Vendor's Solicitor to explain any discrepancies appearing on the searches. Finally, once the Vendor's Solicitors are in receipt of the balance purchase funds and all searches are clear we will be in a position to complete this transaction.

At this stage the house keys and alarm code will be provided to you as the new owners and we will authorise release of closing funds to the Vendors.

## 7. POST COMPLETION

We will now proceed to stamp and register title documentation on your behalf. Please note that depending on title the registration of your ownership in the Land Registry may take between three months to three years. When your ownership has been registered in the Land Registry the title documents will be sent to your lending institution. If you are a cash purchaser you may collect your title deeds or upon your instructions we can hold your deeds safely in our offices.

## OTHER MATTERS TO BE AWARE OF WHEN BUYING RESIDENTIAL PROPERTY

### FINDING THE BEST MORTGAGE TO SUIT YOU

You and/or your broker will decide which bank or building society you intend to take out a mortgage, having shopped around to find the best mortgage interest rates to suit your needs. You need to be fully aware of any penalty fee contained in the mortgage offer should you redeem the mortgage before the expiration of the term. Redemption will pay off where you pay off your mortgage early, redeem your mortgage by selling the property or if you refinance with another lending institution before the end of the terms of the loan agreement.

### BUYING AN APARTMENT

If you are purchasing an apartment the normal conveyancing process applies as detailed above. However there are other issues;

- You will have to pay an annual Management Service Charge ranging from €1,000 to upwards of €4,000 depending on the property. Ascertain from the Auctioneer at the outset how much the MGMT service charge is.
- We will be furnished with full details of the Management Company including annual accounts with the contracts for sale. It is vital that you are satisfied that the apartment complex is being run in an efficient manner by the Management Company and you should consider the accounts provided carefully.
- On purchasing an apartment you will become a member of the Management Company allowing you to attend all Annual General Meetings and voice any concerns you may have.

### STAMP DUTY RATES 2015

Property value	Rate
Up to €1,000,000	1%
Balance	2%

### New Houses Exception

If you paid VAT on your new house, you only have to pay stamp duty on the base price of the house – before the VAT was added. So, for example, if you paid €300,000 (including VAT) for your new house, this is made up of the base price of €259,500 plus 13.5% VAT (€40,500) and you only pay stamp duty on the base price of €259,500.