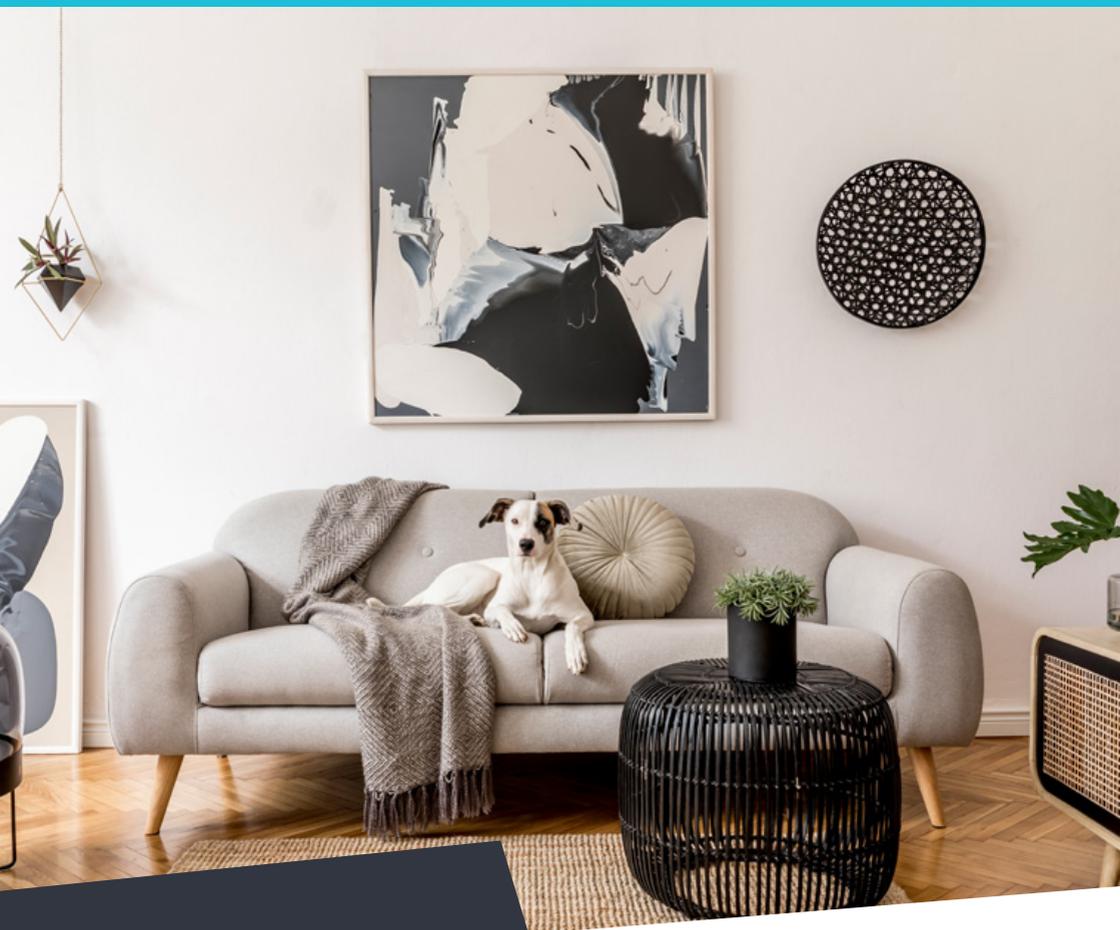


SELLING A RENTAL PROPERTY



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When selling your rental property the selling process is the same as that for a family home. However, there may be some additional considerations, such as:

- What notice do I need to give my tenants?
- Can I sell with my tenants in place?
- Should I spend money on refurbishing?
- What tax will I have to pay?

Notice to Tenants

The rights and obligations of both Tenant and Landlord are set out within the Residential Tenancies Acts. The notice period that you are required to give to tenants varies depending on how long they have been in the property. It can be anything from 28 days, if the tenant has been there for less than 6 months, to 224 days, if the tenant has been there for longer than 8 years – see table below. The notice you issue must be accompanied by a signed statutory declaration of your intention to sell the property. The notice and declaration must be furnished to the tenants in writing (email is not sufficient).

The notice to vacate must include specific details and information and it is advisable to follow a templated format. Templates and protocols can be found at www.rtb.ie. It is advisable to consult the relevant sections in detail before proceeding to issue notice.

Duration of a tenancy	Notice Period
Less than 6 months	28 days
6 months and less than 1 years	90 days
1 year and less than 3 years	120 days
3 years less than 7 years	180 days
7 years and less than 8 years	196 days
Longer than 8 years	224 days

Selling with Vacant Possession or with Tenants in Place



Vacant properties generally achieve higher prices and sell faster. This is because it allows you to showcase the property at its best and it also provides the agent with unrestricted access for viewings.

It may suit in certain circumstances to list the property while the tenants are in place. This is normally where the tenants have agreed to facilitate a viewing schedule while they are working out their notice period and in this instance the purchaser is still buying with vacant possession.

However, it is also possible to sell a rented property whereby the tenants are not issued with a termination notice and the purchaser will become landlord to your tenants. In such circumstances, the tenants' rights and obligations are not affected and the purchaser as the new landlord, assumes your rights and obligations. However, it is important to note that this limits your market to investors only and the property is often sold at a discount.

Where there is a tenant in the property, you will need to discuss viewing times and request that they keep the property clean and tidy for each viewing. However, it's important to remember that their rights must be respected and they generally do not have an obligation to provide access or facilitate a sale process while they live there.

There are ways of working to ensure everyone is happy. It's important to choose an agent who has experience dealing with tenants as they will be instrumental to a good relationship.

Preparing the Property

In most cases, it's not feasible to undertake lots of renovations. The most important thing to do is to address, where possible, any outstanding structural problems such as a leaking roof, missing tiles, rising damp or structural cracks. Anything that is structurally wrong can impact the value of your property as it can make it difficult for buyers to get a mortgage.

Just like any other property sale, to achieve the very best price you need to present the property at its best. A clean, tidy, and neutral canvas will always appeal more to a potential buyer. We always recommend that a deep cleaning of the property is carried out and to ensure there are no smells from bins or drains. It's always a good idea to remove any damaged or old furniture and dress the beds with fresh linen.

When carrying out any decorative work focus on key areas. These are the bathroom and kitchen. Make sure both these rooms look fresh and up to date. This can be as simple as painting the kitchen cabinets and re-grouting tiles.

Tax Obligations

Any profit (gain) from the sale of a rental property will fall under the remit of Capital Gains Tax (CGT). The current rate is 33%. The gain is the difference between the selling price and the calculated cost price. In addition to the purchase price, other factors will affect the calculated cost price such as when you purchased the property and if you spent any money on refurbishing it. You can also offset the costs associated with buying and selling the property including Stamp Duty, Solicitor and Estate Agent fees.

The CGT will be reduced proportionality for any periods that you lived in the property and the property was your Principal Private Residence (PPR) as defined in tax legislation.

The percentage reduction is calculated as follows;

$$\frac{(\text{total cumulative periods in which the property was your PPR}) + (12 \text{ months})}{(\text{total period of ownership})} \times 100$$



There are special conditions associated with investment properties acquired between 7th December 2011 and 31st December 2014. A property purchased between these dates and sold after you have owned it between 4 and 7 years is exempt from CGT. Where the property is held for more than 7 years, the portion of the gain which relates to the 7-year period of ownership is exempt. The period of ownership after the 7 years becomes liable.

At Quillsen we encourage all our clients who are thinking of selling their investment property to obtain professional tax advice in advance so that there are no surprise liabilities to Revenue afterwards. In addition, if you have a mortgage on the property, you should advise your bank / mortgage provider of your intention to sell.

Choosing an Agent

While selling a rental property can be relatively straight forward, there are particular factors to be aware of. At Quillsen, we have extensive experience in dealing with investment properties and pride ourselves on maintaining excellent relationships with buyers, landlords and tenants alike. Just get in touch if you'd like some specialist advice and a valuation on your rental property.



Quillsen

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