

Hepatitis C - Compensation Payments

Part 07-01-05

This document should be read in conjunction with sections 189 and 191 of the Taxes Consolidation Act 1997 (TCA)

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1. Introduction

This manual sets out the taxation treatment of compensation payments made to people who have been diagnosed positive for Hepatitis C and HIV as a result of the use of infected blood products.

2. The Exemption

Section 191 TCA exempts the following payments from income tax and capital gains tax:

- compensation payments made by the Hepatitis C and HIV Compensation Tribunal, or
- similar payments awarded following the institution of civil action for damages in respect of personal injury.

Finance Act 2018 extends this exemption to compensation payments made under a 'comparable scheme' in the EU or EEA. This change ensures that Irish residents who are compensated by similar schemes in the EU or EEA are treated in the same manner for tax purposes as those compensated under the Irish scheme. This extension applies from 1 January 2019.

3. Investment Exemption

Section 189 TCA exempts from income tax and capital gains tax the return arising to individuals, who are permanently and totally incapacitated by reason of mental or physical infirmity from maintaining themselves, from the investment of compensation payments that are -

- awarded by the Courts,
- made under an out-of-court settlement, or
- made following assessment by the Personal Injuries Assessment Board,

in respect of the personal injury giving rise to the mental or physical infirmity in question.

The section applies where the return on such investment (both income and gains) is greater than 50 percent of the individual's total income and gains.

Where it is medically certified that an individual is suffering from a degenerative condition which will ultimately cause a permanent and total incapacity by reason of mental or physical infirmity and this condition gave rise to the compensation payment, Revenue accepts that the permanently incapacitated requirement of section 189 is met. This treatment applies to individuals who have been diagnosed positive for HIV, Hepatitis C antibodies or Hepatitis C. As such, HIV and Hepatitis C compensation payments made under a 'comparable scheme' for the purposes of section 191 are qualifying compensation payments for the purposes of section 189.

See related Tax and Duty Manual [Part 07-01-02](#) for further information on section 189 relief including details as to how such relief is calculated and reporting requirements.