

Introduction

People with disabilities are, in general, liable to pay tax on their incomes in the same way as everyone else.

The tax system does however provide additional tax credits and exempts certain incomes from tax for persons with disabilities of a permanent nature.

Who can qualify for these Tax Credits?

Anyone who is permanently incapacitated either physically or mentally, where he or she is unable to maintain himself or herself, may be able to claim one or more of the additional tax credits available. In addition, parents/guardians and persons who care for dependent relatives may also qualify for some of these tax credits.

What Tax Credits are available?

The tax credits available are:

- ◆ **Incapacitated Child Tax Credit** - can be claimed by a parent in respect of a child who is permanently incapacitated either physically or mentally from maintaining himself or herself and had become so before reaching 21 years of age or finishing full-time education or full-time training for a trade or profession. (Leaflet No. IT18)
Note:
One Parent Family Tax Credit may also be claimed by a single parent (whether widowed, separated, deserted, single or divorced) with an incapacitated child. This credit can be claimed regardless of whether you have already claimed the incapacitated child tax credit. (Leaflet No. IT9)
- ◆ **Blind Person's Tax Credit** - is due to a person who is regarded as blind. If two people, who are regarded as blind, are married, they can each qualify for this tax credit. (Leaflet No. IT35)
- ◆ **Dependent Relative Tax Credit** - a person who maintains a relative, including a relative of their spouse, who is unable, due to old age or infirmity, to maintain himself or herself, may claim this credit. This credit can also be claimed if a person maintains, at their own expense, a widowed mother/father or widowed mother-in-law/father-in-law, regardless of the state of his/her health. (Leaflet No. IT46)
- ◆ **Employed person taking care of an Incapacitated individual** - an incapacitated person who employs someone to care for himself, herself or a relative can claim for the cost of the employment. (Leaflet No. IT47)
- ◆ **Covenants** - relief is available in respect of a properly drawn up Deed of Covenant in favour of a permanently incapacitated individual. However, parents cannot covenant to a permanently incapacitated minor child i.e. under 18 years of age and unmarried. (Leaflet No. IT7)
- ◆ **Medical Expenses Relief** - is available in respect of un-reimbursed nursing home, doctors', hospital and other health expenses. (Leaflet No. IT6)

What incomes are exempt from tax?

The following sources of income and gains are exempt from Income Tax and Capital Gains Tax for people with incapacities, provided they are included in their annual return of income:

- ◆ **Deposit Interest Retention Tax (DIRT)** - if you are permanently incapacitated or over 65 years of age you could be entitled to a refund of DIRT deducted, provided your gross income is exempt from tax or is marginally over the exemption limit. (Leaflet No. IT8)
- ◆ **Leasing of Farmland** - rent from farmland can be exempt if you are permanently incapacitated from carrying on the trade, provided certain conditions are met. For further details please contact your Regional Revenue Office.
- ◆ **Payments to or in respect of Thalidomide Persons** - Payments made by the Department of Health or the Hilfswerk Für Behinderte Kinder Foundation are exempt from income tax. Also exempt is any income arising from the investment of these payments, for example deposit interest, rental income, dividend income, etc. With effect from 1 January 2004, any gains arising from the disposal of assets acquired with such payments or with such an investment is exempt from Capital Gains Tax.
- ◆ **Personal Injury Compensation Payments.** Certain compensation payments received are exempt from Income Tax. Also exempt is income arising from the investment of such payments, and with effect from 1 January 2004, gains arising on the disposal of assets acquired with such payments or the investment of such payments, provided the aggregate of the gains and income exceeds 50% of the aggregate of the person's total income and gains. The injury must have given rise to a permanent and total mental or physical incapacity which prevents the person from maintaining himself or herself. (Leaflet No. IT 13)
- ◆ **Compensation payments made by the Hepatitis C and HIV Compensation Tribunal** - are exempt from income tax. Also exempt is income arising from the investment of such payments and with effect from 1 January 2004, gains arising on the disposal of assets acquired with such payments, provided the aggregate of the gains and income exceeds 50% of the aggregate of the person's total income and gains, if the individual is permanently and totally incapacitated from maintaining themselves as a result of the infection.
- ◆ **Lump Sums** - can be exempt where paid by an employer because of injury or disability. Please see Information Leaflet IT21 for further information.

People with Disabilities & Income Tax

Where a more detailed information leaflet is available on any of the additional tax credits or exempt incomes mentioned earlier, the leaflet number is given in brackets. These are available from any Regional Revenue Office, from Revenue Forms and Leaflets Service at LoCall 1890 306 706 (within the Republic of Ireland only) or from the Revenue website at www.revenue.ie

How do I claim?

Simply write to your Regional Revenue Office specifying the tax credit you would like to claim. A first claim should be accompanied by a doctor's certificate showing:

- ◆ The date the incapacity first arose
- ◆ The degree and extent of the incapacity
- ◆ Whether the incapacity prevents you from maintaining yourself.

The doctor's certificate need only be sent with the initial claim.

Further information

This leaflet is for general information only. You can get further information by phoning (within ROI only) your Regional Revenue Office whose LoCall number is listed below.

- ◆ **Border Midlands West Region** **1890 777 425**
Cavan, Monaghan, Donegal, Mayo,
Galway, Leitrim, Louth, Offaly,
Roscommon, Sligo, Westmeath
- ◆ **Dublin Region** **1890 333 425**
Dublin (City and County)
- ◆ **East & South East Region** **1890 444 425**
Carlow, Kildare, Kilkenny, Laois,
Meath, Tipperary, Waterford,
Wexford, Wicklow
- ◆ **South West Region** **1890 222 425**
Clare, Cork, Kerry, Limerick

If you are calling from outside the Republic of Ireland, please telephone 00 353 (1) 647 4444. Alternatively, you can visit the Revenue website at www.revenue.ie

Revenue Commissioners
Revised May 2004

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