

Personal Injury Compensation Payments

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Introduction

Under tax law, income from all sources is normally subject to tax regardless of the circumstances in which it is obtained. However, total exemption from Income Tax may be available in the case of the Personal Injury Compensation Payment and income arising from the investment of a Personal Injury Compensation Payment provided certain conditions are satisfied.

What conditions must be satisfied?

- The compensation must be for Personal Injury,
- it must have been received arising from the institution of a civil action for damages in the Courts (where such an action is initiated but settled “Out of Court” the compensation will still qualify) or pursuant to the issue of an order to pay under Section 38 of the Personal Injuries Assessment Board Act 2003. Payments awarded by the Criminal Injuries Compensation Tribunal can also qualify,
- the person receiving the compensation must, as a result of the injury, be permanently and totally incapacitated either physically or mentally from maintaining himself or herself,
- the income obtained from the investment of the compensation must be the person’s sole or main source of income.

There are no limitations as to how the compensation may be invested. However, any income arising from the investment of the compensation is exempt from tax, subject to the above conditions being satisfied.

Can I claim a refund of any tax deducted?

If tax has been paid on income which qualifies for exemption, you can claim a refund. You can also claim a refund of tax deducted at source - for example Deposit Interest Retention Tax.

How can I claim?

Simply write to your local Revenue office setting out your position. A first claim for tax exemption should be accompanied by:

- A medical certificate stating the cause, nature, extent of the incapacity and the date it first arose,
and
- evidence that the payment arose following the institution of a civil action for damages (for example, a letter from your solicitor).

Further information

This leaflet is for general information only. You can get further information by visiting www.revenue.ie or by phoning your Regional Revenue LoCall service whose number is listed below (inside the Republic of Ireland only):

- **Border Midlands West Region** **1890 777 425**
Cavan, Monaghan, Donegal, Mayo,
Galway, Leitrim, Longford, 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

Please note that the rates charged for the use of the 1890 (LoCall) numbers may vary among different service providers. If calling from outside the Republic of Ireland phone +353 1 702 3011.

Tax Refunds

Tax refunds can be paid by cheque to your address or by transfer to your Irish bank account.

If you wish to have refunds paid directly to your Irish bank account please supply details.

Note: Any subsequent refunds will be made to this bank account until otherwise notified.

It is not possible to make a refund directly to a foreign bank account.

4-year time limit

A claim for tax relief must be made within 4 years after the end of the tax year to which the claim relates.

Accessibility

If you are a person with a disability and require this leaflet in an alternate format the Revenue Access Officer can be contacted at **accessofficer@revenue.ie**

This leaflet is intended to describe the subject in general terms. As such, it does not attempt to cover every issue which may arise in relation to the subject. It does not purport to be a legal interpretation of the statutory provisions and consequently responsibility cannot be accepted for any liability incurred or loss suffered as a result of relying on any matter published herein.