

## 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.

## What compensation payments do not qualify for exemption?

The following compensation payments do **not** qualify for exemption:

- ◆ Compensation payment received as a result of minor injuries
- ◆ Compensation payment to an individual whose injury causes permanent incapacity but the incapacity is not total or does not prevent the individual from maintaining himself or herself.

## How can I claim?

Simply write to your Regional 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 arising from the institution of a civil action for damages (for example, a letter from your solicitor).

## 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 DIRT.

## 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, 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

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](http://www.revenue.ie)

**Revenue Commissioners**  
**Revised March 2004**

**IT 13**

# **Personal Injury Compensation Payments**

While every effort is made to ensure that the information given in this leaflet is accurate, it is not a legal document. Responsibility cannot be accepted for any liability incurred or loss suffered as a consequence of relying on any matter published herein.