

Tax Credits and Reliefs for Over 65's

INTRODUCTION

This is a guide to the tax credits and reliefs available to people aged 65 or over. After you have read this guide, you may require some of the more detailed information leaflets, which are referred to in this guide. These are available on our website www.revenue.ie, at any local enquiry office or you can telephone our Forms and Leaflets LoCall Service on 1890 30 67 06. This is an automated telephone service where you will be asked to give your name, address and the title of the leaflet you want.

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INCOME TAX

This section describes the tax credits and reliefs that may be due to you. These tax credits and reliefs have the effect of reducing the amount of tax payable on your income. The information contained in this leaflet may also be of benefit to members of your family.

Age Credit

The Age Credit is available when either you or your spouse reach 65 years of age, at any time during the tax year.

You can claim the Age Credit:

over the Internet - Using the self service options on our website www.revenue.ie

or

by Phone - By telephoning your Regional Revenue LoCall Service, details of which are listed on Page 12

or

by Text Message - For instructions on how to claim the Age Credit by text message text : "**info credit age**" to **51829**

Blind Person's Tax Credit

The Blind Person's Tax Credit is available if you are regarded as blind. This credit is also due for your spouse if he/she is regarded as blind. See information leaflet

IT 35 'Blind Person's Tax Credits & Reliefs'.

Deeds of Covenant

Tax relief of up to 5% of the covenantor's total income is available on a Deed of Covenant in favour of a person aged 65 and over. Unrestricted tax relief can be claimed on Covenants in favour of permanently incapacitated adults. See information leaflet IT 7 'Covenants to Individuals'.

Dependant Relative Tax Credit

The Dependant Relative Tax Credit is available if you maintain at your own expense

- A son or daughter, who lives with you and on whom you depend because of old age or infirmity
- Widowed father or mother of yourself or your spouse regardless of the state of his/her health
- A relative, including a relative of your spouse, who is unable, due to old age or infirmity, to maintain himself/herself

See information leaflet IT 46 'Dependant Relative Tax Credit'.

Allowance for Employing a Carer

If you, your spouse or a relative are incapacitated, and you **employ** someone to care for the incapacitated person, you can claim for the cost of the employment. See information leaflet IT 47 'Incapacitated Person - Allowance for Employing a Carer'.

Exemption

You or your spouse will not have to pay income tax if your total income is less than a certain limit. The income limits vary depending on your age and marital status. Marginal relief is available where your total income is over the exemption limit. See information leaflets IT 1 'Tax Credits, Reliefs and Rates' and IT8 'Income Tax Exemption & Marginal Relief for 2008'.

Medical Expenses Relief

Relief in respect of Medical Expenses incurred is available for most unreimbursed, medical and non-routine dental, or ophthalmic expenses e.g. cost of doctor's visits, maintenance or treatment in a hospital/approved nursing home, specialised dental, or ophthalmic treatment and certain items prescribed by a doctor. See information leaflet IT 6 'Medical Expenses Relief'.

Rent Relief

Rent Relief is available, up to a maximum amount, in respect of rent paid for private rented accommodation. The upper limits are given in leaflet IT 1 'Tax Credits, Reliefs'. To claim this relief you will need a form Rent 1.

Service Charges

Income Tax relief is available for individuals who pay service charges in full and on time in the previous calendar year. If a son or daughter who lives with you pays the service charges, they may claim the relief. See information leaflet IT 27 'Tax Relief on Service Charges'.

CAPITAL GAINS TAX

Principal Private Residence

Gains arising on the disposal of your principal private residence, including gardens or grounds up to one acre in extent, are generally exempt from Capital Gains Tax. Partial exemption will apply where the property was not your main residence throughout the period of ownership, was used for business purposes or is sold for development purposes.

Business/Farm

If you are aged 55 or over, you may be entitled to relief from Capital Gains Tax on the sale or transfer of assets used for the purposes of farming or a trade, carried on by you, or of shares in your family company which you have owned for at least ten years. Relief may also be available where an interest in the land is transferred under the Scheme for Early Retirement from Farming or, in certain instances, if you sell land to a local authority for road construction, widening or extension purposes where that land has been let prior to sale.

The relief is subject to a number of conditions. In general, it is not available if the proceeds of sale, or the market value at the date of transfer, exceeds an amount provided for in the legislation. This restriction does not apply where the assets or shares are transferred or sold to your children or certain nephews and nieces.

Disposal of a site to a child

Exemption from Capital Gains Tax is available where a parent transfers a site to a child to enable the child construct a dwelling house for use as his or her only or main residence. The value of the site must not exceed €500,000 (€254,000

for transfers prior to 5 December 2007) and the size of the site must not exceed 0.4047 hectares (1 acre) excluding the area of the house. The exemption may be clawed back in certain circumstances. See Information booklet CGT1 - 'Guide to Capital Gains Tax'.

CAPITAL ACQUISITIONS TAX

Gift Tax/Inheritance Tax

Gifts from a spouse are entirely exempt from Gift Tax regardless of the amount involved if taken after 30 January 1990. Similarly, inheritances from a spouse are exempt from Inheritance Tax if taken after 30 January 1985. Each child can receive gifts or inheritances of up to a certain amount tax-free from their parents provided that no previous gifts or inheritances were taken by the child since 5 December 1991. See information leaflets CAT 1 'Gift Tax' and CAT 2 'Inheritance Tax'.

Exemption Relating to Certain Dwellings

For gifts and inheritances of certain dwellings received on or after 1 December 1999, Capital Acquisitions Tax will no longer apply provided that:

- the recipient has been living in the house as his/her only or main residence for the 3 years prior to the transfer
- the recipient continues to live in the house for at least 6 years after the transfer
- the recipient must not be beneficially entitled to any other dwelling house or to an interest in any other dwelling house

- with effect from 20 February 2007, the exemption will not apply in the case of a gift, if the person making the gift lived in the house during the 3 year period prior to the gift, unless the person making the gift was compelled, by reason of old age or infirmity, to depend on the services of the recipient for that period.

Exemption Relating to Medical Expenses of Incapacitated Persons

If you are permanently incapacitated because of physical or mental infirmity, a gift or inheritance taken by you to meet your medical expenses (including, for example, the cost of nursing home care) is exempt from gift or inheritance tax.

PROBATE TAX

Probate Tax is abolished in respect of deaths occurring on or after 6 December 2000.

For deaths occurring between 18 June 1993 and 6 December 2000, a 2% Probate Tax (normally due on the taxable value of an estate above a certain threshold) existed. However, there were special provisions in place which exempted certain individuals from this Probate Tax, e.g., for property passing to a surviving spouse.

See information leaflet CAT3 'Probate Tax'.

For further information you can contact:
CAT National Taxpayer Information Unit,
CRIO,
9-15 Upper O'Connell Street,
Dublin 1.
LoCall 1890 20 11 04

MISCELLANEOUS

Deposit Interest

Deposit Interest Retention Tax (DIRT) is deducted at the standard rate of tax from interest paid on most deposits held by Financial Institutions such as Banks, Building Societies, the Post Office Savings Bank and Credit Unions. There is no further tax liability on this interest but it must be declared on your annual tax return.

You can apply directly to your Financial Institution to have the interest paid without deduction of DIRT where you satisfy the following conditions,

- You or your spouse are aged 65 or over during the tax year, **or** are permanently incapacitated by physical or mental infirmity from maintaining yourself
- and**
- Your or your spouse's total income for the year will be below the relevant annual exemption limit.

Please see information leaflets:

- DE 1 - 'DIRT-free Deposit Accounts for those aged 65 or over' and
- DE2 - 'DIRT-free Deposit Accounts for Permanently Incapacitated Individuals and Special Trusts for Permanently Incapacitated Individuals

Where DIRT has been deducted during the year and you satisfy the above conditions you can claim a refund of this tax after the 31st of December by completing Form 54D.

Credit unions offer a range of accounts to their members. The tax treatment of any dividends or interest accrued will depend on the nature of the account. Please contact your credit union for full information regarding these different share accounts.

Special Savings Account

Interest accruing on Special Savings Accounts is subject to DIRT at a special rate. There is no further tax liability on this interest and it need not be declared to Revenue unless a refund of the DIRT is being claimed. The conditions necessary to have the interest paid without deduction of DIRT and/or to qualify for a refund are as outlined in the paragraph above.

Social Welfare Pensions

Pensions paid by the Department of Social and Family Affairs (DSFA) are taxable and should be declared in your tax returns. Tax is not deducted at source by the Department. If a Social Welfare Pension is your only source of income it is unlikely that there will be any tax due as your tax credits or exemption limit will generally cover this income. If you have income in addition to your pension, your tax credits will be reduced by the amount of your Social Welfare pension for PAYE purposes. If you pay tax under self-assessment your Social Welfare pension will be included in your notice of assessment.

PRSI/Health Contribution

If you are aged 66 or over you are not liable to pay PRSI. The Health Contribution is payable, to age 70, on income (other than Social Welfare payments) if the income exceeds €500 per week or €26,000 annually (2008 figures). Recipients of a Social Welfare Widow's or Widower's Pension, One-Parent Family Payment or Deserted Wife's Benefit or Allowance do not have to pay the Health Contribution, even if their total income is more than €500 per week (2008 figure).

Further information is available from the Department of Social and Family Affairs by telephoning 01 - 704 3000.

PAYE On-line

Revenue's PAYE On-line service allows you to manage your tax affairs over the Internet. To avail of this service you will need a Revenue Personal Identification Number (PIN). If you have not already received your PIN, you can request one at www.revenue.ie.

PAYE On-line allows you to for example:

- View your own tax record
- Request a review of your tax (balancing statement/P21) for a particular year
- Claim a refund of tax for previous years
- Share tax credits between yourself and your spouse
- Change your address and update other personal information

You can also claim a whole range of reliefs including:

- Medical Expenses
- Age Tax Credit
- Exemption & Marginal Relief
- Service Charges
- Rent Relief
- Home Carer's Tax Credit
- Dependant Relative Tax Credit
- Blind Person's Tax Credit & Guide Dog Allowance
- DIRT/Withholding Tax Refunds

FURTHER INFORMATION

This leaflet is for general information only.

Further information including details on the full range of PAYE On-line Services are available on our website www.revenue.ie or you can telephone your Regional Revenue LoCall Service whose 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

Please note that the rates charged for the use of 1890 (LoCall) numbers may vary among different service providers.

If you are calling from outside the Republic of Ireland, please phone + 353 (1) 647 4444.

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.

Revenue Commissioners
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