

Tax Credits and Reliefs for Over 65's

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Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs



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INTRODUCTION

This is a guide to the tax credits and reliefs available to individuals aged 65 or over.

To obtain more detailed Revenue information leaflets referred to in this guide, phone LoCall 1890 306 706, or if calling from outside the Republic of Ireland, phone + 353 1 702 3050. Alternatively you can visit **www.revenue.ie** to view or download these leaflets.

INCOME TAX

Depending on your personal circumstances, you may be entitled to claim certain tax credits and reliefs. These tax credits and reliefs have the effect of reducing the amount of tax payable on your income.

A full list of all tax credits is available in **Leaflet IT1** 'Tax Credits, Reliefs & Rates' however, the following may be of interest to you:

Age Tax Credit

The Age tax credit is available when either you, your spouse or civil partner reach 65 years of age, at any time during the tax year. The relief can be claimed in a number of different ways:

- **PAYE Anytime** - You can claim over the internet using our PAYE Anytime service. For further details visit **www.revenue.ie** and select PAYE Anytime
or
- **Telephone** - Contact your Regional Revenue LoCall service whose number is listed at the end of this leaflet
or
- **Text message** - Text: **CREDIT PPSN PIN AGE date of birth** to 51829. (The pin number requested is the number used to access PAYE Anytime).

For example, your PPSN is 1234567A, Pin is 654321 and date of birth is 1 January 1944. To claim this credit simply text:

CREDIT 1234567A 6534321 AGE 010144 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 if your spouse or civil partner is regarded as blind. For more information, see **Leaflet IT35** '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. For more information, see **Leaflet IT7** 'Covenants to Individuals'.

Dependent Relative Tax Credit

You can claim the Dependent Relative Tax Credit if you maintain at your own expense a:

- Son or daughter or a child of your civil partner who resides with you and on whose services you are compelled to depend due to old age or infirmity
- Widowed father or mother of yourself, your spouse or civil partner or a parent of your civil partner who is a surviving civil partner, regardless of the state of his or her health
- Relative, including a relative of your spouse or civil partner, who is unable, due to old age or infirmity, to maintain himself or herself.

For more information, see **Leaflet IT46** 'Dependent Relative Tax Credit'.

Employed Person Taking Care of an Incapacitated Individual

You, your spouse or civil partner may claim tax relief in respect of the cost of employing a person (including a person whose services are provided by or through an agency) to take care of either:

- A family member (including yourself, your spouse or civil partner) who is totally incapacitated by reason of physical or mental infirmity,
or
- A relative who is totally incapacitated by reason of physical or mental infirmity. Relative in this context includes a relation by marriage or civil partnership and includes an individual in respect of whom the claimant is or was the legal guardian.

Note: Relief is not due if the carer is employed as a housekeeper only, or if the Dependent Relative or Incapacitated Child Tax Credit has been given in respect of the employed carer.

For more information, see **Leaflet IT47** 'Employed Person Taking Care of an Incapacitated Individual'.

Exemption

You may not have to pay income tax if your total income is less than a certain limit. If you are married or in a civil partnership, it is the age of the older spouse or civil partner that is relevant, e.g. if you are 63 and your spouse or civil partner is 67, you are entitled to married persons' or civil partners' exemption limits.

If your income is up to twice the amount of the relevant exemption limit you may be entitled to marginal relief, however, it will only be given where it is more beneficial to you than your tax credits.

For more information, see **Leaflets IT1** 'Tax Credits, Reliefs and Rates' and **IT8** 'Income Tax Exemption & Marginal Relief'.

Health or Medical Expenses Relief

Medical expenses relief can be claimed for amounts you spend on qualifying medical expenses (including nursing home fees and certain dental treatments) for yourself or for any other person.

For more information, see **Leaflet IT6** 'Medical Expenses Relief'.

Rent Relief for Private Rented Accommodation

Rent relief is available, up to a maximum amount, in respect of rent paid for private rented accommodation. If you are aged 55 or over you qualify for a higher relief. You will need to complete '*Form Rent 1*' to claim this relief.

For more information, see **Leaflet IT1** 'Tax Credits, Reliefs & Rates'.

Service Charges

Relief is granted for service charges paid 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. This relief is no longer available for service charges paid after 31 December 2010.

For more information, see **Leaflet IT27** 'Tax Relief on Service Charges'.

CAPITAL GAINS TAX

Principal Private Residence

If you sell your house, including grounds of up to one acre (0.4047 hectares) and the house has been occupied as your sole or main residence throughout your period of ownership, you may be entitled to full Principal Private Residence relief (PPR relief) and therefore exempt from Capital Gains Tax on the sale. PPR relief is available to all vendors selling their home, there are a number of conditions for the relief but age is not one of them. This relief may be reduced where the home has also been used for business purposes or is being sold as development land.

Disposal of a Business or 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. This relief is known as retirement relief although it is not necessary to retire in order to obtain this relief.

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. The maximum amount for which relief is allowed is €750,000 although marginal relief may apply on amounts slightly over this amount.

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 Business or a Farm to a Child

Irrespective of the amount of consideration for the disposal, full retirement relief may be claimed by an individual aged 55 or over on the disposal to their child, of the whole or part of their qualifying assets.

This relief is clawed back where the child disposes of the asset within six years from the date of acquisition.

The term 'disposal' includes a simultaneous disposal by both parents to their child.

Transfer of a Site from a Parent 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 1 acre (0.4047 hectares) excluding the area of the house. The exemption may be clawed back in certain circumstances.

Note:

- Principal Private Residence relief or relief due on the Transfer of a Site to a Child applies to all individuals and is not restricted to those aged over 65,
- Retirement relief can be claimed once you are aged 55 or over,
- The transfer of an asset (where no relief is due, irrespective of the age of the disposer) between connected persons is regarded as a disposal by the donor at market value and is liable to Capital Gains Tax on the gain regardless of the amount of consideration (if any) received.

For more information, see **Leaflet CGT1** - 'Guide to Capital Gains Tax'.

CAPITAL ACQUISITIONS TAX

Gift Tax or Inheritance Tax

Gifts from a spouse if taken after 30 January 1990 and gifts from your civil partner if taken after 1 January 2011 are entirely exempt from Gift Tax regardless of the amount involved.

Similarly, inheritances are exempt from Inheritance Tax if taken after 30 January 1985 from your spouse and 1 January 2011 from your civil partner. A child is entitled to a Group A tax free threshold in respect of gifts and inheritances taken from his or her parent(s).

A child of a civil partnership, whether it is your child or the child of your civil partner, is entitled to a Group A tax free threshold in respect of gifts and inheritances taken from either or both partners in a civil partnership.

All previous gifts and inheritances taken by a child since 5 December 1991 are taken into account in arriving at the tax free threshold.

The above provisions apply to all and are not restricted to individuals over 65.

For more information, see **Leaflets CAT 1** 'Gift Tax' and **CAT 2** 'Inheritance Tax'.

Dwelling House Exemption

An exemption from Gift Tax or Inheritance Tax in respect of a dwelling house exists where the beneficiary has been living in the house for three years prior to the gift or inheritance and stays there for a further six years. The beneficiary cannot have an interest in any other residential dwelling. In the case of a gift, this exemption will not apply if the disponent lived in the house for the three year period before the gift, unless the person giving the gift was required, due to ill-health or infirmity, to depend on the services of the donee 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.

For more information on Capital Acquisitions Tax:

- Visit: **www.revenue.ie**

or

- Telephone: LoCall 1890 20 11 04, or if calling from outside the Republic of Ireland: +353 1 865 5000

or

- E-mail: **catdr@revenue.ie**

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, your spouse or civil partner are aged 65 or over during the year, and
- your total income for the year, (including your spouse's or civil partner's income) is below the relevant annual exemption limit.

Note: The relevant exemption limit is increased if you have dependent children. The current annual exemption limits are listed in Revenue's information **Leaflet IT1**.

You must complete the '**DE1 Declaration Form**' - 'DIRT-free Deposit Accounts for those aged 65 or over', which is available from financial institutions and from all Revenue offices.

A separate declaration form is required from the account holder for each account held with each financial institution.

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

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 or to qualify for a refund are as outlined in the paragraph above.

Social Welfare Pensions

Pensions paid by the Department of Social Protection (DSP) are taxable and should be declared in your Tax Returns. Tax is not deducted at source by the Department. If this 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

If you are aged 66 or over you are not liable to pay PRSI.

Further information regarding PRSI is available from the Department of Social Protection at 1890 927 770 or at www.welfare.ie

Universal Social Charge

Universal Social Charge (USC) is a tax payable on gross income, including benefits received from your employer, after any relief for certain capital allowances, but before pension contributions. Exempt categories:

- where your total income for the year does not exceed a certain amount
- all Department of Social Protection pensions
- income already subjected to DIRT.

Further details and *Frequently Asked Questions (FAQs)* on USC are available at www.revenue.ie

PAYE Anytime

PAYE Anytime is a secure internet service that allows you to conduct business with Revenue electronically 365 days a year. It is the quickest and easiest way to keep your tax affairs up to date.

To register, visit **PAYE Anytime** at **www.revenue.ie**.

Note: this system is for PAYE employees only. If you are self-employed you should register with Revenue On-line Service (ROS). For more information contact the ROS Helpdesk at **1890 201 106** or e-mail **roshelp@revenue.ie**

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.

Text service provided by Revenue, 01 644 5666. Each SMS is charged at a maximum rate of 15c (including VAT).

4-year time limit - A claim for tax relief must be made within four 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 alternative 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.

Revenue Commissioners
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