

Medical Insurance Relief

Ver. 11.07



RPC0011220_EN_WB_L_2



Introduction

This leaflet sets out the arrangements for the granting of tax relief on medical insurance premiums i.e. Tax Relief at Source (TRS) and Age-Related Tax Credit (ARTC).

Section A outlines the operation of granting tax relief for subscribers who are;

- ♦ Aged 50 years and under for the years 2009 and 2010 only
- ♦ Aged 60 years and under for the year 2011

on the renewal date or date of entry, and the premium is paid by either themselves or by their employer in whole or in part.

Section B outlines the operation of granting tax relief for subscribers who are;

- ♦ Aged 50 years and over for the years 2009 and 2010 only
- ♦ Aged 60 years and over for the year 2011

on the renewal date or date of entry, and the premium is paid by either themselves or by their employer in whole or in part.

The tax relief in respect of subscribers aged between 50 and 59 years has been abolished for the year 2011 and following years where the policy was entered into or renewed on or after 1st January 2011.

Section A

Subscribers on the renewal date or date of entry who are;

- ♦ **Aged 50 years and under for the years 2009 and 2010 only**
- ♦ **Aged 60 years and under for the year 2011**

Tax Relief at Source

Tax relief for medical insurance paid to an authorised insurer is granted at source through the Tax Relief at Source (TRS) system.

Subscribers pay a reduced premium equal to 80% of the gross amount to the authorised medical insurer. This reduction is the same as giving tax relief at the standard rate of tax (20%). No further claim is required to be made to Revenue.

Employer paid medical insurance premiums

An employee whose medical insurance premiums are paid by their employer on their own and or their dependants behalf will not have been allowed TRS.

Claiming Relief

The relief due can be included in your Tax Credit Certificate and can be claimed by either:

- ♦ phoning your Regional PAYE LoCall Service whose number is listed at the end of this leaflet
- or**
- ♦ completing and submitting the form attached to this leaflet to your local Revenue office. Any Revenue correspondence that you have received will show the contact address of your local Revenue office, or if you visit www.revenue.ie and enter your PPS number into our Contact Locator, the name, address and contact details of your local Revenue office will be displayed.

Where an employer pays medical insurance premiums on behalf of an employee and or their dependants, a Benefit in Kind charge will arise. PAYE, PRSI and Universal Social Charge will be deducted by the employer from any earnings, in respect of the value of the benefit provided.

The following examples will illustrate the tax relief due.

Example 1

Where the employer pays the full premium in respect of the employee.

Employee aged 49 years or less on the date the contract was entered into or renewed. The notice issued by the insurance provider to the employer shows both the gross and net premium due

Gross premium	€2,000
Tax Relief at Source (TRS)	€ 400
Net premium	€1,600

Employer

The employer pays the net premium of €1,600 to the insurance provider and pays the TRS of €400 to the Revenue Commissioners. The employer calculates the PAYE, PRSI and Universal Social Charge due on the gross premium of €2,000.

Employee

As the employee has not benefited from the TRS arising on the medical insurance premium paid by the employer, the employee is entitled to a tax credit of €400 (€2,000 at 20%) in their tax credit certificate.

Revenue

TRS section in the office of the Revenue Commissioners pays over the TRS of €400 to the insurance provider.

Example 2

The employer pays half the medical insurance premium for an employee.

Employer

The employer pays the insurance provider one half of the net premium i.e. €800, and pays TRS €200 attributable to the portion of the premium paid on behalf of the employee to the Revenue Commissioners. The employer calculates PAYE, PRSI and Universal Social Charge due on one half of the gross premium i.e. €1,000.

Employee

The employee contributes the balance of the net premium i.e. €800 thus making up what is payable to the insurance provider. By making this payment the employee has benefited from the TRS on this portion of the premium i.e. gross premium €1,000 less TRS (1,000 at 20%) = €800. However, as the employee has not benefited from the tax relief arising on that part of the premium paid by the employer, the employee is entitled to a tax credit of €200 (€1,000 at 20%) in their tax credit certificate.

Revenue

TRS section in the office of the Revenue Commissioners pays over the TRS of €400 to the insurance provider i.e. the € 200 recovered from the employer and the €200 attributable to that part of the premium paid by the employee.

Section B

Subscribers on the renewal date or date of entry who are;

- ♦ **Aged 50 years and over for the years 2009 and 2010 only**
- ♦ **Aged 60 years and over for the year 2011**

The Age-Related Tax Credit (ARTC) was introduced in 2009 and applies to medical insurance premiums paid to an authorised insurer other than restricted membership undertakings, (i.e. to be a member you must be or have been employed by the organisation concerned) under contracts entered into or renewed between 1 January 2009 and 31 December 2012 in respect of insured persons aged 60 years and over. The amount of the credit depends on the age of the insured person on the date the contract was entered into or renewed.

Tax relief in respect of subscribers aged between 50 and 59 years has been abolished for the year 2011 and following years where the policy was entered into or renewed on or after 1st January 2011.

The following table outlines the maximum amounts of the Age-Related Tax Credit due:

	Policies renewed or entered into		
	On or after 1 January 2009	On or after 1 January 2010	On or after 1 January 2011
Age	Age-Related Tax Credit	Age-Related Tax Credit	Age-Related Tax Credit
Between 50 and 59	€200	€200	Nil
Between 60 and 69	€500	€525	€625
Between 70 and 79	€950	€975	€1,275
Aged 80 years and over	€1,175	€1,250	€1,725

Where the individual pays the premium to the Authorised Insurer

Subscribers will pay the net premium to the authorised insurer. The net premium will be calculated as shown in the following example. This reduction is the same as giving the tax relief at the standard rate of tax (20%) and Age-Related Tax Credit on the gross premium.

Example 3

Insured person is aged 62 years.

Gross Premium	€2,000
Less Age-Related Tax Credit	€ 625
Premium on which TRS is calculated	€1,375
Tax relief at source ($€1,375 \times 20\%$)	€ 275
Reduced premium payable to authorised insurer	€1,100

(You will note that the age-related tax credit is deducted from the gross premium before tax relief at source is calculated)

No further claim is required to be made to Revenue.

Employer paid medical insurance premiums

An employee whose medical insurance premiums are paid by their employer on their own and or their dependants behalf will not have been allowed Tax Relief at Source, or the Age-Related Tax Credit.

Claiming Relief

The relief due on TRS can be included in your Tax Credit Certificate and can be claimed by either:

- ♦ phoning your Regional PAYE LoCall Service whose number is listed at the end of this leaflet
- or**
- ♦ completing and submitting the form attached to this leaflet to your local Revenue office. Any Revenue correspondence that you have received will show the contact address of your local Revenue office, or if you visit www.revenue.ie and enter your PPS number into our Contact Locator, the name, address and contact details of your local Revenue office will be displayed.

Note:

The Age-Related Tax Credit may only be claimed at the end of the tax year by completing the attached form and submitting it to your local Revenue office along with your Form P60.

Where an employer pays medical insurance premiums on behalf of an employee and or their dependants a Benefit in Kind charge will arise. PAYE, PRSI and Universal Social Charge will be deducted by the employer from any earnings, in respect of the value of the benefit provided.

The following examples will illustrate the tax relief due.

The examples apply to medical insurance premiums paid under contracts renewed or entered into on or after 19 July 2009.

Employee is aged 62 years on the date the contract is entered into or renewed. Insurance provider notifies the employer of a gross premium of €2,000 and a net premium of €1,110

Age-related tax credit	€625 (see chart above)
Tax relief at source	€275

Example 4

The employer pays the full premium in respect of the employee.

Employer

The employer pays the net premium of €1,110 to the insurance provider and pays TRS of €275 to the Revenue Commissioners. The employer calculates the PAYE, PRSI and Universal Social Charge due on the gross premium of €2000.

Employee

Subject to Note 1 below, the employee will be entitled to claim tax credits as follows

Standard Rated tax credit €275 in their tax credit certificate

Age-related tax credit €625 at the end of the tax year

Revenue

TRS section in the office of the Revenue Commissioners pays to the insurance provider the TRS of €275 and ARTC of €625.

Example 5

The employer pays half the premium.

Employer

The employer pays the insurance provider one half of the net premium as advised i.e. €550, and pays TRS of €138 attributable to the portion of the premium paid on behalf of the employee to the Revenue Commissioners. The employer calculates PAYE, PRSI and Universal Social Charge due on one half of the gross premium i.e. €1,000 (€2,000 x 50%).

Employee

The employee contributes the balance of the net premium i.e. €550 thus making up what is payable to the insurance provider. By paying the insurance provider this amount net, the employee has benefited from the TRS and the ARTC relating to this portion of the premium. However the employee has not benefited from the tax relief arising on that part of the premium paid by the employer. The employee, subject to Note 1 below, may claim tax credits due as follows:

Standard rated tax credit €138 (€275 x 50%) in their tax credit certificate
Age-related tax credit €313 (€625 x 50%) at the end of the tax year.

Revenue

TRS section in the office of the Revenue Commissioners pays to the insurance provider the TRS of €275 and the ARTC of €625.

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.

Note 1

Where the income tax due on the benefit is less than the total of the age-related tax credit due and the standard rated tax credit, the excess is not available for set off against any other income of the employee (including other earnings from their office or employment) or income of the employee's spouse or civil partner where the employee is in a marriage or civil partnership and jointly assessed to income tax.

Note 2

Where the medical insurance policy covers one or more persons aged 60 years or over, the premium statement issued by the insurer should indicate:

- ♦ the full premium payable on the policy
- ♦ the reduction applied for any age-related tax credit
- ♦ the amount of Tax Relief at Source, and
- ♦ the net premium to be paid by the policyholder.

A list of Approved Medical Insurers and Restricted Membership Undertakings is available by visiting www.revenue.ie/en/tax/it/leaflets/authorised-insurers.html

Further Information

This leaflet is for general information only. You can get further information by visiting www.revenue.ie or by phoning (within the Republic of Ireland only) your Local 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 phone +353 1 702 3011.

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 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
July 2011