

Home Carer's Tax Credit

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Revenue 
Cáin agus Custaim na hÉireann
Irish Tax and Customs

Introduction

The home carer's tax credit may be claimed by a married couple where one spouse (the "Home Carer") cares for one or more dependent persons. If the home carer has some income in his/her own right, the tax credit may still be claimed. Only one tax credit is due irrespective of the number of persons being cared for.

This leaflet outlines the conditions which must be met to claim the tax credit and also contains a claim form to enable you make your claim.

What are the conditions?

The conditions, which must be met, are as follows:

- ♦ The married couple must be jointly assessed to tax - it does not apply where married couples are taxed as single persons.
- ♦ The home carer must care for one or more dependent persons.

A dependent person is:

- (a) a child for whom Social Welfare Child Benefit is payable - this includes all children under 16 and children in full-time education under 18, or
- (b) a person aged 65 years or over, or
- (c) a person who is permanently incapacitated by reason of mental or physical infirmity.

A dependent person does not include a spouse.

- ♦ The dependent person(s) must normally reside with the married couple for the tax year. For rules regarding relatives, see further on.
- ♦ The Home Carer's income must not exceed €5,080 in the tax year. Where the income is between €5,080 and €6,880 (€6,620 to 2007 incl.) some measure of relief will still be given.

Does a relative have to reside with the Home Carer?

No. Dependent persons who are relatives can be cared for outside the home, if they reside:

- ♦ next door in a neighbouring residence, or
- ♦ on the same property, or
- ♦ within 2 kilometres of the claimant.

There must, however, be a direct communication link (e.g. telephone, alarm system) between the two residences. A relative includes a relative by marriage or a person for whom you act as a legal guardian.

How does the income of the Home Carer affect the tax credit?

If the home carer earns income of up to €5,080 in his/her own right for the tax year, the full tax credit may be claimed. For the purposes of this tax credit, income means any taxable income such as income from a part-time job, dividends, etc., but does not include the Carer's Allowance payable by the Department of Social Protection.

Note: Even though Carer's Allowance is not taken into account in assessing your eligibility for home carer's tax credit, it is a taxable source of income and you should notify your Revenue office of the amount you are receiving.

However, if the income exceeds €5,080 the tax credit is reduced by one half of the income of the home carer that exceeds this limit.

For example:

Income of Home Carer	Tax Credit Due	Restriction of Tax Credit
€5,080	€900	
€5,250	€815	$€5,250 - €5,080 = €170 \div 2 = €85$
€5,500	€690	$€5,500 - €5,080 = €420 \div 2 = €210$
€5,750	€565	$€5,750 - €5,080 = €670 \div 2 = €335$
€6,000	€440	$€6,000 - €5,080 = €920 \div 2 = €460$
€6,250	€315	$€6,250 - €5,080 = €1,170 \div 2 = €585$
€6,500	€190	$€6,500 - €5,080 = €1,420 \div 2 = €710$
€6,750	€65	$€6,750 - €5,080 = €1,670 \div 2 = €835$
€7,000	€0	$€7,000 - €5,080 = €1,920 \div 2 = €960$

If the income is €6,880 (€6,620 to 2007 incl.) or more then the home carer's tax credit is not due.

What happens if the tax credit is granted and in the next year the Home Carer's income exceeds the limit?

If the home carer's income exceeds €6,880 in the next year, the tax credit will still be due for the year, provided that:

- ♦ the other conditions for the tax credit are met, and
- ♦ the tax credit was granted for the immediately preceding tax year.

The amount of the tax credit is restricted to the amount granted for the immediately preceding tax year. However, if the couple claim the increased standard rate band for dual income couples, the home carer's tax credit will not be due.

Example A married couple are granted the home carer's tax credit for 2009. In 2010 the home carer takes up employment and earns €7,000. The tax credit will still be due for 2010, provided that the increased standard rate band for dual income couples is not claimed and the other conditions for the tax credit are met.

Can married couples claim both the Home Carer's Tax Credit and the increased Standard Rate Band for dual income couples?

No. But they can claim whichever of the two is more beneficial. In practice, Revenue will grant the more beneficial treatment.

Note: For 2010, the standard rate band for dual income married couples is €45,400 subject to an increase of up to €27,400. The increase is limited to the lower of €27,400 or the amount of the income of the spouse with the smaller income. This increase is not transferrable between spouses.

Example 1 Home carer has no income. Therefore home carer's tax credit of €900 is due.

Example 2 Home carer has a social welfare pension of €5,500. Therefore home carer's tax credit of €690 is due
 i.e. $€5,500 - €5,080 = €420 \div 2 = €210$ restriction
 $€900$ less $€210 = €690$ home carer's tax credit

Spouse has income of €30,000. The increased standard rate band is not relevant as the combined incomes are below €45,400.

Example 3 Home carer has rental income of €5,000. Spouse has income of €41,000. Calculate whether the home carer's tax credit or the increased standard rate band is more beneficial.

Home Carer's Tax Credit computation

Home carer's income is less than €5,080 so the full tax credit of €900 is due. The tax position is:

€45,400 x 20%	=	€9,080
€600 x 41%	=	<u>€246</u>
Total		€9,326
Less Home carer's tax credit		<u>€900</u>
Tax (before relief for personal tax credits)		€8,436

Increased Standard Rate Band computation

The tax position is:

€46,000 x 20%	=	<u>€9,200</u>
Tax (before relief for personal tax credits)		€9,200

The Home Carer's tax credit is more beneficial in this example.

Example 4 Home carer has a salary of €8,000. Spouse has income of €38,000. The home carer's tax credit is not due as the home carer's income exceeds the limit of €6,880.

Example 5 Home carer has investment income of €6,000. Spouse has income of €42,500. Calculate whether the home carer's tax credit or the increased standard rate band is more beneficial.

Home Carer's Tax Credit computation

Home carer has investment income of €6,000.
Therefore home carer's tax credit of €440 is due.
i.e.

€6,000 - €5,080	=	€920 ÷ 2 = restriction	€460
€900 less €460	=	home carer's tax credit	€440
€45,400 x 20%	=		€9,080
€3,100 x 41%	=		€1,271
Total			€10,351
Less home carer's tax credit			€440
Tax (before relief for personal tax credits)			€9,911

Increased Standard Rate Band computation

The tax position is:

(€45,400 + €3,100) x 20%	=	€9,700
Tax (before relief for personal tax credits)		€9,700

The increased standard rate band is more beneficial in this example.

How do I make a claim?

The home carer's tax credit can be claimed using any of the following methods

Internet - You can claim over the Internet using our **PAYE Anytime** service. For further details visit www.revenue.ie

Text Message - Text **CREDIT PPS-number PIN CARER** to 51829 (The PIN requested is the number used to access PAYE Anytime). For example, if your PPS number is 1234567A, your PIN is 654321 and you want to claim home carer's tax credit simply text to **51829: CREDIT 1234567A 654321 CARER**

Telephone - Contact your Regional PAYE LoCall Service whose number is listed below

Claim Form - Complete and submit the claim form attached to this leaflet to your Local Revenue office

Further Information - For further information visit www.revenue.ie or you can contact your Regional PAYE 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
- ◆ **East & South East Region** **1890 444 425**
Carlow, Kildare, Kilkenny,
Laois, Meath, Tipperary,
Waterford, Wexford, Wicklow
- ◆ **Dublin Region** **1890 333 425**
Dublin (City and County)
- ◆ **South West Region** **1890 222 425**
Clare, Cork, Kerry, Limerick

If you are calling from outside the Republic of Ireland please telephone +353 (1) 702 3011.

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

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

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Revenue Commissioners
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