

## Who can claim Exemption?

A person is exempt from income tax for 2009 where their total income is less than the following amounts:

	Single/Widowed	Married
65 years or over	€20,000	€40,000

(Persons under the age of 65 can still claim Exemption and Marginal Relief up to 31 December 2007)

These exemption limits are increased by €575 for each of the first two children and by €830 for each subsequent child.

The weekly and monthly breakdown of these figures is:

	Age 65 and over*	
	Weekly	Monthly
<b>Single/Widowed</b> with no dependent children	€385	€1,667
1 dependent child	€396	€1,715
2 dependent children	€407	€1,763
3 dependent children**	€423	€1,832
<b>Married</b> with no dependent children	€770	€3,334
1 dependent child	€781	€3,382
2 dependent children	€792	€3,430
3 dependent children**	€808	€3,499

\* Age:

If you are married, it is the older spouse's age that is relevant e.g. you are 67 and your spouse is 63, you are entitled to the married person's exemption limits.

\*\* Children:

If you have more than 3 dependent children, add €15.96 to the weekly figure (or €69.16 to the monthly figure) for each subsequent child.

A **Dependent Child** is a child of the claimant who is:

- ◆ Under 18 years of age
- or
- ◆ Over 18 years and in full-time education or training full-time as an apprentice where the training is for at least two years
- or
- ◆ Incapacitated either physically or mentally, having become so before reaching 21 years of age or after reaching the age of 21 but while still in full-time education or while training full-time for a trade or profession for a minimum of 2 years.

## How is Exemption granted?

If your total income is less than your relevant exemption limit set out in the chart on Page 1, you will not pay any income tax. A tax credit certificate will issue to your employer or the payer of your pension showing the exemption figure so that income tax will not be deducted from your salary or pension. If you have been granted exemption, there will be no additional relief due on any further claims you might have e.g. health expenses, etc.

## How do I calculate my Total Income?

Total income for exemption purposes is your gross income (i.e. before any income tax is deducted) from

all sources less certain deductions, such as expenses, covenanted amounts, etc. Your income from all sources must be included when claiming income tax exemption i.e. salary, pension, rental income, deposit interest, dividend income, etc. If married and jointly taxed, your spouse's income is also included. Gross figures (i.e. before deduction of DIRT, Dividend Withholding Tax, etc) must be included for deposit interest and dividend income. If your total income is equal to or less than the exemption limit you are exempt from income tax.

### Example

A married couple (both over 65) have income of €35,000 in 2009. They will be exempt from income tax for 2009 because their gross income of €35,000 is less than the exemption limit of €40,000.

Exemption applies to income tax only. PRSI and Health Contribution continue to be payable.

## If my income is above the Exemption Limit, can I get any relief?

Yes. If your total income is over the exemption limit that applies to you, you may still qualify for some relief. This is called **Marginal Relief**.

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. If you have been given marginal relief and subsequently wish to claim any additional tax credits or reliefs e.g. Service Charges or Health Expenses, Revenue will recalculate your liability to examine which is more beneficial to you - tax credits or Marginal Relief.

The Marginal Relief tax rate is 40%.

## How does Marginal Relief work?

The following example shows how Marginal Relief works.

### Example

A married man, aged 68 years, with 2 dependent children has income of €42,000 (€807.69 per week) in 2009. He is entitled to a total tax credit of €6,140 which is made up of the following: Married Personal Credit - €3,660, Age Credit - €650, PAYE Credit - €1,830. The exemption limit that applies to him is €41,150 (i.e. €40,000 + €575 + €575 for 2 dependent children).

	Taxed under Normal System (20%)		Taxed under Marginal Relief (40%)	
	€		€	
Total Income	42,000	Total Income		42,000
Tax @ 20%	8,400	Less:		
		Exemption		41,150
Less tax credits	6,140	Excess		850
Tax liability	2,260	Tax liability		340

In this example, it is more favourable to be granted Marginal Relief as the tax due is less than that which arises using the tax credits.

Once Marginal Relief has been allowed you and your employer/pension provider should receive a tax credit certificate which will show that you have been granted the relief.

## Am I exempt from Deposit Interest Retention Tax (DIRT)?

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**

- ◆ You 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

which are available on [www.revenue.ie](http://www.revenue.ie), at any local enquiry office or by telephoning our Forms and Leaflets LoCall Service on 1890 30 67 06.

## Can I claim a Refund of Income Tax Deducted?

If you are entitled to exemption from income tax but have actually paid tax or received income from which income tax was deducted (e.g. salary, pension, deposit interest (where the conditions outlined in the above paragraph are satisfied), Irish dividends, income under a covenant, etc.) you will be entitled to a refund in most cases. All claims must be made within a 4 year time limit.

## How can I claim Exemption or Marginal Relief?

If you were granted exemption last year there is no need to reapply. Exemption will be automatically granted this year, if due.

If you think you are entitled to the Income Tax Exemption or Marginal Relief, you can telephone your Regional Revenue office (see below for LoCall numbers).

## Employment Support - Family Income Supplement – FIS

FIS is a weekly tax-free payment, paid by the Department of Social and Family Affairs, to help your family if your income falls below a certain limit (one-parent families can also qualify). To qualify, you must work a minimum of 19 hours per week (or 38 hours per fortnight) and have at least one dependent child. For further Social Welfare information and application forms please contact your local Social Welfare Office

**or**

Family Income Supplement Section,  
Social Welfare Services office,  
Government Buildings,  
Ballinalee Road,  
Longford.  
Telephone (043) 334 5211 or (01) 704 3000 or  
LoCall 1890 92 77 70

## Further Information

This leaflet is for general information only. You can get further information by visiting [www.revenue.ie](http://www.revenue.ie) or by contacting 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
- ◆ **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.

**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](mailto: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  
March 2009**

# Income Tax Exemption & Marginal Relief for 2009

