

for all EMPLOYERS

Medical Insurance

Tax treatment of employer paid medical insurance premiums

- > Employers paying medical insurance premiums, for employees as part of their remuneration, should be aware that they must make a payment to Revenue equal to 20% of gross premium involved.
- > All medical insurance premiums paid by employers to authorised insurers benefit from tax relief at the standard rate. i.e., *billed at NET rate*.
- > Only premiums paid by employees are entitled to tax relief.
- > Where premiums are paid by the employer as a "perk", a payment equal to 20% of these premiums must be remitted to Revenue annually.

**TAX RELIEF
AT SOURCE**

Call 1890 463626

Enquiries in relation to the relief-at-source scheme should be made to:

TRS Section
Collector-General
Sarsfield House
Francis Street
Limerick

LoCall: **1890 463626**
Email: trsadmin@revenue.ie

Revenue's Website:
www.revenue.ie

Tax Treatment of Employer Paid Medical Insurance Premiums

Tax Relief at Source for Medical Insurance

Premiums paid by employers

Since April 2001 tax relief for medical insurance premiums is no longer given through the tax system, but instead is granted at source by the medical insurer. The tax relief element is netted off against the gross premium at the rate of 20% and the subscribers pay the reduced premium (80% of the gross amount) to the medical insurer. The medical insurer reclaims the tax relief element back from Revenue.

Certain employers pay the medical insurance premiums, either in full or in part, for their employees as part of the employee's remuneration package, that is, as a perquisite (or "perk"). These renewals are also subject to the 20% tax relief at source.

The following examples outline the tax relief at source position

Example 1

An employer pays full medical insurance for an employee

Full renewal cost	€500
Tax Relief at Source (20%)	€100
Renewal Premium	€400
Employer pays	€400
Self assess for Income / Corporation Tax	€100
Total	€500

Employer must pay €100 to Revenue as part of preliminary tax and account for the payment on CT1 or Form 11.

Example 2

An employer pays 50% of medical insurance for an employee and the employee pays the balance

Full renewal cost	€1,000
Tax Relief at Source (20%)	€200
Renewal Premium	€800
Employer pays	€400
Self assess for Income / Corporation Tax (20% of employers contribution of €500)	€100
Employee pays	€400
Tax Relief at Source (20%)	€100
Total	€1,000

Employer must pay €100 to Revenue as part of preliminary tax and account for the payment on CT1 or Form 11

In these circumstances the employer is obliged to refund to Revenue the element of tax credit, (equal to 20% of the gross premium which has been paid as a perk), in respect of all renewals after April 2001. For companies/sole traders/partnerships registered in Ireland for tax purposes, this payment must be made as part of the companies/sole traders/partnerships preliminary tax payment and accounted for in their tax return under panel 10 on the CT1 or panel 33 on the Form 11.

Employers not registered for Income Tax/Corporation Tax

If an employer is not registered for Income Tax or Corporation Tax in Ireland (including foreign based companies, charities and voluntary organisations) a cheque for the relevant tax credit amount must be made payable to the Revenue Commissioners and forwarded to:

TRS Section,
Collector-General,
Sarsfield House,
Francis Street,
Limerick.

Payments should be forwarded as soon as an annual payment is made to the medical insurer or at the end of a deduction year, if the payments are made on a salary deduction basis.

The following information must be supplied with the remittance

- > **Name of medical insurer**
- > **A list of employees for whom premiums are being paid**
- > **The PPS number (formerly RSI number) of employees**
- > **The gross amount of premium paid by the employer**
- > **The date the premium was paid.**