

# Tax treatment of foster care related payments

## Part 07-01-31

This document should be read in conjunction with section 192BA of the Taxes Consolidation Act 1997

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### 1. Overview

This manual sets out the tax treatment of foster care related payments and reflects the establishment of the Child and Family Agency, also known as Tusla. Tusla took over certain functions from the Health Service Executive (HSE), such as the making of foster care payments and the introduction of additional foster care payment categories.

Finance Act 2019 deleted section 192B from the Taxes Consolidation Act 1997 (TCA) in respect of foster care payments and replaced it with section 192BA (exemption of certain payments made or authorised by the Child and Family Agency).

Under the new section, certain payments made on behalf of the Child and Family Agency to carers, foster parents, relatives and young persons who are transitioning from care are exempt from income tax.

## 2. Carer

For the purposes of section 192BA TCA, a ‘carer’, in relation to an individual, means a person who is or was a foster parent or relative of the individual or who takes care of the individual on behalf of the Child and Family Agency.

## 3. Exemption

Section 192BA TCA provides a statutory exemption from income tax for certain payments made or authorised by the Child and Family Agency that are paid to a carer, foster parent, relative or any other individual to whom the payment is made, including young persons who are transitioning from care. These payments are also exempt from the Universal Social Charge (USC).

## 4. Payments

The payments made or authorised by the Child and Family Agency that qualify for exemption are set out in the following table:

Description of payment	Basis on which payment is made
Fostering Allowance	Child Care (Placement of Children in Foster Care) Regulations 1995 Section 39, Child Care Act 1991 Child Care (Placement of Children with Relatives) Regulations 1995 Section 36, Child Care Act 1991 Section 41, Child Care Act 1991
Enhanced Fostering Allowance	Child Care (Placement of Children in Foster Care) Regulations 1995 Section 39, Child Care Act 1991 Child Care (Placement of Children with Relatives) Regulations 1995 Section 36, Child Care Act 1991 Section 41, Child Care Act 1991
Supported Lodgings for Children in Care Allowance	Section 36(1)(d), Child Care Act 1991
Aftercare Allowance	Section 45, Child Care Act 1991
Aftercare Additional Financial Support	Section 45, Child Care Act 1991
Adoption Maintenance Allowance	Sections 6 and 44, Child Care Act 1991
Supported Lodgings for Children	Section 5, Child Care Act 1991

Payments made before 1 January 2020 are also exempt from income tax and USC as a retrospective exemption was granted in Section 192BA TCA.

Payments made in accordance with the law of any other EU Member State or of the United Kingdom, which corresponds to a payment referred to in the table above are also exempt from income tax and USC.

A more recent version of this manual is available.