

Exemption in respect of periodic payments for personal injuries

Part 07-01-41

This document should be read in conjunction with section 189B of the Taxes Consolidation Act

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1 Introduction

The Civil Liability (Amendment) Act 2017 introduced a new section – section 189B - into the Taxes Consolidation Act (TCA) 1997. Section 189B provides for an exemption from the charge to tax in respect of periodic payments made to an individual on foot of a claim for damages in respect of personal injuries.

2 Periodic Payment Order

The Civil Liability (Amendment) Act 2017 amended the Civil Liability Act 1961 in order to empower the courts, as an alternative to awarding a lump sum, to make periodic payments under a periodic payment order (PPO) to compensate injured victims in cases of catastrophic injury where long term permanent care is required.

3 Section 189B TCA 1997

In order for an individual to qualify for an exemption under section 189B, an award of damages must be in the form of a periodic payment

- (i) under a PPO under the Civil Liability Act 1961, or
- (ii) under an order or other instrument, made in accordance with the laws of another State, but that corresponds to an Irish PPO.

Payments under a PPO may relate to:

- the future medical treatment of the individual,
- the future care of the individual,
- the provision of assistive technology or other aids and appliances associated with the medical treatment and care of the individual, and
- where the parties consent in writing, damages in respect of future loss of earnings.

4 The Exemption

Where, for any year of assessment, an individual is in receipt of a periodic payment under a PPO, any such payment is exempt from the charge to tax, and is disregarded in computing income for the purposes of the Income Tax Acts.