Income Tax Relief for Health Insurance Covering Medical and /or Dental Benefits

Part 15-01-14

This document should be read in conjunction with sections 112, 112A, 112AA and 470 Taxes Consolidation Act 1997

This document was last reviewed May 2026

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.

Table of Contents

1 Introduction 3

2 Income Tax Relief 4

2.1 Income Tax Relief at Source (TRS) 4

2.2 TRS from 1 January 2026 on health insurance policies providing medical cover 5

2.3 TRS from 1 January 2026 on health insurance policies providing dental cover 5

2.4 TRS up to 31 December 2025 on all health insurance policies 6

3 Tax Relief at Source (TRS) 7

4 Claims by Authorised Insurers 8

5 Tax Treatment of Health Insurance Premiums Paid by an Employer 9

5.1 Employer is not a health insurance provider (Authorised Insurer/Tied Health Insurance Agent) 9

5.1.1 Employee's Tax Position 9

5.1.2 Employer's Tax Position 10

5.2 Employer is an Authorised Insurer or a Tied Health Insurance Agent 12

5.2.1 Employee's Tax Position 12

5.2.2 Employer's Tax Position 15

Appendix 1 - Definitions 16

1 Introduction

Section 470 Taxes Consolidation Act ("TCA") 1997 provides for income tax relief in respect of payments made to authorised insurers ("health insurance providers") under relevant contracts in respect of medical insurance and dental insurance ("health insurance premiums").

Tax relief at the standard rate of tax (20%) applies on the part of the health insurance policy covering benefits eligible for income tax relief under section 469 TCA 1997. Qualifying health insurance policies can be for:

- medical cover,
- dental cover,
- medical and dental cover combined.

The way in which tax relief is given depends on whether the policy holder or the policy holder's employer pays the health insurance premium.

Paragraph 2 sets out the applicable income tax relief.

Details regarding the Tax Relief at Source ("TRS") system and claims by Authorised Insurers are set out in Paragraph 3 and Paragraph 4 respectively.

The tax treatment of employer provided health insurance premiums is set out in Paragraph 5.

Technical terms such as 'authorised insurer', 'relevant contract' and 'tied health insurance agent' are defined at Appendix 1.

2 Income Tax Relief

2.1 Income Tax Relief at Source (TRS)

TRS applies as a discount on all health insurance premiums. The relief available depends on whether the policy is for an adult or a child. For the purposes of this relief, a child is an individual under 21 years of age.

If the premium is paid for by the policy holder, the TRS is given as a discount on the cost of the policy and the policy holder pays the cost of the premium less this discount to the health insurance provider.

If the premium is paid for by the policy holder's employer, the TRS is given as a discount on the cost of the policy and the policy holder's employer pays the cost of the premium less this discount to the health insurance provider.

TRS is granted at the standard rate of tax (currently 20%) on the lesser of:

- the premium paid or a cap of €1,000 **for an adult**, or
- the premium paid or a cap of €500 **for a child**,

for health insurance policies providing medical cover, subject to certain limitations outlined below.

The way in which TRS is granted on health insurance policies providing medical cover differs before and after 1 January 2026. Prior to 1 January 2026 a rate less than the standard rate[1] of tax may have applied on health insurance policies providing medical cover depending on what medical cover the health insurance policy provided. The pre 1 January 2026 position will continue to apply to health insurance policies providing dental cover – see Paragraph 2.4 below.

With effect from 1 January 2026, Revenue accept that the standard rate of tax (currently 20%) will apply to all health insurance policies providing medical cover, applied to the lesser of the premium paid or the applicable cap. This administrative practice seeks to recognise that most health insurance premiums providing medical cover are in excess of the current caps and that the premium available for tax relief is, in most cases equal to the cap. The administrative practice is subject to change based on a change in health insurance premium trends, the cap amount and other factors.

[1] This rate is referred to as the "blended rate" – see Paragraph 2.3 and Paragraph 2.4 below

2.2 TRS from 1 January 2026 on health insurance policies providing medical cover

The rate of tax relief applicable to health insurance policies providing medical cover from 1 January 2026 is the standard rate of tax (20%).

Relief available - Adult policy
Relief is available at the standard rate of tax (20%) on the lesser of either:

- the cost of the policy, **or**
- €1,000,

up to a maximum credit of €200.

Relief available - Child policy
Relief is available at the standard rate of tax (20%) on the lesser of either:

- the cost of the policy, **or**
- €500,

up to a maximum credit of €100.

2.3 TRS from 1 January 2026 on health insurance policies providing dental cover

A health insurance policy may cover dental expenses that are:

- eligible for income tax relief under section 469 TCA 1997
  and
- not eligible for income tax relief under section 469 TCA 1997.

Where the health insurance policy covers any dental benefits not eligible for income tax relief under section 469 TCA 1997 (such as non-qualifying routine dental treatment), that part of the premium does not qualify for relief under section 470 TCA 1997.

The qualifying amount for the purpose of relief under section 470 TCA 1997 can only be calculated by reference to the part of the premium which relates to dental expenses eligible for income tax relief under section 469 TCA 1997.

Where a health insurance policy covers dental expenses both eligible and ineligible for income tax relief under section 469 TCA 1997, a rate of tax relief less than the standard rate (20%) may apply. This rate is referred to as a 'blended rate' and is based on the information provided to Revenue by health insurance providers.

The rate of tax relief applicable to a particular health insurance policy providing dental cover is available from the respective health insurance provider.

2.4 TRS up to 31 December 2025 on all health insurance policies

As set out above, a health insurance policy may cover health expenses that are:

- eligible for income tax relief under section 469 TCA 1997
  and
- not eligible for income tax relief under section 469 TCA 1997.

Where the health insurance policy covers any benefits not eligible for income tax relief under section 469 TCA 1997 (such as non-qualifying alternative health therapies, routine dental treatment or payment of a sum during illness[2]), that part of the premium does not qualify for relief under section 470 TCA 1997.

The qualifying amount for the purpose of relief under section 470 TCA 1997 can only be calculated by reference to the part of the premium which relates to health expenses eligible for income tax relief under section 469 TCA 1997.

Where a health insurance policy covers health expenses both eligible for and not eligible for income tax relief under section 469 TCA 1997 a rate of tax relief less than the standard rate (20%) may apply. This rate is referred to as a 'blended rate' and is based on the information provided to Revenue by health insurance providers.

The rate of tax relief applicable to a particular health insurance policy up to 31 December 2025 is available from the respective health insurance provider.

Adult policy
Relief is available at the rate of tax relief applicable to the particular health insurance policy on the lesser of either:

- the cost of the policy, **or**
- €1,000,

up to a maximum credit of €200.

Child policy
Relief is available at the rate of tax relief applicable to the particular health insurance policy on the lesser of either:

- the cost of the policy, **or**
- €500,

up to a maximum credit of €100.

[2] Premium for payment of sum during illness may qualify for relief under section 471 TCA 1997 - relief for contributions to permanent health benefit schemes. Guidance on relief for contributions to permanent health benefit schemes is available in Tax and Duty Manual Part 15-01-10.

3 Tax Relief at Source (TRS)

As noted above, income tax relief in respect of health insurance premiums is generally granted at source under the TRS system.

Under the TRS system, policy holders pay a reduced premium (gross premium less income tax relief at the standard rate of tax[3]) to the health insurance provider and the health insurance provider claims the tax relief granted at source by them back from Revenue.

Adjustments to the tax relief (for example, where an individual changes from a particular health insurance plan to another in the course of the tax year) are made automatically by the health insurance provider.

Example 1
Kevin renews his health insurance policy on 1 January 2023. The notice issued by the health insurance provider shows both the gross and net premium due:

- Gross premium: €2,500
- Amount on which TRS is calculated: €1,000 (i.e., maximum for an adult)
- TRS: €200 (€1,000 x 20%)
- Reduced (net) premium payable to authorised insurer is €2,300 (i.e., €2,500 - €200).

A claim to Revenue is not required by Kevin as he has received tax relief directly via the TRS system.

Example 2
Alex renews her health insurance policy covering two adults and two children on 1 January 2023. The notice issued by the health insurance provider shows both the gross and net premium due:

- Gross premium: €5,500 (€2,500 per adult and €250 per child)
- Amount on which TRS is calculated: €2,500 - this is calculated as €1,000 for each adult and €250 for each child - the maximum per child is €500 but as the cost in the policy is only €250 each, the relief per child is restricted to €250
- TRS: €500 (€2,500 x 20%)
- Reduced (net) premium payable to authorised insurer is €5,000 (i.e., €5,500 - €500).

A claim to Revenue is not required by Alex as she has received tax relief directly via the TRS system.

[3] See Paragraph 2.4 for the position up to 31 December 2025.

4 Claims by Authorised Insurers

Authorised insurers, i.e., the health insurance providers, are generally entitled to claim back from Revenue the income tax relief granted at source by them. All such claims are dealt with by the **Customer Services Unit in Revenue's High Wealth & Financial Services Division.**

Where an authorised insurer provides a relevant contract, i.e., a health insurance policy, to one of its own directors or employees at a discounted value (or free of charge), the health insurance provider's entitlement to claim back tax relief in respect of this health insurance policy is limited or withdrawn - see Paragraph 5.2 for further information.

5 Tax Treatment of Health Insurance Premiums Paid by an Employer

Where an employer provides health insurance to an employee, the tax treatment of this benefit will vary depending on whether or not the employer is a health insurance provider (Authorised Insurer/Tied Health Insurance Agent). The applicable treatment for both scenarios is set out below.

5.1 Employer is not a health insurance provider (Authorised Insurer/Tied Health Insurance Agent)

In this situation, where the employer pays a health insurance premium on behalf of a director or employee, the employer pays the health insurance premium to the health insurance provider net of the tax relief due[4].

5.1.1 Employee's Tax Position

The director or employee is chargeable to income tax in accordance with section 112/112A TCA 1997 at his or her marginal rate of tax on the value of the perquisite (i.e., the gross premium).

Income tax, PRSI and USC must be applied to the value of the perquisite by the employer.

Since the employee has not benefited from the TRS on the health insurance premium paid by his or her employer, he or she is entitled to tax relief as follows -

- PAYE taxpayers can claim tax relief by completing a Form 12 Income Tax Return using PAYE Services in My Account.
- Self-assessed taxpayers can claim tax relief on their Form 11 Income Tax Return via ROS.
- A PAYE taxpayer may also claim tax relief during the year through My Account.

The income tax relief due is the qualifying amount in respect of that premium (see restrictions imposed in Paragraph 2) at the standard rate of income tax[4].

[4] The way in which Tax Relief at Source (TRS) is granted differs before and after 1 January 2026, see Paragraph 2.

Example 3
Brian's employer renews his health insurance policy on 1 January 2023. The gross value of the policy is €2,500 and the net of tax relief amount is €2,300. Brian is charged to income tax, USC and PRSI under the PAYE system on the gross premium of €2,500.

As Brian has not benefited from the TRS arising on the premium paid by his employer, he is entitled to tax relief of €200 (€1,000 x 20%) - which can be claimed by him as outlined above (i.e., by filing an Income Tax Return).

5.1.2 Employer's Tax Position

To recover the benefit obtained by the employer by way of the reduced premium paid to the authorised insurer, a charge to income tax, in accordance with subsection 112A(3) TCA 1997, equal to the qualifying amount at the standard rate of income tax is imposed on the employer.

The employer deducts and retains income tax at the standard rate (currently 20%) on the qualifying portion of the premium. The employer pays this amount to Revenue. This tax payment is allowed as a deduction in computing employer's taxable profits. In Example 3 above, the employer must account for €200 to Revenue.

Section 112A(4) TCA 1997 applies the provisions of section 238 TCA 1997 with any necessary modifications to recover the tax deducted and retained by the employer at source.

In the case of a company, the normal rules regarding the payment of preliminary tax and corporation tax apply in relation to the payment of this amount. In the case of an individual or a partnership, Revenue accepts that the tax due may be paid up to the specified return date in relation to the year of assessment to which the charge relates.

Revenue accepts that the tax may be accounted for by the precedent acting partner, where the employer is a partnership. The tax paid is allowed as a deduction in arriving at the partnership's taxable profits.

In strictness, where the employer is an individual or partnership, the tax to be remitted by the employer is the tax computed by reference to premium payments made in the tax year rather than premium payments made in the basis period. However, employers may opt to account for the tax by reference to premium payments made in the basis period for the tax year. Where an employer opts to pay the tax on this basis, tax for future periods should be accounted for on the same basis, subject to any change in TRS rates, as set out in Paragraph 2 above.

Example 4
This follows on from Example 3. The €200 tax relief Brian's employer obtained when renewing Brian's health insurance policy is paid over to Revenue and is taken into account in calculating the employer's preliminary tax payable. Details are included with the employer's tax return for that tax year.

Example 5
Employer pays 75% of the premium of an employee with the employee paying 25%**.**

- Gross premium is €1,500.
- Premium net of TRS is €1,300 (i.e., €1,500 less €1,000 x 20%).
- Total payment to insurer is €975 by employer and €325 by employee (€1,300).
- Tax relief related to employer share (€1,000 x 75%) = €750 => €750 @ standard rate (currently 20%) = €150.
- Employer pays €150 to Revenue.
- Employee is charged to income tax, USC and PRSI on €1,125 (€975 + €150).
- Employee received TRS when premium was paid of (€1,000 x 25%) = €250 =>€250 @ standard rate (currently 20%) = €50.

The employee makes a claim to Revenue in relation to the balance of income tax relief due of €150.

5.2 Employer is an Authorised Insurer or a Tied Health Insurance Agent

Section 112AA TCA 1997 provides that where an employee or director of either:

- an Authorised Insurer,
- a Tied Health Insurance Agent, or
- a person connected to either of the above (such as a parent or subsidiary company of an Authorised Insurer)

receives a health insurance policy in the course of his or her employment, any discount received on the price of the policy will be treated as a taxable emolument for that employee or director.

The charge also extends to free or discounted premiums on policies taken out by family members of directors or employees where the discount is arising as a result of his or her connection to the employee or director.

Family members to whom this charge may be extended include spouses, civil partners, siblings, ancestors and lineal descendants of an employee or director as well as the relatives of his or her spouse or civil partner.

5.2.1 Employee's Tax Position

The director or employee is chargeable to income tax in accordance with section 112AA TCA 1997, at his or her marginal rate of tax on the value of the benefit received.

The value of the benefit is calculated by reference to the gross market value of the insurance policy (i.e., the value inclusive of any relief that is generally available) less any amount paid by the director, employee or relative towards the cost of the insurance premium.

Income tax, PRSI and USC must be applied to the value of the benefit provided by the employer.

Example 6
Anna is an employee with a health insurance company. Her employer last renewed her policy on 1 May 2025. The gross value of the policy is €2,300.

Anna will be charged to income tax, USC and PRSI under the PAYE system for 2025 on €2,300 - being the gross value of the policy.

Availability of Tax Relief

Where section 112AA TCA 1997 applies, the income tax relief provisions for insurance premiums (i.e., section 470 TCA 1997) apply in a modified manner. This modification ensures the director or employee affected will receive the same amount of relief as he or she would have done if employed in another sector/industry.

The application of these provisions has been modified because, typically, where an employer pays for a health insurance policy, the employer is obliged to pay the value of any health insurance relief to Revenue. Tax relief is granted to the director or employee for the amount he or she was unable to deduct and retain through TRS, either by way of adjustments to his/her tax credits or via filing a Form 11/12 return. This is not a practical treatment where the employer is the Authorised Insurer who provided the relevant contract, as the employer would be paying an amount over to Revenue only then to be subsequently refunded the same amount by Revenue.

A: Insurance Policy is Provided Free of Charge

Where a director, employee or connected individual receives an insurance policy free section 112AA(4) TCA 1997 disapplies the income tax relief at source provisions - section 470(3) TCA 1997.

These provisions are disapplied as:

- no payment is actually made by the employer or the employee for the insurance,
- as a result, no party is able to deduct and retain the relievable amount for TRS purposes.

Instead, section 112AA(4) TCA 1997 deems any emoluments arising to be a payment made by the director or employee to the Authorised Insurer/Tied Health Insurance Agent of the gross premium.

The director or employee is then entitled to income tax relief equal to the relievable amount generally available on his or her insurance policy at the standard rate of income tax.

- PAYE taxpayers can claim tax relief by completing a Form 12 Income Tax Return using PAYE Services in My Account..
- Self-assessed taxpayers can claim tax relief on their Form 11 Income Tax Return via ROS.
- A PAYE taxpayer may also claim tax relief during the year through My Account.

Example 7
Andrea is an employee with a health insurance company. Her employer renews her policy on 1 January 2025 and does not charge her any amount in relation to the provision of the policy. The gross value of the policy is €2,500. Andrea is charged to income tax, USC and PRSI under the PAYE system on the gross premium of €2,500.

Andrea is entitled to income tax relief of €200 under section 470(2) TCA 1997 - (tax relief in respect of the policy is capped at €1,000 * 20%).

B: Insurance Policy is Discounted

Where a director, employee or family member makes a payment towards the cost of his or her insurance, section 112AA(5) TCA 1997 operates to ensure the manner in which health insurance relief is paid is apportioned based on the amount actually paid by the employee.

This is in keeping with the treatment of employees in other sectors/industries.

Example 8
A health insurer offers a 75% discount on the relevant contract price to an employee. The employee pays the remaining 25%. The gross premium is €1,500. The policy is for the period 1 January 2025 to 31 December 2025.

- Gross premium is €1,500
- Value of discount = €1,125 (€1,500 * 75%)
- Employee is charged to income tax, USC and PRSI on the value of the discount given of €1,125
- Employee's contribution is €375 (€1,500 * 25%)
- Employee receives TRS proportionate to the premium actually paid by him or her [section 112AA(5)(b) TCA 1997] (€1000 x 25%) = €250 => €250 @ standard rate (currently 20%) = €50 – This amount is relieved at source when the employee makes the payment.

The director or employee is entitled to tax relief equal to the relievable amount generally available on his or her insurance policy at the standard rate of income tax. The balance of relief due can be claimed as a credit (s112AA(5)(a) TCA 1997).

- Employee claims balance of tax relief due (€1,000 x 75%) = €750 => €750 @ standard rate (currently 20%) = €150.

The employee may claim the repayment of €150 either by filing an Income Tax Return after the year end, or in the current tax year by making a claim through MyAccount.

The remaining €50 (€200 - €150) was relieved at source when the employee made the contribution to his or her health insurance.

5.2.2 Employer's Tax Position

A: Case I Deduction
The employer cannot claim a Case I deduction equal to the value of the taxable benefit received by the employer. This is because the employer has not paid a premium on behalf of the employee.

Some deductions may be available for administrative costs incurred in providing additional contracts, but these are expected to be minimal.

B: Claims for TRS from the Office of the Revenue Commissioners, High Wealth & Financial Services Division (Authorised Insurers/Tied Agents)
Where a policy has been provided free of charge by the employer, the employer (or connected Authorised Insurer) cannot claim any tax relief from Revenue as no amount was paid to Revenue in respect of that policy in the first instance.

Where the employee pays a reduced premium, the employer (or connected Authorised Insurer) may claim any health relief that would have been available in respect of the proportion actually paid by the employee.

C: Application of PAYE to Benefits Paid

The employer must operate income tax, Pay Related Social Insurance (PRSI) and Universal Social Charge (USC) on the benefit under section 985A TCA 1997.

Appendix 1 - Definitions

Authorised Insurer – Health Insurance Providers

An Authorised Insurer, with regard to health insurance, means any undertaking entered in the Register of Health Benefits Undertakings that lawfully carries on the business of health insurance which provides for the reimbursement or discharge, in whole or in part, of health expenses within the meaning of section 469 TCA 1997**.**

A list of health insurers currently entered in the Register of Health Benefits Undertakings is available here.

In relation to health insurance policies effected while an individual was resident in another Member State of the European Union, an Authorised Insurer also includes any undertaking authorised pursuant to the following EU Directives:

- Council Directive No. 73/239/EEC of 24 July 1973,
- Council Directive No. 88/357/EEC of 22 June 1988, and
- Council Directive No. 92/49/EEC of 18 June 1992.

Authorised Insurer - Dental Insurance Providers

In the case of dental only insurance contracts, an Authorised Insurer means any undertaking, authorised under any one of three EU (Non-Life Insurance) Regulations which is lawfully carrying on the business of providing dental insurance in respect of dental expenses (other than expenses in respect of routine dental treatment). The three Regulations are:

- The European Communities (Non-Life Insurance) Regulations 1976;
- The European Communities (Non-Life Insurance) (Amendment) Regulations 1991; and
- The European Communities (Non-Life Insurance) Framework Regulations 1994.

An Authorised Insurer also includes any undertaking, authorised by an insurance supervisory authority of an EU Member State in accordance with Article 6 of EU Directive No 73/239/EEC of 24 July 1973, which is lawfully carrying on the business of providing dental insurance in respect of dental expenses (other than expenses in respect of routine dental treatment).

The question of establishing whether or not an insurance undertaking is duly authorised by the insurance supervisory authority of an EU Member State is a matter for the taxpayer.

Authorised Dental Insurers in Ireland are -

- DeCare Dental Insurance Ireland
- Laya Insurance Ltd. (Dental)
- Collinson Insurance Europe Limited
- Irish Life DAC Dental

Relevant Contract

A relevant contract is one which provides for the reimbursement or discharge, in whole or in part, of health expenses (including non-routine dental expenses) within the meaning of section 469 TCA 1997.

Tied Health Insurance Agent

A Tied Health Insurance Agent is any agent who enters into an agreement with an authorised insurer to:

- provide policies from that insurer exclusively, or
- restrict the ability of that agent to offer relevant contracts of insurance from other companies.