

Employed person taking care of an incapacitated individual

Part 15-01-20

This document should be read in conjunction with section 467 of the Taxes Consolidation Act (TCA) 1997

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Table of Contents

| | |
|--------------------------------------|---|
| Introduction | 3 |
| 1. Amount of the deduction | 4 |
| Example | 4 |
| 2. Registration as an employer | 5 |
| 3. Apportionment | 5 |
| Example | 5 |
| 4. Restriction | 6 |
| Example | 6 |
| 5. Claiming relief | 6 |

A more recent version of this manual is available.

Introduction

This manual outlines the income tax relief available to individuals in respect of the costs incurred in employing another person to take care of an incapacitated individual.

Section 467 TCA 1997 provides for a deduction where an individual (or his or her spouse/civil partner) employs a person (including a person whose services are provided by or through an agency) to take care of either:

- a) himself or herself or his or her spouse or civil partner who is totally incapacitated by reason of physical or mental infirmity, or
- b) a relative of the individual or of the individual's spouse or civil partner who is totally incapacitated by reason of physical or mental infirmity.

"Relative" in this context includes a relation by marriage and a person in respect of whom the individual is or was the legal guardian.

Revenue accepts that services provided "by or through an agency" includes services provided by:

- charitable or voluntary organisations e.g. the Alzheimer Society of Ireland, or
- commercial entities that provide home care services.

1. Amount of the deduction

The deduction is allowed at the individual's marginal rate of income tax. The deduction is the lower of either:

- the actual amount expended on employing the person, or
- €75,000 per incapacitated individual.

Relief may be allowed in the first year in which the individual claiming the relief proves that the person concerned was totally incapacitated by physical or mental infirmity. There is no requirement to apportion relief by reference to the period of incapacity in the first year.

Unused tax relief in a particular year cannot be carried forward to the next year.

Example

Claire has employed a person to care for her spouse, who is an incapacitated individual and who became totally incapacitated on 1 May 2021. The cost per month is €5,500 from May 2021 to December 2022. The monthly cost increased to €6,500 in January 2023. The tax deduction due will be the lower of:

1. the actual cost incurred, or
2. the maximum deduction of €75,000.

| Year | Actual cost of employing the carer | Maximum limit | Tax relief |
|------|------------------------------------|---------------|-----------------------------------|
| 2021 | €44,000 (€5,500 x 8 months) | €75,000 | Actual cost incurred - €44,000 |
| 2022 | €66,000 (€5,500 x 12 months) | €75,000 | Actual cost incurred - €66,000 |
| 2023 | €78,000 (€6,500 x 12 months) | €75,000 | Maximum deduction - €75,000 |

2. Registration as an employer

If the services of the carer are provided by or through an agency or other commercial entity and the carer is paid by the agency or commercial entity, the obligation is on the employer to make the necessary income tax, Universal Social Charge (USC) and Pay Related Social Insurance (PRSI) deductions through the PAYE system when paying the carer.

Where an individual employs the carer directly, he or she has certain obligations as an employer, including registering as an employer and making income tax, USC and PRSI deductions from the wages paid to the carer.

Detailed information on the [registration of employers for Pay As You Earn \(PAYE\)](#) can be found on Revenue's website using this link.

3. Apportionment

If two or more individuals are entitled to claim a deduction under section 467 TCA 1997 in respect of the same incapacitated individual, then –

- the aggregate of the annual deductions granted to them shall not exceed €75,000, and
- the relief granted to each individual shall be in proportion to the amount of the employment cost he or she has borne.

Example

Pearse and his sister Gina employ a carer for their uncle. He has been totally incapacitated since 1 December 2022. In 2023, the employment costs are €7,000 per month, of which Pearse pays €3,000 and Gina pays €4,000. Annually, Pearse pays €36,000 (€3,000 x 12 months) and Gina pays €48,000 (€4,000 x 12 months). The total employment costs for 2023 are €84,000 (which exceeds the €75,000 limit).

The total amount on which relief is due for 2023, is the lower of the actual cost of employing the carer or €75,000. Therefore, the maximum deduction/relief they can receive for 2023 is €75,000. Their individual deduction/relief is calculated as follows:

Pearse: $€75,000 \times €36,000 / €84,000 = €32,143$

Gina: $€75,000 \times €48,000 / €84,000 = \underline{€42,857}$

Total allowable deduction: €75,000

4. Restriction

Where a deduction is allowed under section 467 TCA 1997, a claimant is not entitled to either the incapacitated child tax credit (section 465) or the dependent relative tax credit (section 466) in respect of the employed person. This means that the individual employed as a carer cannot be the same person in respect of whom the claimant receives the incapacitated child tax credit or dependent relative tax credit.

Example

Sharon's widowed mother, Anne, lives with her and is wholly maintained by Sharon. Sharon receives the dependent relative tax credit in respect of her mother.

Sharon pays her mother a small amount of money to take care of her husband Paul, who is totally incapacitated by physical infirmity, one day a week.

As Sharon claims the dependent relative tax credit in respect of her mum Anne, she cannot also claim relief under section 467 TCA 1997 (employed person taking care of incapacitated individual) for the amount she pays Anne to take care of her husband Paul.

Relief cannot be claimed for employing a carer if the carer is employed as a housekeeper only.

Relief cannot be claimed in respect of funding received from the Health Service Executive (HSE) or a local authority for employing a carer.

5. Claiming relief

Relief for employing a carer can be claimed using [myAccount](#). Alternatively, an individual can complete [Form HK1](#) and submit it to their [Revenue office](#) during or after the year end.

If more than one carer is employed to care for the individual, a separate claim must be made in respect of each individual/employment.

A claim for tax relief must be made within four years after the end of the tax year to which the claim relates. For example, claims for 2019 must be made by 31 December 2023, as claims made after this time cannot be repaid.