Income Tax Credits and Reliefs for Individuals Over 65 and Individuals Caring for those Over 65

Part 15-01-26

This document should be read in conjunction with sections 188, 256, 464, 466, 466A, 467, 469, 792 and Part 18D Taxes Consolidation Act 1997

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Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

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Introduction

This manual provides guidance on certain income tax matters, to include income tax credits, and reliefs in relation to:

- individuals aged 65 or over, and
- individuals caring for those over 65.

It also provides information and links to more in depth guidance material on the Revenue website – available on the Older Persons hub on the Revenue website and to the relevant Tax and Duty Manuals (TDMs).

Topic	Tax and Duty Manual	Taxes Consolidation Act 1997
Tax Credits		
Age Tax Credit		Section 464
Dependent Relative Tax Credit	TDM Part 15-01-27	Section 466
Home Carer Tax Credit	TDM Part 15-01-29	Section 466A
Income Tax Matters		
Tax Exemption and Marginal Relief	TDM Part 07-01-18	Sections 188 and 256
Health Expenses	TDM Part 15-01-12	Section 469
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Universal Social Charge	TDM Part 18D-00-01	Part 18D

1. Tax Credits

Depending on an individual's personal circumstances, he or she may be entitled to claim certain tax credits and reliefs. These tax credits have the effect of reducing the amount of tax payable.

A full list of all tax credits is available on the Revenue website.

1.1. Age Tax Credit

Section 464 Taxes Consolidation Act 1997 provides for an additional tax credit known as the Age Tax Credit for individuals aged 65 or over.

The credit is due in the year that an individual reaches the age of 65 and is granted for the full tax year.

To qualify for the Age Tax Credit an individual must be entitled to the basic personal tax credit in accordance with section 461. In the case of an individual entitled to the basic personal tax credit, he or she will receive an additional tax credit of €245 in the year of assessment he or she is 65.

For jointly assessed married couples or civil partners, the tax credit is €490 and is available when the older spouse or civil partner reaches the age of 65.

The tax credit will be automatically granted where the individual has advised Revenue of their date of birth. The quickest way to claim the credit if it has not been granted is through myAccount.

Example 1
John and Mary are married. Mary turns 55 on 31 January 2022. John turns 65 on 31 December 2022. The full Age Tax Credit of €490 is available to John and Mary for the tax year 2022.

Example 2
Louise is single and turns 65 on 1 December 2021. The full credit of €245 is available to Louise for the tax year 2021.

1.2. Dependent Relative Tax Credit

The Dependent Relative tax credit is available to an individual who maintains at his or her own expense:

- a son or daughter of the individual or his or her spouse/civil partner who resides with the individual and upon whose services the individual is compelled to depend on due to old age or infirmity,

- a widowed father or mother of the individual or his or her spouse/civil partner, regardless of the state of his or her health,
- a parent of the individual or his or her spouse/civil partner who is a surviving civil partner, regardless of the state of his or her health, or
- a relative, including a relative of the individual or his or her spouse/civil partner, who is unable, due to old age or infirmity, to maintain himself or herself.

For more information, see TDM Part 15-01-27 - Dependent Relative Tax Credit.

1.3. Home Carer Tax Credit

The Home Carer tax credit may be available to jointly assessed couples where one spouse or civil partner cares for one or more dependent persons. A dependent for the purposes of this credit includes a child or person aged 65 years or over.

The credit is not available where the dependent is the carer's spouse or civil partner.

For more information, see TDM Part 15-01-29 - Home Carer Tax Credit.

2. Income Tax Matters

2.1. Exemption

An individual may not have to pay income tax where he or she is aged 65 or over and his or her total income in a year is less than the exemption limits, being:

- €18,000 where the individual is single, widowed or a surviving civil partner
- €36,000 where the individual is married or in a civil partnership (€36,000 refers to the total income of a jointly or separately assessed couple and not the income of one spouse or civil partner).

Where an individual or a couple qualify for this exemption and have children under 18, the exemption limit is increased by €575 per child for the first 2 children and €830 for each child thereafter.

Marginal relief may still be available where total income is less than twice the exemption limit.

For more information, see TDM Part 07-01-18 - Tax Exemption and Marginal Relief.

2.2. Deposit Interest

A claimant can apply directly to his or her Financial Institution to have the interest paid without deduction of Deposit Interest Retention Tax (DIRT) where the claimant or his or her spouse or civil partner:

- is aged 65 or over during the tax year, and
- the claimant and his or her spouse's or civil partner's (if appropriate) combined total income for the year is below the relevant annual exemption limit.

Note: Total income is essentially your gross income from all sources (e.g. pensions, deposit Interest, etc.). The relevant exemption limit is increased if you have dependent children.

To avail of the DIRT exemption at source a form DE1 should be completed. The form DE1 is available on www.revenue.ie, or by telephoning the Forms and Leaflets LoCall Service on 01 738 3675.

A separate declaration form is required from the account holder for each account held with each financial institution.

Where DIRT has been deducted during the year and the taxpayer satisfies the above conditions, he or she can claim a refund of this tax after 31 of December by completing a Form 54 and submitting it to Revenue.

2.3. Department of Social Protection Pensions

Pensions paid to an individual by the Department of Social Protection (DSP) are taxable and should be declared to Revenue, as income tax is not deducted at source by the DSP. If this Pension is an individual's only source of income it is unlikely that there will be any tax due as the individual's tax credits or exemption limit will generally cover this income.

If the individual or their spouse/civil partner have income in addition to a pension, their tax credits will be reduced by the amount of the social welfare pension for PAYE purposes.

Additional income can be declared by completing an eForm 12 using myAccount. Self assessed individuals should declare this income by completing a Form 11 using ROS.

2.4. Health or Medical Expenses Relief

Medical expenses relief can be claimed for amounts spent by an individual on qualifying medical expenses (including nursing home fees and certain dental treatments) for the individual or any other person.

For more information, see TDM Part 15-01-12 - Health Expenses – Qualifying Expenses.

2.5. Deeds of Covenant

Tax relief of up to 5% of the covenanter's total income is available on a Deed of Covenant in favour of a person aged 65 and over. Unrestricted tax relief can be claimed on Covenants in favour of permanently incapacitated adults. For more information, see the Deeds of Covenant section of Revenue's website.

2.6. Employed Person taking care of an Incapacitated Individual

An individual or his or her spouse/civil partner may claim tax relief in respect of the cost of employing a person (including a person whose services are provided by or through an agency) to take care of either:

- a family member (including the individual, his or her spouse/civil partner) who is totally incapacitated because of physical or mental infirmity, or
- a relative who is totally incapacitated because of physical or mental infirmity. Relative in this context includes a relation by marriage or civil partnership and includes an individual in respect of whom the claimant is or was the legal guardian.

Note: Relief is not due if the carer is employed as a housekeeper only, or if the Dependent Relative or Incapacitated Child Tax Credit has been given in respect of the employed carer.

For more information, see TDM Part 15-01-20 - Employed Person taking care of an Incapacitated Individual.

2.7. PRSI

Persons aged 66 or over are not liable to pay PRSI.

Further information regarding PRSI is available here from the Department of Social Protection.

2.8. Universal Social Charge

Universal Social Charge (USC) is a tax payable on gross income, including benefits received from employment, after any relief for certain capital allowances, but before pension contributions.

USC exempt categories:

- Where an individual's **total income** for the year does not exceed a certain amount (€13,000 for 2021).
- All social welfare payments and similar type payments.
- Income already subject to DIRT.

Where an individual is 70 years or older and his or her aggregate income for a year does not exceed €60,000, the following reduced USC rates apply -

- 0.5% for the first €12,012 of aggregate income
- 2% on the remainder

For further details see TDM Part 18D-00-01 - Universal Social Charge.