

VAT and the Provision of Home Care Services

This document should be read in conjunction with paragraph 2(2) of Schedule 1 to
VAT Consolidation Act 2010 (VATCA 2010)

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Introduction

This guidance sets out the VAT treatment of the provision of home care services where the provider acts as principal and to distinguish such supplies from the provision of staff.

The status of home care workers is a matter of fact determined by the contracts and/or the actual working arrangements that exist between the home care provider and the recipient of the services.

1. VAT treatment of consideration for the supply of home care services by a Principal

A home care service is defined **“as a service made available in a private dwelling for a person who, by reason of illness, frailty or disability, is unable to provide the service for himself or herself without assistance”**.¹

If a home care provider is acting as **principal** in the provision of services closely related to medical care covered by section 61 or 61A of the Health Act 1970, as amended, and is duly recognised by the Health Service Executive ("HSE") under section 61A of that Act, such services qualify for VAT exemption under paragraph 2(2) of Schedule 1 to the VAT Consolidation Act 2010, as amended.

The holding of a “Certification of Notification”² from the HSE does not serve as evidence that an agency / body is providing home care services that qualify for exemption from VAT. To establish if a supply is taxable or exempt, each supply must be looked at on its own merits.

2. VAT Treatment of consideration for the supply of staff by employment agencies

An employment agency is engaged in the supply of staff.

Where such staff are placed with the HSE, care establishments, home care providers, or other bodies or entities ('organisation'), the organisation determines:

- the hours of attendance,
- the place of attendance and
- the duties of the agency staff.

¹ Section 61A Health (Nursing Homes) (Amendment) Act 2007

² Certificate of Notification having been received by the Health Service Executive from a Home Care

If an employment agency is sourcing, placing or making staff available to the organisation, such supplies are liable to VAT at the [standard rate](#).

The VAT Tax and Duty manual contains more detailed guidance on [Employment Agencies](#).

The scenarios below provide guidance on whether a supply is regarded as an exempt supply of home care services or a taxable supply of staff.

1. When is a recognised home care provider acting in the capacity as “principal”?

The status of a home care provider is a matter of fact determined by the actual working arrangements and / or the contracts that exist between the provider and the recipient of the services. A principal in the provision of home care services is the body / person responsible for the care of the recipient.

Where an agency makes available care workers to the HSE, home care providers, care establishments or other organisations, the agency is not regarded as providing care services as principal.

An agency that hires out staff to work for the HSE, home care providers, care establishments etc. is engaged in the taxable activity of supplying staff. These services do not qualify for VAT exemption.

2. I provide home care services as principal to a recipient in their private dwelling, as defined, and am duly recognised by the HSE as a home care provider under Section 61A of the Health act 1970 as amended.

The provision of home care services in the circumstance set out above qualify for VAT exemption under paragraph 2(2) of Schedule 1 of the VAT Consolidation Act 2010, as amended.

3. I am a recognised home care provider appointed under a tender process to provide home care services as principal under the HSE Home Support Service to recipients in their private dwelling on behalf of the HSE.

The provision of home care services by a recognised home care provider on behalf of the HSE in the circumstances set out above qualify for VAT exemption under paragraph 2(2) of Schedule 1 of the VAT Consolidation Act 2010, as amended.

4. I am an agency recognised by the HSE as a home care provider and I supply emergency relief staff (including home care assistants) to care establishments.

Revenue understand that in such circumstances the staff are acting under the direction and control of the care establishment. The staff provide care services

within the remit of the care establishment in accordance with their instructions and are under the care establishment's supervision.

The agency does not provide home care services as principal, instead it furnishes the care establishment with the resources to provide care services to the recipients. In such circumstances, the agency is regarded as supplying staff to the care establishment which is chargeable to VAT at the standard rate.

5. I am a recognised home care provider. I supply specialised staff [including home care assistants] to care establishments including residential care facilities (where I may have to service particular houses)

In such circumstances, the home care assistants are acting under the supervision and instruction of the residential care home. The care services are provided by the care establishment.

The home care provider is supplying the establishment with the resources to provide a care service (including services akin to home care) to the recipient. The placement of care staff with the organisation is not the provision of home care services, it is the provision of staff. This is chargeable to VAT at the standard rate.

6. I am recognised as a home care provider and I supply home care services to individuals in their homes. I also supply home care assistants to care establishments (including residential facilities, nursing homes, sheltered accommodation, community homes etc.)

The supply of home care services as principal to the recipient in their private dwelling is exempt from VAT.

The supply of home care assistants to care establishments is the supply of staff which is a taxable supply subject to VAT at the standard rate.

No deduction may be made by the agency for VAT incurred on inputs used for VAT exempt supplies. Where inputs are used for both taxable and exempt activities, it is necessary to apportion the credit between the inputs used for taxable and exempt supplies.