

# Employed Person Taking Care of an Incapacitated Individual

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## Who can claim?

You, your spouse or 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) a family member (including yourself, your spouse or civil partner) who is totally incapacitated by reason of physical or mental infirmity; or
- (b) a relative who is totally incapacitated by reason 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.

Revenue accepts that services provided “by or through an agency” includes services provided by -

- (a) charitable or voluntary organisations, e.g. The Alzheimer Society of Ireland; and
- (b) commercial organisations that provide home care services.

**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.

Any amount recovered from the Health Service Executive or a local authority in respect of the costs of employing the carer does not qualify for tax relief.

## What is the amount of the tax relief?

Tax relief may be claimed on the lower of the following amounts -

- (a) the actual cost incurred in employing the carer; or
- (b) €50,000 at the claimant’s highest rate of tax.

## Note - Tax years 2008 and subsequent years

With effect from 1 January 2008 relief may be allowed in the first year in which the claimant proves that either he or she or a

relative was totally incapacitated by physical or mental infirmity. The deduction is -

- (a) the lower of either the actual cost incurred; or
- (b) the maximum deduction of €50,000. There is no requirement to apportion the relief by reference to the period of incapacity.

### **Note - Tax year 2007 and prior years**

The tax relief was allowed for the tax year during which the individual became totally incapacitated. However, the deduction is the lower of either -

- (a) actual costs incurred; or
- (b) the maximum deduction of €50,000 apportioned by the number of months the individual was permanently incapacitated in the first year.

### **Example - Tax year 2007**

Claimant has employed at a cost of €4,500 per month a person to care for a qualifying incapacitated individual who became totally incapacitated on 1 May 2007. The tax deduction due for 2007 will be the lower of -

- (a) the actual cost incurred ( $€4,500 \times 8 \text{ months} = €36,000$ ); or
- (b) the maximum deduction of €50,000 apportioned to the number of months that the individual was permanently incapacitated (i.e.  $€50,000 \times 8/12 = €33,333$ ).

In this example, the tax deduction due is €33,333 at the claimant's highest rate of tax.

### **Example - Tax year 2008 and subsequent years**

Same example as above, the deduction for this year is the actual cost incurred, e.g. €36,000 or €50,000 as there is no requirement to apportion relief by reference to the period of the incapacity. In this example the relief is €36,000 at the claimant's highest rate of tax.

## **What is the position if two or more individuals engage a person to look after a relative?**

If two or more individuals are entitled to claim this deduction in respect of the same incapacitated individual, then -

- (a) the aggregate of the deductions granted to them shall not exceed €50,000; and
- (b) the relief granted to each individual shall be in proportion to the amount of the employment cost he or she has borne.

**Note** - The maximum amount of relief due is confirmed in Revenue Leaflet IT1 “Tax Credits, Reliefs and Rates”, which is updated annually.

## **How is a claim made?**

You can claim relief by completing the attached Form HK1.

As your claim may be selected for future audit, you are requested to retain all documentation relating to this claim for a period of six years.

## **How is the tax relief granted?**

If you are a PAYE customer, relief can be claimed during the tax year and your Tax Credit Certificate will be increased by the amount of relief due.

Alternatively, you can claim relief at the end of the tax year by submitting your form P60 and that of your spouse or civil partner, if applicable, to your local Revenue office.

If you are a Self-Assessment customer, the claim should be made in your annual tax return and relief will be granted in your Notice of Assessment.

## **Do I have to operate PAYE on payments made to the carer?**

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 that organisation to make the necessary tax, PRSI and Universal Social Charge deductions through the PAYE system when paying the carer.

However, where you employ the carer directly, you will have certain obligations as an employer, including registering as an employer and making tax, PRSI and Universal Social Charge deductions from the wages paid to the carer. A Form PREM Reg - Employer (PAYE/PRSI) Tax Registration Form is available on the Revenue website at [www.revenue.ie](http://www.revenue.ie) or from any Revenue office or by telephoning Forms and Leaflets LoCall Service on 1890 306 706 (+353 1 702 3050 from outside the Republic of Ireland).

## **Health Expenses - Tax relief in respect of the Home Nursing in cases of serious illness**

Separate and distinct from the tax relief in respect of employing a carer as outlined above, tax relief under the heading of Health Expenses on Form MED 1 may be claimed in cases of serious illness where a qualified nurse is engaged on the advice of a medical practitioner to provide home nursing in respect of an incapacitated individual where the following conditions are satisfied -

- (a) a medical certificate is provided which -
  - shows the name and address of the patient concerned;
  - outlines the nature of the patient's illness;
  - states that constant nursing care by a qualified nurse in the patient's home is necessary;
- (b) the medical certificate covers the full period for which home nursing is being claimed;

- (c) the nurse providing the nursing care is qualified and their full name, address and details of their qualification(s) are supplied;
- (d) receipts are provided in respect of all payments to the nurse and, where necessary, a breakdown of the payments is provided.

An individual can claim tax relief on health expenses in respect of any individual provided he or she has paid the expenses. Please see information leaflet IT6 (Medical Expenses Relief) which is available at **www.revenue.ie** or from any Revenue office or by telephoning our Forms and Leaflets Lo Call Service on 1890 306 706 (+353 1 702 3050 from outside the Republic of Ireland).

**4-year time limit** - A claim for tax relief must be made within four years after the end of the tax year to which the claim relates.

**Accessibility** - If you are a person with a disability and require this leaflet in an alternative format the Revenue Access Officer can be contacted at **accessofficer@revenue.ie**

## Further Information

This leaflet is for general information only. You can get further information by visiting [www.revenue.ie](http://www.revenue.ie) or by phoning your Regional Revenue LoCall service whose number is listed below:

- **Border Midlands West Region** **1890 777 425**  
Cavan, Monaghan, Donegal, Mayo, Galway,  
Leitrim, Longford, Louth, Offaly, Roscommon,  
Sligo, Westmeath
- **Dublin Region** **1890 333 425**  
Dublin (City and County)
- **East & South East Region** **1890 444 425**  
Carlow, Kildare, Kilkenny, Laois, Meath,  
Tipperary, Waterford, Wexford, Wicklow
- **South West Region** **1890 222 425**  
Clare, Cork, Kerry, Limerick

Please note that the rates charged for the use of the 1890 (LoCall) numbers may vary among different service providers. If calling from outside the Republic of Ireland phone +353 1 702 3011.

This leaflet is intended to describe the subject in general terms. As such, it does not attempt to cover every issue which may arise in relation to the subject. It does not purport to be a legal interpretation of the statutory provisions and consequently, responsibility cannot be accepted for any liability incurred or loss suffered as a result of relying on any matter published herein.