

Introduction

The Home Carer's Tax Credit may be claimed by a married couple where one spouse (the "Home Carer") cares for one or more dependent persons. If the Home Carer has some income in his/her own right, the tax credit may still be claimed. Only one tax credit is due irrespective of the number of persons being cared for.

This leaflet outlines the **conditions** which must be met to claim the tax credit and also contains a **claim form** to enable you make your claim.

What are the conditions?

The conditions, which must be met, are as follows:

- ♦ The married couple must be jointly assessed to tax - it does not apply where married couples are taxed as single persons.
- ♦ The Home Carer must care for one or more **dependent persons**. A dependent person is:
 - (a) a child for whom Social Welfare **Child Benefit** is payable - this includes all children under 16 and children in full-time education under 19; or
 - (b) a person aged 65 years or over; or
 - (c) a person who is permanently incapacitated by reason of mental or physical infirmity.

A dependent person does not include a spouse.

- ♦ The dependent person(s) must normally **reside** with the married couple for the tax year. For rules regarding relatives, see further on.
- ♦ The Home Carer's income must not exceed €5,080 in the tax year. Where the income is between €5,080 and €6,880 (€6,620 in 2007) some measure of relief will still be given.

Does a relative have to reside with the Home Carer?

No. Dependent persons who are relatives can be cared for outside the home, if they reside:

- ♦ Next door in a neighbouring residence, or
- ♦ On the same property, or
- ♦ Within 2 kilometres of the claimant.

There must, however, be a direct communication link (e.g. telephone, alarm system) between the two residences.

A relative includes a relative by marriage or a person for whom you act as a legal guardian.

How does the income of the Home Carer affect the tax credit?

If the Home Carer earns income of up to €5,080 in his/her own right for the tax year, the full tax credit may be claimed. For the purposes of this tax credit, **income** means any taxable income such as income from a part-time job, dividends, etc. but does **not** include the Carer's Allowance payable by the Department of Social and Family Affairs.

However, if the income exceeds €5,080 the tax credit is reduced by one half of the income of the Home Carer that exceeds this limit.

For example:

Income of Home Carer	Tax Credit Due	Restriction of Tax Credit
€5,080	€900	
€5,250	€815	€5,250 - €5,080 = €170 ÷ 2 = €85
€5,500	€690	€5,500 - €5,080 = €420 ÷ 2 = €210
€5,750	€565	€5,750 - €5,080 = €670 ÷ 2 = €335
€6,000	€440	€6,000 - €5,080 = €920 ÷ 2 = €460
€6,250	€315	€6,250 - €5,080 = €1,170 ÷ 2 = €585
€6,500	€190	€6,500 - €5,080 = €1,420 ÷ 2 = €710
€6,750	€65	€6,750 - €5,080 = €1,670 ÷ 2 = €835
€7,000	Nil	€7,000 - €5,080 = €1,920 ÷ 2 = €960

If the income is €6,880 (€6,620 in 2007) or more then the Home Carer's tax credit is not due.

What happens if the tax credit is granted and in the next year the Home Carer's income exceeds the limit?

If the Home Carer's income exceeds €6,880 in the next year, the tax credit will still be due for the year, provided that:

- ♦ The other conditions for the tax credit are met, and
- ♦ The tax credit was granted for the immediately preceding tax year.

The amount of the tax credit is restricted to the amount granted for the immediately preceding tax year. However, if the couple claim the increased Standard Rate Cut Off Point for dual income couples, the Home Carer's tax credit will not be due.

Example

A married couple are granted the Home Carer's Tax Credit for 2007. In 2008 the Home Carer takes up employment and earns €7,000.

The tax credit will still be due for 2008, provided that the increased Standard Rate Cut Off Point for dual income couples is not claimed and the other conditions for the tax credit are met.

Can married couples claim both the Home Carer's Tax Credit and the increased Standard Rate Cut Off Point for dual income couples?

No. But they can claim whichever of the two is more beneficial. In practice, Revenue will grant the more beneficial treatment.

Note: For 2008, the Standard Rate Cut Off Point for dual income married couples is €44,400 subject to an increase of up to €26,400. The increase is limited to the lower of €26,400 or the amount of the income of the spouse with the smaller income. This increase is not transferable between spouses.

Example 1

Home Carer has no income.
Home Carer's tax credit of €900 is due.

Example 2

Home Carer has a Social Welfare pension of €5,500. Therefore Home Carer's Tax Credit of €690 is due i.e. €5,500 - €5,080 = €420 ÷ 2 = €210 restriction

€900 less €210 = €690 Home Carer's Tax Credit

Spouse has income of €30,000.
The increased Standard Rate Cut Off Point is not relevant as the combined incomes are below €44,400.

Example 3

Home Carer has rental income of €6,000.
Spouse has income of €41,000.

Calculate whether the Home Carer's Tax Credit or the Increased Standard Rate Cut Off Point (SRCOP) is more beneficial.
Examples continued overleaf

CLAIM FOR HOME CARER'S TAX CREDIT

To be completed by the spouse with the main source of income i.e. the claimant.

Name of claimant

Address

PPS Number

The above can be obtained from your Tax Credit Certificate

Home Carer's Details

Name of Home Carer

PPS Number (if relevant)

Estimated income* (if any) up to the 31st of December

Type of Income

*Do not include the Carer's Allowance payable by the Department of Social and Family Affairs.

Declaration

I declare that all the particulars given in this form are correct to the best of my knowledge and belief.

Signature

Daytime Telephone Number

Email

Date

Complete the details requested overleaf

Details of Dependant(s) Cared For

(a) Child(ren) for whom Social Welfare Child Benefit is payable*

Child's Name	Date of Birth
	/ /
	/ /
	/ /

(b) Person(s) aged 65 years or over*

Dependant's Name	Date of Birth
	/ /
	/ /
	/ /

(c) Permanently Incapacitated Person(s)*

Dependant's Name	Nature of Incapacity

*Attach additional sheets if necessary

Tick here to confirm that the person(s) listed above reside with you, or in the case of relative(s), live nearby, in the circumstances outlined on Page 1.

Home Carer's Tax Credit computation

Home Carer's income is less than €5,080 so the full tax credit of €900 is due. The tax position is:

€44,400 x 20% = €8,880
 € 2,600 x 41% = €1,066
 Total €9,946

Less

Home Carer's tax credit € 900
 Tax (before relief for Personal tax credits) €9,046

Increased SRCOP computation

The tax position is:

€47,000 x 20% = €9,400
 Tax (before relief for Personal tax credits) €9,400

The Home Carer's tax credit is more beneficial in this example.

Example 4

Home Carer has a salary of €8,000.
 Spouse has income of €38,000.
 The Home Carer's tax credit is not due as the Home Carer's income exceeds the limit of €6,880.

Example 5

Home Carer has investment income of €6,000.
 Spouse has income of €41,500.

Calculate whether the Home Carer's Tax Credit or the increased Standard Rate Cut Off Point is more beneficial.

Home Carer's Tax Credit computation

Home Carer has investment income of €6,000.
 Therefore Home Carer's Tax Credit of €440 is due.
 i.e. €6,000 - €5,080 = €920 ÷ 2
 = €460 restriction

€900 less €460 = €440 Home Carer's Tax Credit

€44,400 x 20% = €8,880
 € 3,100 x 41% = €1,271
 Total €10,151

Less

Home Carer's tax credit € 440
 Tax (before relief for Personal tax credits) €9,711

Increased SRCOP computation

The tax position is:

(€44,400 + €3,100) x 20% = €9,500

Tax (before relief for Personal tax credits) €9,500

The increased Standard Rate Cut Off Point is more beneficial in this example.

How do I make a claim?

The Home Carer's Tax Credit can be claimed using any of the following methods

Internet - You can claim over the Internet using our **PAYE Online Service**. For further details visit www.revenue.ie

Text Message - Text "Info Credit Home Carer" to 51829 for instructions on how to claim by text message

Telephone - Contact your Regional PAYE LoCall Service whose number is quoted below

Claim Form - Complete and submit the claim form attached to this leaflet to your Local Revenue Office

Further Information

For further information visit www.revenue.ie or you can contact your Regional PAYE 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

If you are calling from outside the Republic of Ireland please telephone 00 353 (1) 647 4444.

Please note that the rates charged for the use of 1890 (LoCall) numbers may vary among different service providers.

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Revenue Commissioners
 February 2008

Home Carer's Tax Credit

