SECTION TWO:

Tax Reliefs and Tax Credits

Incapacitated Child Tax Credit

You can claim an Incapacitated Child Tax Credit if you are the parent or guardian of a child who is permanently incapacitated, either physically or mentally.

To qualify the child must be either:

- ✓ Under 18 years of age or

- ✓ Over 18 years of age and unable to support themselves. In this situation the child must have become permanently incapacitated before they were 21, or after they were 21, if they were still in full-time education or training for a trade or profession for a minimum of two years.

You can also claim the credit for:

- A stepchild
- An adopted child
- A foster child
- Any child you have custody of

If the child is permanently incapacitated and you are maintaining them at your own expense, this means you have day-to-day responsibility for the child and their care.

You can claim a credit for more than one child if more than one child is permanently incapacitated.

Where the child is maintained by one parent only, that parent is entitled to claim the full amount of the tax credit. However, where the child is maintained by more than one person, the tax credit is divided between them in proportion to the amount paid by each towards the maintenance of the child.

You can claim this tax credit or the Dependent Relative Tax Credit but not both for the same child.

The tax credit can be claimed by employees paying PAYE as well as by self-employed people.

You can also claim tax relief for medical expenses for yourself or any other person.

Qualifying criteria

To qualify, your child must have a physical or mental incapacity that makes it unlikely for them to be able to maintain themselves, even with the benefit of any:

- Treatment
- Device
- Medication
- Therapy

There must be an expectation that if the child were over 18, they would not be able to maintain themselves.

'Maintaining' means the ability to support themselves by earning a living from working.

Your child's medical practitioner will make a declaration about your child's ability to maintain themselves on the Form ICC2 - see 'How to apply' below.

Rates

The Incapacitated Child Tax Credit is €3,800.

APPLICATION PROCESS:

You can claim the Incapacitated Child Tax Credit by completing **Form ICC1**. You will also need to get **Form ICC2**, certified by the child's medical practitioner.

If you are a PAYE taxpayer, you can claim the credit online through Revenue's myAccount service. If you are self-employed and pay tax under the self-assessment system, the credit is claimed by completing the 'Incapacitated Child' section on your annual tax return online at the Revenue Online Service (ROS).

If you claim using Revenue's myAccount service, you do not need to submit forms ICC1 and ICC2. However, Revenue may ask to see them if your claim is checked. You must keep these forms for six years once you have made a claim.

LoCall telephone numbers and contact details for Revenue regional offices are available on the **Revenue website.**

Tax relief on the costs of employing a home carer

You can claim tax relief on the cost of employing a carer either if you employ one for yourself or for another family member.

You can employ the carer directly or you can use an agency that employs carers. If you employ the carer yourself, you should register as an employer and you will be responsible for your employee's tax and social insurance (PAYE, Universal Social Charge and PRSI). You will also have other duties and obligations as an employer, for example regarding hours of work, contracts of employment, pay slips, holidays and the minimum wage.

If you pay an agency to provide the carer, the agency will employ the carer and be responsible for their tax and social insurance etc. You can still claim tax relief on the cost of paying the agency to provide a carer.

ELIGIBILITY CRITERIA:

You are eligible to apply for tax relief if:

- ✓ If you employ a carer for yourself or on behalf of a family member, you can claim the tax relief on the cost of that care. A family member is a spouse, civil partner, child or a relative, including a relation by marriage or civil partnership.

- ✓ The person being cared for must be totally incapacitated for the complete tax year (January to December) in which you are claiming the tax relief but the carer does not have to be employed for the full tax year. The term totally incapacitated means that the person being cared for is disabled and requires a carer.

You cannot claim tax relief for employing a carer if the carer only carries out housekeeper duties or if a Dependent Relative Tax Credit or an Incapacitated Child Tax Credit has already been granted.

You may be asked by the Revenue Commissioners to get a medical certificate to confirm the nature of the disability but it isn't necessary to send one in with your application form.

Home Carer Tax Credit

A Home Carer Tax Credit is a tax credit given to married couples or civil partners (who are jointly assessed for tax) where one spouse or civil partner works in the home caring for a dependant person.

The tax you are liable to pay is calculated as a percentage of your income. A tax credit is deducted from this to give the actual amount of tax that you have to pay. A tax credit has the effect of reducing your payable tax by the amount of the credit.

ELIGIBILITY CRITERIA:

A full Home Carer Tax Credit can be claimed when:

- The married couple or civil partners are jointly assessed for tax
- One spouse or civil partner works in the home caring for one or more dependant people
- The home carer's own income is under €7,200. A reduced tax credit applies if the carer's income is between €7,200 and €10,800.

Carer's Allowance or **Carer's Benefit** are not taken into account when determining the home carer's income but they are taxable sources of income. This means that if you are claiming Carer's Allowance or Carer's Benefit, it will make up part of your jointly assessed income.

Who is a dependant person?

A dependant person is a:

✓ Child for whom Child Benefit is payable

✓ Person aged 65 or over

✓ Person with a disability who requires care

✓ A dependant person you are caring for cannot be a spouse or civil partner. They can however, be a relative by marriage or someone for whom you act as a legal guardian

Does a relative have to live with us to be a dependant person?

The dependant person normally has to live with you and your spouse or civil partner in the tax year in order to quality for Home Carer Tax Credit.

A dependant person who is a relative can be cared for outside your home. However, if the person is not living with you, they must live next door in a neighbouring residence or on the same property or within 2 km of your home. In addition, there must be a direct communication link between you (for example, a telephone line or alarm system).

Rates

The Home Carer Tax Credit is €1,950.

If the home carer has an income of up to €7,200 in their own right for the tax year, the full tax credit may be claimed.

Reduced tax credit

If the home carer's income exceeds €7,200, the amount of income over €7,200 is halved and the tax credit is reduced by that amount. Income and €7,200 is calculated and then halved. The Home Carer Tax Credit is then reduced by that amount. If the home carer's income is €10,600 or more, than you cannot claim the tax credit.

APPLICATION PROCESS:

You can claim Home Carer Tax Credit by using PAYE Services, which is available through **Revenue's myAccount.** You can access Revenue's myAccount service online. You can also apply by completing a Home Carer Tax Credit claim form.

Applications for the Home Carer Tax Credit should be made to **Revenue.**

Dependent Relative Tax Credit

You can claim the Dependent Relative Tax Credit if you care for a relative or a relative of your spouse at your own expense. This means that you meet the costs of everyday living. In such cases, you must substantially maintain your relative where they cannot maintain themselves.

Eligibility criteria

The relative you are claiming for must be your or your spouse's or civil partner's:

- ✓ Relative, and is unable to maintain themselves due to incapacity by old age or poor health
- ✓ Widowed father or mother; parent who is a surviving civil partner OR
- ✓ Child who lives with you and who you depend on for care due to your old age or poor health.

The relative does not need to live in Ireland to qualify for this credit. This is except for where a child lives with you and who you depend on for care, that child must live in Ireland with you.

You cannot claim the credit for your own child, unless they live with you and are your carer. In these cases, your child's income cannot exceed 18,028 with effect from 1st January 2025.

Where you are claiming for a relative who lives outside of Ireland, you must prove that you substantially maintain this relative and prove that this relative is incapacitated by their old age or poor health from caring from maintaining themselves.

Relief due

You can claim a tax credit of €305 from 1 January 2025. €245 can be claimed for 2021 - 2024.

You will not get a tax credit for 2025 if your dependent relative's income exceeds €18,028 from 1st January 2025. This is €17,404 for 2024.

Your dependent relative's income is included for the income limit, including their social welfare payments, pensions and deposit interest.

In cases where more than one person cares for the dependent relative, the tax credit is divided between them.

How to claim

You can claim the Dependant Relative Tax Credit by using PAYE Services, which is available through Revenue's myAccount. You can access Revenue's myAccount service online.

Tax Relief on Nursing Home Expenses

Nursing home expenses

You can claim Income Tax Relief on nursing home expenses paid by you. This tax relief can be claimed as a deduction from your total income if the nursing home provides 24-hour on-site nursing care. This means that the amount of your income which is taxed at the higher rate of income tax is reduced.

The amount of relief you can claim is at 40% or 20% will depend on the amount of tax you have paid at either rate.

Nursing Homes Support Scheme (Fair Deal)

If you are using the Fair Deal Scheme, you can only claim this relief on the amount of you have paid. You cannot claim the relief on the amount paid by the HSE.

Ancillary State Support (Fair Deal Loan Scheme)

If you are availing of the Fair Deal Loan Scheme then you cannot claim tax relief on the amount paid by the HSE to the nursing home. When the loan is repaid, you or your estate can claim tax relief on the amount paid.

Additional nursing care expenses

You can tax relief for the cost of expenses for additional nursing care. To claim this relief, you must provide a medical certificate which states that either:

- Constant nursing care by a qualified nursing in the person's home is necessary OR additional nursing care in the nursing home is necessary
- Shows the name and address of the person being cared for
- Outlines the nature of the person's illness
- Covers the full period for which nursing home is being claimed

The nurse's full name and address, and proof of their nursing qualification is also required. You are required to keep a breakdown of payments to the nurse and all payment receipts.

How to claim

You can make a claim for relief through Revenue's myAccount.

Disabled Drivers and Disabled Passengers Scheme

The Disabled Drivers and Disabled Passengers Scheme provides a range of tax reliefs linked to the purchase and use of specially constructed or adapted vehicles by drivers and passengers with a disability. The rules of the scheme are set out in the Disabled Drivers and Disabled Passengers (Tax Concessions) Regulations 1994 (SI 353/1994) as amended. Under the scheme, you can claim:

- ✓ Remission or repayment of vehicle registration tax (VRT)
- ✓ Repayment of value-added tax (VAT) on the purchase of a vehicle
- ✓ Repayment of VAT on the cost of adapting a vehicle.

If you qualify for the scheme, you may get some additional exemptions and benefits including:

- ✓ An exemption from motor tax on the vehicle, see 'How to apply' below
- ✓ An exemption from toll road fees, see 'How to apply' below
- ✓ The fuel grant, see 'Rates' below

ELIGIBILITY CRITERIA:

To qualify for tax relief under the scheme, the person with a disability must have a valid Primary Medical Certificate. A Primary Medical Certificate confirms you are severely and permanently disabled and:

- ✓ Are completely or almost completely without the use of both legs or
- ✓ Are completely without the use of one of your legs and almost completely without the use of the other leg to the extent that you are severely restricted as regards movement in your legs or
- ✓ Are without both hands or both arms or
- ✓ Are without one or both legs or
- ✓ Are completely or almost completely without the use of both hands or arms and completely or almost completely without the use of one leg or
- ✓ Have the medical condition of dwarfism and serious difficulties of movement of the legs

Local Health Offices of the Health Service Executive (HSE) process applications for a Primary Medical Certificate. If the HSE refuses your application for a Primary Medical Certificate, you can appeal the refusal to the Disabled Drivers Medical Board of Appeal, National Rehabilitation Hospital, Rochestown Avenue, Dun Laoghaire, Co. Dublin.

The type of vehicle

If you are a driver or a passenger with a disability, you can claim tax relief on:

- A new vehicle
- A used vehicle that has not been previously registered in the State.

You can also buy a previously registered used vehicle, in which case the amount of the repayment will be the residual VAT contained in the value of the vehicle. However, the majority of used vehicles purchased from a dealer are purchased under the **Margin Scheme**. This means that no VAT is due when the vehicle is purchased and therefore no VAT is refundable.

If you bought the vehicle before you qualified as a disabled driver or disabled passenger, a repayment of VAT and VRT, appropriate to the market value of the vehicle at the time of entry to the scheme, will be made.

If you are a passenger with disabilities and you buy a used vehicle that has previously qualified for tax relief under the scheme for transporting disabled passengers and where the original adaptions remain in place when you buy it, it is eligible for the scheme.

To qualify for the tax relief the vehicle's engine must be less than 6,000cc.

You do not have to purchase your vehicle from an authorised motor dealer and you can use a hire purchase agreement to pay for the vehicle and still qualify for the tax relief.

Residency

A family member of a disabled passenger can also qualify for relief if they are living with and responsible for the transport of the disabled person in question and have got the vehicle for that purpose.

If the disabled person only stays with a family member on a part-time basis, the residency requirement is not met. However, if the disabled person is a minor who is in residential or medical care on a part-time or occasional basis and spends a significant part of their time at home, for example, every weekend and holidays, the residency requirement may be met. The Revenue Commissioners can waive the residency requirement in exceptional circumstances.

You should contact the **Central Repayments Office** to make sure that you meet the residency requirements for relief under the scheme before purchasing a vehicle.

Restrictions on disposal of the vehicle

"Disposal" means the sale of the vehicle, the gift of the vehicle to another person and the hiring or renting of the vehicle. The vehicle must not be disposed of for at least two years from the date the relief is granted. You must keep the vehicle for three years for a specifically adapted vehicle and six years for an extensively adapted vehicle.

You will only be allowed to dispose of the vehicle within the retention period if you refund the Revenue Commissioners a substantial portion of the relief given. This is calculated by looking at the value of the vehicle at the time of disposal. If the vehicle is disposed of following damage in an accident, the damage will be taken into account in calculating the value of the vehicle at the time of disposal

Rates

The maximum amount of VRT and VAT relief available under the Disabled Drivers and Disabled Passengers Scheme depends on whether you are a disabled driver or passenger and how the car has been adapted. The maximum amounts are:

- Disabled drivers: €10,000
- Disabled passengers: €16,000
- Specifically adapted vehicles for drivers with severe disabilities: €16,000 (Specifically adapted vehicles are vehicles that need significant adaptations)
- Extensively adapted vehicles for drivers and passengers: €22,000 (Extensively adapted vehicles are vehicles that need adaptations that cost more than the open market selling price of the vehicle being adapted).
- Wheelchair accessible adaptations: €48,000 for a disabled driver and €32,000 for a disabled passenger. This is for people with disabilities who need complex and significant adaptions to their vehicles to allow in-vehicle wheelchair access. It applies to people who have paid VAT, VRT or residual VRT on or after 1 August 2022.

Fuel grant

If you qualify for tax relief under the Disabled Drivers and Disabled Passengers Scheme, you also qualify for the fuel grant. The fuel grant is paid per litre up to a maximum of 2,730 litres per calendar year. The rate per litre is:

- Petrol – €0.671 per litre
- Diesel – €0.576 per litre
- LPG – € 0.155 per litre

APPLICATION PROCESS:

You can apply for an exemption from VRT (or a repayment of VRT and VAT) on Revenue's myAccount. You can register for myAccount on revenue.ie. If you are applying for the first time, you will need to submit a primary medical certificate which you can upload on myAccount. Revenue's Quick Guide to **Making Claims** for Relief Online (pdf) shows what the application process looks like. If you do not have online access, you can submit a paper form – **Form DD1.** If you are applying for the first time, you should also include the original Primary Medical Certificate. You may also need to submit additional documents along with your application.

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