

Home Carer's Tax Credit

Introduction

A Home Carer's 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 dependent 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.

Read more information on [how your tax is calculated](#).

Budget 2016

It was announced in Budget 2016 that the Home Carer's Tax Credit given to married couples or civil partners where one spouse or civil partner works in the home caring for a dependent person will increase from €810 to €1,000 in 2016. The home carer's income threshold will also increase from €5,080 to €7,200. If the home carer has income in his or her own right, the tax credit is reduced by one-half of the amount of income that exceeds €7,200. These changes are subject to legislation.

Rules

A Home Carer's 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 dependent people
- The home carer's own income is below €5,080 in the tax year you are claiming for.

You can claim a reduced credit if the carer's income is between €5,080 and €6,700 in 2015.

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

Who is a dependent person?

A dependent person is a:

- Child for whom Child Benefit is payable
- Person aged 65 or over
- Person with a disability that requires care

A dependent 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 dependent person?

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

A dependent 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

Home Carer's Tax Credit for 2015 is €810. If the home carer earns between €5,080 and €6,700, a reduced tax credit is paid. If the home carer earns €6,700 or more for a tax year, then you cannot claim the Home Carer's Tax Credit.

Reduced tax credit

The tax credit is reduced by one half of the income of the home carer that exceeds this limit.

Example for 2015

A home carer with an annual income of €6,000 will not qualify for a full Home Carer's Tax Credit but will qualify for a reduced tax credit.

The difference between the actual income (€6,000) and €5,080 is calculated and then halved. The top-rate of Home Carer's Tax Credit is then reduced by that amount.

$$€6,000 - €5,080 = €920 \div 2 = €460$$

$$€810 - €460 = €350 \text{ (reduced Home Carer's Tax Credit).}$$

You cannot claim the Standard Rate Cut-Off Point for dual income couples **and** the Home Carer's Tax Credit. Your local tax office will help you to determine which is better for you.

You can see more [examples of calculations in Revenue's IT66 leaflet](#).

How to apply

You can claim Home Carer's Tax Credit by [contacting Revenue by telephone](#) or using [PAYE On-line service](#).

You can also complete [Home Carer's Tax Credit IT 66 claim form \(pdf\)](#).

Where to apply

Applications for the Home Carer's Tax Credit should be made to [Revenue](#).