

IT 1

Tax Credits, Reliefs and Rates for the Tax Years 2007 and 2008

Tax Credits, Reliefs and Rates for the income tax years 2007 and 2008

The following chart gives details of the main personal tax credits for the tax years 2007 and 2008.

Personal Tax Credits

Personal Tax Credits	Tax Year 2007	Tax Year 2008
	€	€
Single Person's Tax Credit	1,760	1,830
Married Person's Tax Credit	3,520	3,660
Widowed Person's Tax Credit		
- qualifying for One-Parent Family Tax Credit	1,760	1,830
- without dependent children	2,310	2,430
- in year of bereavement	3,520	3,660
One-Parent Family Tax Credit (with qualifying dependent children) (See Note 1) Widowed, Deserted, Separated or Unmarried	1,760	1,830
Widowed Parent Tax Credit		
Bereaved in 2007	-	4,000
Bereaved in 2006	3,750	3,500
Bereaved in 2005	3,250	3,000
Bereaved in 2004	2,750	2,500
Bereaved in 2003	2,250	2,000
Bereaved in 2002	1,750	-
Home Carer Tax Credit (Max)	770	900
PAYE Tax Credit	1,760	1,830
Age Tax Credit		
(a) Single/Widowed	275	325
(b) Married	550	650
Incapacitated Child Tax Credit (See Note 1)	3,000	3,660
Dependent Relative Tax Credit (See Note 1)	80	80
Blind Person's Tax Credit (single person)	1,760	1,830
(one spouse blind)	1,760	1,830
(both spouses blind)	3,520	3,660
Additional Allowance for Guide Dog	*825	*825
Incapacitated Person - Allowance for Employing a Carer	*50,000 max	*50,000 max
* Relief in respect of a Guide Dog and for Employing a Carer are allowable at the individual's highest rate of tax, i.e. 20% or 41% in 2007 and 2008.		

	Tax Year 2007	Tax Year 2008
Note 1: The child's/relative's income limits are:	€	€
One-Parent Family Tax Credit	nil	nil
Incapacitated Child Tax Credit	nil	nil
Dependent Relative Tax Credit	*12,745	*13,473

*In the case of Dependent Relative Tax Credit, if the relative's income exceeds the relevant limit **no tax credit is due.**

Exemption Limits

Personal Circumstances	Tax Year 2007	Tax Year 2008
	€	€
Single/Widowed under 65	5,210	5,210
65 years of age or over	19,000	20,000
Married under 65	10,420	10,420
65 years of age or over	38,000	40,000
Additional for Dependent Children 1st and 2nd child (each)	575	575
Each subsequent child	830	830
Marginal Relief Tax Rate	40%	40%

Tax Rates and Tax Bands

Personal Circumstances	Tax Year 2007	Tax Year 2008
	€	€
Single/Widowed without dependent children	34,000 @ 20% Balance @ 41%	35,400 @ 20% Balance @ 41%
Single/Widowed qualifying for One-Parent Family tax credit	38,000 @ 20% Balance @ 41%	39,400 @ 20% Balance @ 41%
Married couple (one spouse with income)	43,000 @ 20% Balance @ 41%	44,400 @ 20% Balance @ 41%
Married couple (both spouses with income)	43,000 @ 20% (with an increase of 25,000 max.) Balance @ 41%	44,400 @ 20% (with an increase of 26,400 max.) Balance @ 41%
Note: The increase in the standard rate tax band is restricted to the lower of €25,000 in 2007, €26,400 in 2008 or the amount of the income of the spouse with the lower income. The increase is not transferable between spouses.		

Rent-a-Room Relief

Where a room (or rooms) in a person's sole or main residence is (are) let as residential accommodation, gross annual rental income of up to €7,620 in 2007 and €10,000 in 2008 is exempt from tax. Relief in respect of mortgage interest relief is not affected. The relevant Capital Gains Tax/Stamp Duty provisions are also not affected. For more information see **Leaflet IT 70**.

Childcare Services

Childcare Services relief is a scheme of tax relief for income arising from the provision of certain childcare services. Where the gross annual income from the provision of childcare service does not exceed €15,000 in 2007 or 2008 the income is exempt from tax. The childcare service must be provided in the carer's home, not the children's home and no more than 3 children may be cared for at any time.

Rent Relief for Private Rented Accommodation

Relief is due at the standard rate of tax (20%) in the tax years 2007 and 2008 subject to the following upper limits:

Personal Circumstances		Tax Year 2007	Tax Year 2008
		€	€
Single	Under 55 Max.	1,800	2,000
	Over 55 Max.	3,600	4,000
Widowed / Married	Under 55 Max.	3,600	4,000
	Over 55 Max.	7,200	8,000

Relief can be claimed by completing **Form Rent 1**.

Tax Relief for Loan Interest (Secured and Unsecured)

Tax Relief at Source (TRS) on Secured loans

Tax relief for home mortgage interest (secured loans) is not given through the tax system but is instead granted at source (TRS). Mortgage repayments are reduced by the amount of the tax credit due. For example, if the interest element of your mortgage repayment per month is say €500, your mortgage lender will reduce your monthly mortgage payment by €100 per month. This reduction is the same as giving tax relief at the standard rate of tax (20%).

Any future adjustments in your tax relief will be made automatically by your mortgage lender. It is not necessary to claim relief on your annual tax return or to contact your local Revenue office.

If, however, you are making mortgage repayments and **not** receiving Tax Relief at Source, you should contact TRS Section, Collector-General's Division at LoCall 1890 46 36 26 who will arrange for the relief to come into effect.

Unsecured Home Loans

Relief for interest payments made on unsecured Home Loans used for qualifying purposes, i.e. repair or improvement of your sole or main residence can be claimed by review at the end of the tax year.

If, however, you are paying interest on a qualifying private residence mortgage in excess of the ceiling for relief, listed opposite, and you are receiving Tax Relief at Source on this interest then there will be no additional relief due in respect of a qualifying unsecured home loan.

Amount of Relief Available

Relief is due at the standard rate of tax (20%) in the tax years 2007 and 2008 subject to the following upper limits:

Tax Year	2007		2008	
	Single	Widowed/ Married	Single	Widowed/ Married
First Mortgage *	€	€	€	€
Ceiling	8,000	16,000	10,000	20,000
Tax Credit	1,600	3,200	2,000	4,000
Others				
Ceiling	3,000	6,000	3,000	6,000
Tax Credit	600	1,200	600	1,200

***First Time Buyers:** The period for which the relief is available is seven years.

Medical Insurance Premiums-Tax Relief at Source (TRS)

Tax relief for medical insurance premiums paid to authorised insurers is granted at source (TRS). Subscribers will pay a reduced premium (80% of the gross amount) to the authorised medical insurer. This reduction is the same as giving tax relief at the standard rate of tax (20%).

Employees whose medical insurance premiums are paid on their behalf, by their employer, as a Benefit-in-Kind, will not have been allowed tax relief at source. To claim the relief due it will be necessary to notify your local Revenue Office by phone, email or in person (see page 8) with the relevant details or by completing your annual tax return.

Revenue Job Assist

A special tax allowance at the individual's highest rate of tax, i.e. 20% or 41% in 2007 and 2008, is available for people who have been unemployed for one year or more and who take up a qualifying job. The allowance in the first year of employment is €3,810 plus €1,270 for each child, reducing to two-thirds of that amount in Year 2 and one-third in Year 3. This allowance is also available for persons who have been in receipt of either Disability Allowance or Blind Person's Pension for 12 months or more. For more information see **Leaflet IT 58**.

Revenue Approved Permanent Health Benefit Schemes

Where an employer **deducts** the contributions from gross pay the tax relief is given at source. Therefore **no** further action is necessary to claim relief.

Where an employer does **not deduct** the contributions from gross pay relief **can** be claimed, by notifying your local Revenue office of the relevant details by phone, email or in person (see page 8) or by completing your annual tax return.

Tax Relief on Service Charges

Income tax relief is available for individuals who pay local authority and other service charges. Relief is given for service charges paid in full and on time in the previous calendar year. For more information see **Leaflet IT 27**.

Home Carer Tax Credit

A tax credit at the standard rate of tax (20%) in the tax years 2007 and 2008 is available for married couples where:

- One spouse (the 'home carer') works in the home caring for one or more dependent persons, i.e. a child for whom they are entitled to Social Welfare child benefit, a person aged 65 or over, or a person who is permanently incapacitated by reason of mental or physical infirmity and the qualifying person normally resides with the couple for the year.
- The home carer's income is not in excess of €5,080. A reduced tax credit applies where the income is between €5,080 and €6,620 in 2007 and €5,080 and €6,880 in 2008.

The tax credit is not available to married couples that are taxed as single persons. Neither is the tax credit available to married couples with combined incomes over €43,000 in the tax year 2007 and €44,400 in the tax year 2008 and who claim the increased standard rate tax band for dual income couples. For more information and also to claim the relief due complete the application form in **Leaflet IT 66** and send it to your local Revenue office. Alternatively, you can telephone your Regional PAYE LoCall number (see page 8) with details of your claim.

Trade Union Subscriptions

An annual flat rate allowance of €300/2007, €350/2008 at the standard rate of tax 20% (tax credit €60/2007 and €70/2008) is due for Trade Union subscriptions paid in 2007 and 2008. The full allowance is available annually regardless of the actual amount of the subscription paid. If you are/were a member of a Trade Union at any time during 2007 or 2008 and you have not been granted relief for subscriptions made, you can phone your Regional PAYE LoCall number.

Health / Medical Expenses Relief

You may claim tax relief on a Form MED 1, at your highest rate of tax, i.e. 20% / 41% 2007/2008, for certain medical expenses incurred by you, your spouse, your dependent child or a dependent relative. Most medical expenses, with some exceptions e.g. routine dental and ophthalmic care, qualify for relief.

You cannot claim relief for any expenditure which has been or will be reimbursed, e.g. by Quinn Healthcare, VHI, Vivas, a Health Authority, or where a compensation payment is made or will be made.

Prior to 2007 the first €125 (one person) or €250 (two or more people) of any medical expenses incurred was borne by the claimant. **This no longer applies for 2007 and following years.** For more information see **Leaflet IT 6**, Form MED 1 or phone your Regional PAYE LoCall number.

Tuition Fees

Tax relief at the standard rate of tax (20%) in the tax years 2007 and 2008 is available for certain tuition fees. The maximum limit on such qualifying fees for the academic years 2007/2008 and 2008/2009 is €5,000. For more information see **Leaflet IT 31**.

Tax Relief Available to Systematic Short-time Workers

The exemption from income tax for Unemployment Benefit paid to systematic short-time workers has been extended indefinitely.

PRSI & Health Contributions - Employers/Employees

Class A (Normal rate at which contributions are made)			
	Employee's Income chargeable as below:	Total	Employer's rate
Tax year 2007	Earnings up to €48,800 to PRSI @ 4% plus a health contribution of 2%	6%	10.75%
	Earnings from €48,800 to €100,100 to a Health Contribution of 2%	2%	10.75%
	Earnings over €100,100 (€1,925 per week, €3,850 per fortnight & €8,342 per month) to a Health Contribution of 2.5%	2.5%	10.75%
Tax year 2008	Earnings up to €50,700 to PRSI @ 4% plus a Health Contribution of 2%	6%	10.75%
	Earnings from €50,700 to €100,100 to a Health Contribution of 2%	2%	10.75%
	Earnings over €100,100 (€1,925 per week, €3,850 per fortnight & €8,342 per month) to a Health Contribution of 2.5%	2.5%	10.75%

Note: For 2007 and 2008 an additional 0.5% Health Contribution has been introduced on earnings exceeding €1,925 per week (equivalent to €3,850 per fortnight and to €8,342 per month).

Employees are exempt from PRSI on the first €127 per week or €26 per week for employees on a modified PRSI rate. Employees earning €352 or less per week in 2008 (€339 in 2007) are exempt from PRSI and Health Contribution. However, where earnings exceed €352 per week in 2008 (€339 in 2007), the employee's PRSI Free Allowance remains at €127 per week or €26 per week for employees on a modified PRSI rate. Employees earning €500 or less per week in 2007 (€480 in 2007) are exempt from Health Contribution of 2%.

Note: Recipients of a Social Welfare Widow's or Widower's Pension, Deserted Wife's Benefit/Allowance or One-Parent Family Payment are exempt from paying the 2% Health Contribution. **All Medical Card holders** (including people aged 70 or over) are also exempt from this contribution.

PRSI & Health Contributions - Self-Employed

Class S (Self-Employed)		
		Total
Tax Year 2007	3% PRSI and 2% Health Contribution on all income up to €100,100	5%
	3% PRSI and 2.5% Health Contribution on all income over €100,100	5.5%
Tax year 2008	3% PRSI and 2% Health Contribution on all income up to €100,100	5%
	3% PRSI and 2.5% Health Contribution on all income over €100,100	5.5%

Self-employed persons are exempt from Health Contribution of 2% where the annual income is €24,960 or less in 2007 and €26,000 or less in 2008. The minimum annual PRSI contribution is €253.

Note: Recipients of a Social Welfare Widow's or Widower's Pension, Deserted Wife's Benefit/Allowance or One-Parent Family Payment are exempt from paying the 2% Health Contribution. **All Medical Card holders** (including people aged 70 or over) are also exempt from this contribution.

Further Information

If you are a PAYE customer your tax affairs are now dealt with in the region **where you live**.

Should you require further information phone your **Revenue PAYE LoCall** Service (inside ROI only) at:

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

If you are living outside the Republic of Ireland you can contact PAYE Enquiries at +353 1 6744444.

If you are taxed under the Self-Assessment system you may contact the Revenue office shown on your notice of assessment.

All the leaflets and forms referred to are available from the Revenue website www.revenue.ie or from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706 (ROI only) or +353 1 6744050 or any Revenue Office.

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

Any PRSI and Health Contribution queries should be directed to Department of Social and Family Affairs, Information Service at (01) 7043000.

PAYE self-service

This service is available to PAYE employees. PAYE Customers must register with 'reachservices' using a username and password. You also require a Revenue PIN. This was shown on your Tax Credits Certificate which issued in early 2007 and it will be shown on your Tax Credits Certificate 2008. For more information and to request forgotten PINs online see www.revenue.ie

Information Offices for Personal Callers are located in the following areas:

Dublin Tallaght Revenue Information Office and Central Revenue Information Office Cathedral Street Off O'Connell Street, **Athlone, Castlebar, Clare, Cork, Dundalk, Galway, Kilkenny, Letterkenny, Limerick, Sligo, Thurles, Tralee, Waterford and Wexford.**

Full addresses and opening times for the above public offices are available at www.revenue.ie or see State Directory - Revenue (centre pages) of any phone book.

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Legal Disclaimer

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