

Tax Credits & Reliefs

While many tax credits have been phased out in recent years, there remain some tax credits and reliefs worth considering when filing personal income tax returns. Some of the credits and reliefs of note when preparing tax returns include the following:

1. Home Renovation Incentive ("HRI")

A tax credit is available to both homeowners and landlords in respect of certain home improvement/renovation costs at 13.5% of the cost over €4,405 (before VAT) subject to a maximum of €30,000 (before VAT). The contractor must be a qualifying contractor, who is VAT registered and tax compliant in order for the credit to be available. The credit is then granted over two years following the year in which the work was carried out.

2. Rent a Room Relief

If a taxpayer rents one or more rooms in their home, they may be entitled to an income tax exemption in respect of that income, subject to a limit of €14,000 (before expenses). Once the limit is exceeded, the entire income becomes taxable.

3. Pension Contributions

Tax relief is available at the taxpayer's top rate of income tax in respect of pension contributions, subject to certain restrictions. The maximum relief depends on the age of the taxpayer and their earnings but in general there is an earnings limit of €115,000.

4. Medical/Dental Expenses

Tax relief is available at 20% of medical expenses incurred (net of any reimbursement by medical insurance). Relief is also available in respect of the net cost of non-routine dental treatments provided a form MED2 is held for such dental expenses.

5. Nursing Home Costs

Tax relief is available at the marginal rate (up to 40%) in respect of any nursing home expenses incurred either by the taxpayer or on behalf of someone else, such as a parent.

6. College Fees/Training Courses

Tuition fees paid in respect of third level education qualify for tax relief at 20% subject to a limit of €7,000 and an annual disregarded amount of €3,000. The annual disregarded amount is subtracted only once where fees are paid for more than one student.

Tax relief is also available at 20% on certain approved training courses in Information Technology and foreign language courses where the fees exceed €315, subject to a maximum of €1,270.

7. Home Carer Credit

The Home Carer Credit is available to a spouse/civil partner who cares for one or more dependent persons. The credit may only be claimed once and cannot be claimed if the increased Standard Rate Band for couples is claimed. The credit is calculated based on the income of the carer and is subject to a limit of €1,000 in 2016.

8. Flat Rate Expenses

Certain employments qualify for flat-rate expenses which are intended to cover the cost of equipment, uniforms and other employment costs incurred by the employee in their jobs. Examples of employees entitled to claim flat rate expenses would be teachers, nurses, and journalists. The full list and current rates are available at [flat-rate expenses list](#).

9. Incapacitated Child Credit

A tax credit (currently €3,300) is available to parents/guardians of an incapacitated child. This credit can be claimed more than once if the parent/guardian has more than one child who is permanently incapacitated.

10. Dependent Relative Credit

A tax credit is available where the taxpayer maintains a relative, who is unable to look after themselves independently due to old age or illness, at their own expense. The credit is €70 however it is not available if the dependent relative's own income exceeds €14,504.

The Incapacitated Child Tax Credit and Dependent Relative Credit cannot both be claimed for the same child.

11. Employment of Carer for Incapacitated Person

Tax relief can be claimed in respect of the net cost of employing a carer to take care of a family member who is incapacitated by reason of physical or mental

infirmity. The relief is available at the lower of the actual cost incurred or the marginal rate of income tax paid by the employer of the carer up to €75,000.

12. Employment & Investment Incentive (“EII”)

Certain taxpayers invest in risk investments under the EII scheme which entitles them to an income tax deduction in respect of the investment up to a limit of €150,000. The EII scheme entitles the investor to tax relief at up to 30% of their investment with a further top up of 10% where the investee company meets certain employment or R&D targets.

13. DIRT Relief for First Time Buyers

Certain first time buyers, who bought their home since 14 October 2014, may also be entitled to claim back some of the DIRT paid on their savings towards the purchase of their home.