

Personal Tax Savings Guide

Medical Expenses

Tax relief can be claimed on the following health expenses:

- Doctors and consultants fees;
- Drugs and medicines prescribed by a doctor, dentist or consultant;
- Maintenance or treatment in a hospital;
- Supply and repair of any medical, surgical or dental appliance used on the advice of a practitioner;
- Physiotherapy or similar treatment (for example, chiropractor, osteopath) prescribed by a practitioner;
- Orthoptic or similar treatment prescribed by a practitioner (Routine Ophthalmic Care - i.e. Sight Testing, Spectacles, Contact Lenses, does NOT qualify for tax relief);
- Non-routine dental treatment such as Crowns, Veneers, Tip Replacing, Gold Posts, Gold Inlays, surgical extraction of impacted wisdom teeth, Endodontics-Root Canal Treatment, Periodontal and orthodontic treatments. Tax relief is also allowed in relation to bridgework whereby dental treatment consists of an enamel-retained bridge or a tooth-supported bridge. (No Tax Relief is allowed for expenses paid on the extraction, scaling and filling of teeth and the provision and repairing of artificial teeth or dentures).

Tax relief is available at the taxpayer's highest rate of tax for Tax Years 2006 to 2008 in relation to any of the above Non-Reimbursed Medical Expenses (i.e. after VHI Healthcare, Quinn Healthcare, Vivas Health and Compensation Refunds). Health expenses relief will be granted at the standard rate for expenses incurred from 1 January 2009.

Waste Disposal Service Charges

Tax relief is given at the standard rate of tax for any service charges paid to Local authorities and/or Independent contractors for the provision of domestic refuse collection or disposal (including the purchase of "Bin Tags") in the previous year. For example, if an individual paid service charges of €240 in 2007 they will be entitled to a tax credit of €48 in 2008 (i.e. €240 x 20% = €48).

The total tax relief that can be claimed is subject to a limit of €400 giving a maximum tax credit of €80 (€400 x 20% = €80).

Trade Union Subscriptions

A tax credit of €70 can be claimed by an individual who is a member of a Trade Union at any time in a year of assessment.

Tuition Fees

Tax relief at the standard rate of tax is available for the following:

- Tuition fees paid for certain full-time and part-time undergraduate courses of at least 2 years duration. The relief applies to fees up to €5,000.
- Tuition fees paid for certain training courses in the areas of information technology and foreign languages (must be of less than 2 years duration). The relief applies to fees ranging from €15 to €1,270.
- Tuition fees paid for certain postgraduate courses (must be of at least 1 but not more than 4 years duration).

To qualify for relief an individual has to pay fees to a Private or Publicly Funded Third Level College on behalf of him/herself or any other individual in relation to a revenue approved course in an approved college in the State, in another EU member State or non-EU member State.

Home Carer's Tax Credit

A home carer's tax credit of €900 can be claimed by a married couple where one spouse is the home carer and cares for one/more dependent persons (a child for whom Child Benefit is payable **or** a dependent relative aged 65 years who resides within 2 kilometres of the claimant **or** a person who is permanently incapacitated by reason of mental/physical infirmity). Full tax credit due if the Home Carer's income is less than €5,080. If income is between €5,080 - €6,880, reduced relief is granted. Please note that the home carer will be entitled to either the home carer's tax credit or the extended standard rate cut-off point normally given to married couples where both spouses are in receipt of income.

Rent Tax Credit

A rent tax credit is available to an individual paying for private rented accommodation e.g. bedsitters, flats, apartments, houses, etc. (this includes rent payable for premises outside the State). A single person under 65 can claim a rent tax credit of €400 { €2,000 x 20% } and a married couple under 65 can claim a rent tax credit of €800 { €4,000 x 20% }.

Rent relief can be claimed where a child is required to pay rent to their parents, however, the parents will not be allowed to claim the Rent a Room exemption and means that the parent will need to declare their rental income on their annual Tax Return and pay any Income Tax arising.

Pension contributions

A self-employed person may claim relief for contributions made by him to a fund which will provide him with an annuity when he retires - this is known as retirement annuity relief. The fund must be approved by Revenue before relief can be claimed. When the contributor retires and begins to receive his pension, it is subject to income tax. The annual earnings limit for determining maximum tax-relievable contributions for pension purposes was set at €150,000 for Tax Year 2009. The maximum deduction that may be claimed in a tax year is calculated as a percentage of net relevant earnings. This means trading and professional income together with income from non-pensionable employments. The maximum deductible percentage relief limits are:

Age	% of Net Relevant Earnings
Under 30 years	15%
30 – 39 years	20%
40 - 49 years	25%
50 - 54 years	30%
55 – 59 years	35%
60 years and over	40%

Income protection assurance (Permanent Health Benefit)

Permanent health protection contributions are premiums paid for income protection in the event of serious illness. The insured person must usually have been ill for a delay period (three to six months) before the income starts to become payable. The maximum allowance is 10 per cent of the individual's total income for the tax year.

Dependent relative tax credit

A dependent relative tax credit of €80 can be claimed by an individual who has a dependent relative (an incapacitated relative of the claimant or the claimant's spouse, who due to old age or infirmity cannot maintain himself or herself or the widowed mother or widowed father of the claimant or the claimant's spouse or a son or daughter of an old or infirm claimant who resides with the claimant and upon whom the claimant depends).

Tax Credits	2008 €	2009 €
Single Person	1,830	1,830
Married Person	3,660	3,660
PAYE Credit	1,830	1,830
Widowed Person (without dependant children)	2,430	2,430
One Parent Family Credit	1,830	1,830
Incapacitated Child Credit Max	3,660	3,660
Blind Tax Credit Single Person	1,830	1,830
One Spouse Blind	1,830	1,830
Both Spouses Blind	3,660	3,660
Widowed Parent Bereaved in		
2008	-	-
2007	4,000	4,000
2006	3,500	3,500
2005	3,000	3,000
2004	2,500	2,500
2003	2,000	2,000
Age Tax Credit Single/ Widowed Married	325 650	325 650
Dependent Relative	80	80
Home Carer	900	900
Standard Rated Reliefs are as follows: (Allowed at 20% rate band)	2008 Max €	2009 Max €
Rent Tax Relief Single - under 55	2,000	2,000
Married/Widowed - under 55	4,000	4,000
Single - 55 & over	4,000	4,000
Married/Widowed - 55 & over	8,000	8,000
Trade Union Subscriptions	350	350
Waste Disposal Charges -relief given in 2008 for service charges paid in 2007	400	400

Rent-a-Room Scheme

The limit of the exemption from income tax, which applies to rent, received, where a person rents out a room or rooms in his or her principle private residence, for Tax Years 2008 and 2009 is €10,000.

Tax Rates and Tax Bands

Tax rates are 20% (standard rate) and 41% (higher rate)

	2008 €	2009 €
Single/Widowed without dependant children	35,400 @ 20% Balance @ 41%	36,400 @ 20% Balance @ 41%
Single/Widowed qualifying for One Parent Family Tax Credit	39,400 @ 20% Balance @ 41%	40,400 @ 20% Balance @ 41%
Married Couple one spouse with Income	44,400 @ 20% Balance @ 41%	45,400 @ 20% Balance @ 41%
Married Couple both spouses with Income	44,400 @ 20% with increase of 26,400 max. Total 70,800 Balance @ 41%	45,400 @ 20% with increase of 27,400 max. Total 72,800 Balance @ 41%

Exemption Limits

	2008 €	2009 €
Single/Widowed 65 years of age & over	20,000	20,000
Married Couple 65 years of age & over	40,000	40,000

The limits for Single/Widowed persons aged under 65 and Married couples aged under 65 are €5,210 and €10,420 respectively.

Marginal Relief will apply where income does not greatly exceed the relevant exemption limit.

The above exemption limits are increased by €575 for each of the first two dependent children and by €830 for the third and subsequent children.

Tax Relief at Source – Mortgage Interest Relief

The rate of mortgage relief for **first time buyers** for Tax Years 2008 and 2009 is 20% and 25% respectively in relation to years 1 and 2 and then 22.5% in years 3, 4 and 5. The relief remains unchanged at 20% for years 6 and 7. With effect from **1 May 2009** the number of tax years in respect of which mortgage interest relief may be claimed is 7 years for first time and non-first time buyers

The rate of mortgage relief for **non-first time buyers** for Tax Years 2008 and 2009 is 20% and 15% respectively.

For Tax Years 2008 and 2009, the annual ceilings on the amount of interest that can be allowed on a mortgage are as follows:

	Single	Married
First-time buyers	€10,000	€20,000
Non first-time buyers	€3,000	€6,000

Income Levy

The Income Levy Rates applicable for Sole Traders are 1.67% on profits earned up to €75,036 and 3% on profits earned between €75,037 and €100,100.

The following rates are applicable from 1 May 2009 :-

Income Thresholds	Rate of Income Levy
Income up to €100,100 p.a. (€1,925 p.w.)	2%
Income between €100,101 and €250,120 p.a.	4%
Income in excess of €250,120 p.a.	6%

The 4% levy is charged on income earned between €100,101 p.a. and €250,120 p.a. and the 6% is being charged on income earned in excess of €250,021 p.a.

The levy is paid on gross income, before deductions for capital allowances or contributions to pensions and the income thresholds shown above apply to each spouse individually.

The levy does not apply to : All Social Welfare payments; Income subjected to DIRT; Rent a Room Relief, Redundancy payments; People who hold a full medical card for part of the Tax Year 2009; Income exempt from Benefit In kind such as Travel Pass, New Bicycle scheme and Share Options.

All individuals are liable to pay the income levy if their gross income exceeds the threshold of €15,028 p.a., or they exceed the income exemption limit of €20,000 p.a. for an individual over 65 years – or €40,000 p.a. for an over 65 married couple.

The breakdown of the income levy threshold figures are as follows:

Annual Threshold	Weekly	Fortnightly	Monthly
15,028	289	578	1,252
100,100	1,925	3,850	8,342
250,120	4,810	9,620	20,844

Example: An employee works for 2 days in their last week of employment and receives a gross salary of €288. Their employer will apply the full weekly threshold of €289 to this payment. As the employee's income is below the threshold they will not pay the income levy on this income.

PRSI Rates for Self-Employed (these apply from 1 May 2009)

Non Cumulative Weekly Earnings Band	PRSI Subclasses	How Much Of Weekly Earnings	EE %	ER %	EE+ER %
Up to €500	S0	ALL	3.00	0	3.00
More than €500	S1	All up to - €1,925	7.00 (previously 5%)	0	7.00 (previously 5%)
	S1	Balance	8.00	0	8.00
	* S2	ALL	3.00	0	3.00

* Subclass S2 applies to Medical Card Holders, people getting a Social Welfare Widow's/Widower's Pension, One Parent Family Payment or Deserted Wife's Benefit/Allowance.