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Reduce Your Tax Liability

According to recent findings, taxpayers could be losing as much as €100 million per year in tax breaks! Many people are not claiming all the tax reliefs they are entitled to. Some are not aware of the schemes/credits in place while others simply forget to make a claim. In these times, every cent counts and you would be surprised as to how much a few credits will go in reducing your tax liability.

CREDITS

- **One parent family** – This is an additional tax credit for a single parent. Conditions include: you maintain your child (i.e. pay towards their up keep), the child must reside with you for at least part of the year, you are not entitled to the married credit and you do not live with another person as husband and wife.
- **Carer credit** – An additional credit due to a home carer if certain conditions are met: You must be a married couple which is jointly assessed, you must care for one/more dependent persons (elderly/child) and the carer's income must not exceed €5,080 for the tax year.
- **Rent relief** – An additional credit due at the standard rate of tax when you pay rent on your residence. The credit is limited and will depend on your age.
- **Medical insurance** – You may be due an additional tax credit if your employer pays all/part of your medical insurance premium e.g. VHI/Bupa.
- **Service charges** – An additional credit due, at the standard rate, on amounts paid for domestic refuse, water and sewage disposal. The payments must be paid in full and on time.
- **Trade union subscription** – An additional credit you are entitled to if you pay a subscription to a trade union. The credit is for €70 irrespective of amount paid to the union.
- **Flat rate expenses** – An additional credit for certain classes of employees as set out by the Revenue Commissioners e.g. teachers, nurses, shop assistants, engineers, civil servants.
- **Old age credit** – An additional credit worth €325 in tax year 2008. Any person who is 65 or over at any time during the tax year may claim this credit. The credit is doubled for married couples if either spouse is 65 at any time during the tax year.
- **PRSA** – A PRSA is a contract between an individual and a PRSA provider in the form of an investment account (pension). Subject to age and income based limits; tax relief will be given for contributions to a PRSA. If tax relief is given through your employer or notice of tax credits, no further relief will be given.
- **Permanent health insurance** – An Individual who pays a premium on a policy to secure the continuance of income and payment of benefits during disablement through accident, injury or sickness. The policy must be approved by the Revenue Commissioners as a Permanent Health Benefit Scheme.

RELIEF

- **Tax relief on loan interest** – When you purchase, improve or repair your home, you may claim tax relief on the mortgage interest for the first 7 years from when a mortgage is taken out. Further tax relief (subject to the 7 year limit) may be due to you if you have topped up an existing loan.
- **Unreimbursed medical expenses** – Tax relief at marginal rate in 2008, standard rate for 2009.
- **Tuition fees** – An individual who pays fees to Private/Publicly Funded Third Level Colleges on behalf of him/herself or any other individual. Full time/part time, undergraduate/postgraduate all qualify but different conditions apply.
- **Charitable donations** – Self assessed tax payers may claim tax relief on donations in excess of €250 to a Revenue approved charities. A similar scheme operates for donations to *certain* sports bodies.
- **BES scheme** – Tax relief on an investment in the ordinary shares of an unconnected unquoted company. Conditions apply.
- **Film relief** – Tax relief on investment in a company which produces & distributes one qualifying film, conditions apply.
- **Deed of covenant** – Tax relief on payments made to permanently incapacitated individuals or elderly (over 65) under deed of covenant. Restriction applies to 5% of total income.

EXEMPT INCOME

- **Rent a room relief** – Let a room in your own home and earn €10,000 (max) tax free. You maintain your tax relief at source on your mortgage and CGT exemption on the sale of your own home.
- **Childcare services** – Earn up to €15,000 (max) tax free. 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.
- **Leasing farm land** - An individual aged 40 years or over may lease farm land and earn €15,000 (max) tax free. The lease must be for at least 5 years.

Please contact us if you feel any of the above apply to you or would like to discuss any one of them in more detail.



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