Home Carer Tax Credit

Part 15-01-29

This document should be read in conjunction with section 466A of the Taxes Consolidation Act 1997

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1 Introduction

The Home Carer Tax Credit (HCTC) may be available to married couples or civil partners where one spouse/civil partner (the "home carer") cares for one or more dependent persons.

From 1 January 2024, the maximum value of the credit is €1,800.

The table below shows the value of the Home Carer Tax Credit

Year	Amount of Credit
2024	€1,800
2023	€1,700
2022	€1,600
2021	€1,600
2020	€1,600

This manual outlines the conditions which must be met to claim the HCTC and the interaction between this credit and the increased standard rate band available for dual income married couples /civil partners.

2 Conditions for the Home Carer Tax Credit

The conditions which must be met are as follows:

1. The married couple/civil partners must be jointly assessed to tax. No credit is available where married couples/civil partners are taxed under separate treatment as single persons.

2. The home carer must care for one or more dependent persons. A dependent person is:

    - a child for whom Department of Social Protection Child Benefit is payable;

    - a person aged 65 years or over; or

    - a person who is permanently incapacitated by reason of mental or physical infirmity.

    A dependent person does not include a spouse or civil partner.

3. The dependent person(s) must normally reside with the married couple/civil partners for the tax year. Certain exceptions apply where the dependent person is a relative (see Chapter 3 for further details).

4. To obtain the full credit the home carer's income must not exceed €7,200 in the tax year. Where the income is over €7,200, a reduced credit may still be available (see Chapter 4 for further details).

5. The couple must not claim the increased Standard Rate Band for dual income couples in the year they wish to claim the HCTC (see Chapter 6 for further details).

3 Does a Relative Have to Reside with the Home Carer?

No - dependent persons who are relatives can be cared for outside the home if they reside:

- next door in a neighbouring residence,
- on the same property, or
- within 2 kilometres of the claimant.

There must, however, be a direct communication link (e.g. telephone, alarm system) between the two residences.

A relative includes a relative by marriage or a person for whom the claimant acts as a legal guardian, but not a spouse or civil partner.

4 How Does the Income of the Home Carer Affect the Tax Credit?

Where the home carer's income does not exceed €7,200 in the tax year, the full tax credit may be claimed, as outlined below.

For the tax years 2024 and subsequent years, if the home carer's income is over €7,200 but less than €10,800 a reduced tax credit is still available.

The table below shows the upper income limits for receiving a portion of the HCTC for the current and previous years.

Year	Maximum Home Carer Income
2024	€10,800
2023	€10,600
2022	€10,400
2021	€10,400
2020	€10,400

For the purposes of this tax credit, income is taken as income chargeable to tax such as income from a part-time job, rents, dividends, etc., but does not include Carer's Allowance or Carer's Benefit payable by the Department of Social Protection. Income which is disregarded for tax purposes or which is exempt from the charge to tax is also excluded.

If the income of the home carer exceeds €7,200 the tax credit is reduced by one half of the excess. If the income of the home carer exceeds the maximum limit above, then no tax credit will be available.

Examples of how the tax credit is calculated for different levels of income for the tax year 2024 and subsequent tax years is set out below:

Income of Home carer	Difference Between Income and €7,200	Half of Difference	Reduced Tax Credit
€7,200	€7,200 - €7,200 = 0	€0	€1,800 - €0 = €1,800 (full credit available)
€7,450	€7,450 - €7,200 = €250	€250 ÷ 2 = €125	€1,800 - €125 = €1,675

Income of Home carer	Difference Between Income and €7,200	Half of Difference	Reduced Tax Credit
€7,700	€7,700 - €7,200 = €500	€500 ÷ 2 = €250	€1,800 - €250 = €1,550
€7,950	€7,950 - €7,200 = €750	€750 ÷ 2 = €375	€1,800 - €375 = €1,425
€8,200	€8,200 - €7,200 = €1,000	€1,000 ÷ 2 = €500	€1,800 - €500 = €1,300
€8,450	€8,450 - €7,200 = €1,250	€1,250 ÷ 2 = €625	€1,800 - €625 = €1,175
€8,700	€8,700 - €7,200 = €1,500	€1,500 ÷ 2 = €750	€1,800 - €750 = €1,050
€8,950	€8,950 - €7,200 = €1,750	€1,750 ÷ 2 = €875	€1,800 - €875 = €925
€9,200	€9,200 - €7,200 = €2,000	€2,000 ÷ 2 = €1,000	€1,800 - €1,000 = €800
€9,450	€9,450 - €7,200 = €2,250	€2,250 ÷ 2 = €1,125	€1,800 - €1,125 = €675
€9,700	€9,700 - €7,200 = €2,500	€2,500 ÷ 2 = €1,250	€1,800 - €1,250 = €550
€9,950	€9,950 - €7,200 = €2,750	€2,750 ÷ 2 = €1,375	€1,800 - €1,375 = €425
€10,200	€10,200 - €7,200 = €3,000	€3,000 ÷ 2 = €1,500	€1,800 - €1,500 = €300
€10,400	€10,400 - €7,200 = €3,200	€3,200 ÷ 2 = €1,600	€1,800 - €1,600 = €200
€10,600	€10,600 - €7,200 = €3,400	€3,400 ÷ 2 = €1,700	€1,800 - €1,700 = €100

Income of Home carer	Difference Between Income and €7,200	Half of Difference	Reduced Tax Credit
€10,800	€10,800 - €7,200 = €3,600	€3,600 ÷ 2 = €1,800	€1,800 - €1,800 = €0

If the income is €10,800 or more the HCTC is not due.

Example 1

Kevin and Alan are civil partners and jointly assessed. Alan is a home carer to a dependent relative who lives less than 2km away. Alan has no personal income.

The couple are entitled to the full HCC of €1,800 in 2024.

Example 2

Kate and Allison are married and jointly assessed. Kate is a home carer to a dependent relative who lives less than 2km away. Kate earns €10,900 per annum of employment income.

The couple are not entitled to the HCTC for 2024 as Kate's income is above the upper income limit for the credit (which is €10,800 for 2024).

Example 3

John and Mary are married and jointly assessed. Mary has been a home carer to a dependent relative who has lived with the couple since 2018. For 2024, John has income of €20,000 and Mary has income of €7,500.

Mary is entitled to the following HCTC for 2024:

Home carer income:	€7,500
Difference between €7,500 and €7,200	€300
Half of the difference/excess	€150
HCTC due (€1,800 - €150)	€1,650

5 What Happens if the Tax Credit is Granted and in the Next Year the Home Carer's Income Exceeds the Limit?

If a home carer's income exceeds the upper income limit in a year (€10,800 for 2024), the tax credit will still be due for the year provided that:

- the other conditions for the tax credit are met, and
- the tax credit was granted for the immediately preceding tax year.

The amount of the tax credit is restricted to the amount granted for the immediately preceding year.

However, if a married couple/civil partners claim the increased standard rate band for dual income couples in a year after the HCTC was claimed by the couple, the HCTC will not be due in that year (as the increased rate band and HCTC may not both be availed of in the same year of assessment).

Example 4

Anna and Ronan married in 2000 and are jointly assessed. Anna has been a home carer since 2009 and qualified for the HCTC from 2009 to 2023. In 2024, Anna intends to take up employment, which will pay her more than €10,800 in 2024.

The HCTC will still be due to Anna and Ronan in 2024, if they do not claim the increased standard rate band in 2024. The credit will however be limited to the amount Anna and Ronan were able to claim in 2023. If Anna continues her employment in 2025 and earns income in excess of €10,800, Anna and Ronan will not be able to claim the HCTC again in 2025.

6 Home Carer Tax Credit vs. Increased Standard Rate Band for Dual Income Couples

A couple cannot claim both the Home Carer tax credit and the increased Standard Rate Band for dual income earners in a year. They may claim whichever of the two is more beneficial. In practice, Revenue will grant the more beneficial treatment.

For 2024, the Standard Rate Cut-Off Point is €51,000 for dual income married couples/civil partners, subject to an increase of up to €33,000. The increase is limited to the lower of €33,000 or the amount of the income of the spouse/civil partner with the lesser income. This increase is not transferable between spouses/civil partners.

Example 5

Mark and Andrea are married and jointly assessed. Mark is a home carer with no income. The couple have qualified for the Home Carer tax credit since 2011. Mark plans to take up employment in 2024 where he will earn an annual income of €6,800 per annum.

Mark and Andrea are unsure if it would be more beneficial to claim the HCTC for 2024, or if they should claim the increased standard rate band instead. Andrea earns €45,200 per annum.

Tax computation if the HCTC is claimed instead of the increase standard rate band:

As Mark's income is less than €7,200, the full HCTC of €1,800 is due.

Total income	€52,000
Taxed as follows:	
€51,000 x 20%	€10,200
€1,000 x 40%	€400
Total income tax	€10,600
Less HCTC	(€1,800)
Income tax due (before relief for personal tax credits)	€8,800

Tax computation if increased standard rate band is claimed instead of the HCTC:

Total income	€52,000
Taxed as follows:	
€52,000 x 20%	€10,400
Income tax due (before relief for personal tax credits)	€10,400

Note: Claiming the HCTC is more beneficial for Mark and Andrea (income tax liability of €8,800 Vs €10,400).

Example 6

Alice and John married in 2015 and are jointly assessed. Alice has no employment income and is a home carer for her children. Alice made a number of investments with her personal savings and will receive investment income of €9,000 from these investments in 2024.

Alice and John are unsure if it would be more beneficial to claim the HCTC for 2024, or if they should claim the increased standard rate band instead. John earns €44,700 per annum.

Tax computation if HCTC is claimed instead of the increase standard rate band:

Total income	€53,700
Taxed as follows:	
€51,000 x 20%	€10,200
€2,700 x 40%	€1,080
Total income tax due	€11,280
Less HCTC (€9,000 - €7,200 *50% - €1,800)	(€900)
Income tax due (before relief for personal tax credits)	€10,380

The Home Carer tax credit due in this case is calculated as follows:

Income of Home carer	Difference Between Income and €7,200	Half of Difference	Reduced Tax Credit
€9,000	€9,000 - €7,200 = 1,800	€900	€1,800 - €900 = €900

Tax computation if increased standard rate band is claimed instead of the HCTC:

Total income	€53,700
Taxed as follows:	
€53,700 x 20%	€10,740
Income tax due (before relief for personal tax credits)	€10,740

Note: Claiming the HCTC is more beneficial for Alice and John (income tax liability of €10,380 Vs €10,740).

7 Employees in the State on Short Term Assignments - Availability of Home Carer Tax Credit for Dependent Children

The definition of “dependent person” in section 466A(1) TCA 1997 includes:

“(a) a child in respect of whom either the qualifying claimant or his or her spouse or civil partner is, at any time in a year of assessment, in receipt of child benefit under Part 4 of the Social Welfare Consolidation Act 2005.”

Individuals on short term assignments normally remain within their home country social security system for the duration of their assignment to the State. Such individuals do not therefore generally claim child benefit under Part IV of the Social Welfare (Consolidation) Act 2005. For these type of cases, if the claimant is in receipt of a similar type payment in their home country, Revenue is prepared to accept that the condition in 466A(1)(a) TCA 1997 is satisfied.

The other conditions as set out in the section (for example, the child must reside with the qualifying claimant) must also be met.