

Childcare Services Tax Relief

Childcare Services relief is a scheme of tax relief for income arising from the provision of certain childcare services. When the gross annual income from the provision of childcare services in a given year does not exceed €15,000 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. Full details of the scheme can be found on www.revenue.ie

Summary of Scheme:

- The individual must be registered for the purposes of tax, and be self-employed not an employee. To register for tax, fill in **Tax Registration Form, Form TR1**. Available from <http://www.revenue.ie/en/tax/vat/forms/formtr1.pdf>
- The individual's gross income limit for a year of assessment is €15,000. If more than one person is providing childcare services in a dwelling, the €15,000 limit is split between the number of people involved.
- Where the gross income exceeds €15,000 the income is taxable in the normal way, i.e. calculate taxable profits by deducting allowable business expenses from turnover.
- The gross income from the childcare service (if less than €15,000) must be declared in an annual return of income to the Revenue Commissioners. The claim for the tax exemption is made with this return. This is done on **Pay and File Income Tax Return, Form 11E** in Section G. Exempted Income, at Line 414. Available from <http://www.revenue.ie/en/tax/it/forms/form11e.pdf>. More detailed information can be found in **Guide to Completing 2011 Pay & File Returns**, p. 36 available from <http://www.revenue.ie/en/tax/it/leaflets/guide-pay-file.pdf>
- By claiming this relief you are confirming that you have notified the relevant person in the Health Service Executive (HSE), that you provided child minding services in the previous year. In practice this will mean an officer appointed by the local City or County Childcare Committee. See Sample Letter of Notification (*enclosed*). **NB:** A separate notification must be made in respect of each tax year for which the exemption is claimed.
- The Childcare Services Tax Relief is **currently exempt** from the Universal Social Charge. Information can be verified on www.revenue.ie at the following link: <http://www.revenue.ie/en/tax/usc/universal-social-charge-faqs.pdf> (Page 62. Appendix B. Exempt Income Sources. Section 216C. *Verified on 10th December 2012*)
- If you have received tax exempt status for childminding, you may also have a liability to pay Class S PRSI. For further information on PRSI contact the Department of Social Protection:
Self-Employment Section
Social Welfare Services Office
Cork Road
Waterford.
Tel: Dublin (01) 704 3000 E-mail: selfemployment@welfare.ie
NB: The **minimum** PRSI contribution for those with a self-employed income of over €5000 was increased in the Budget 2013 to **€500**