

1. How DIRT currently operates

Deposit Interest Retention Tax (DIRT) is deducted at the standard rate of tax from interest paid on most deposits held by Financial Institutions such as Banks, Building Societies, the Post Office Savings Bank and Credit Unions. DIRT is deducted from a customer's deposit interest regardless of whether or not the customer is actually liable to tax. At the end of the year some account holders, provided they meet certain conditions, are entitled to claim a refund from Revenue of any DIRT deducted during the year.

2. Revised arrangements

The Finance Act 2007 introduced new arrangements that allow you to have any interest earned on money on deposit credited to your savings account by your Financial Institution without deduction of DIRT, where you satisfy certain conditions (outlined at Paragraph 3).

If you meet these conditions, **you can apply directly to your Financial Institution** to have the interest paid without deduction of DIRT.

3. Qualifying conditions

In order to claim exemption from DIRT you must complete a declaration form stating that you or your spouse (if you are married) meet the following conditions:

- ◆ Either you or your spouse (if appropriate) are aged 65 or over when making the declaration
- ◆ Your and your spouse's (if appropriate) total income for the year will be below the relevant annual exemption limit.

The current annual exemption limits are listed in Revenue's information leaflet IT1 - Tax Credits, Reliefs & Rates. This leaflet can be ordered by phoning **LoCall 1890 306 706** available 24 hours a day, 7 days a week, from any Revenue office or on Revenue's website **www.revenue.ie**.

This annual exemption limit may be increased if you have dependent children. A dependent child is defined as one who is:

- ◆ Under 18 years of age, **or**
- ◆ Over 18 years of age and in full-time education, or training full-time as an apprentice where the training is for at least two years, **or**
- ◆ Incapacitated either physically or mentally, having become so before reaching 21 years of age or after reaching the age of 21 but while still in full-time education or while training full-time for a trade or a profession for a minimum of two years.

4. Is your annual income below the relevant exemption limit/question

To determine whether your income is below the relevant threshold you must calculate your total annual income from all sources. The Table below gives some examples of the types of income which might be included in such a calculation (If you are married, this calculation must be based on the combined incomes of both spouses):

Total Income for the Year

Old Age or Widow(er)s Pension (Gross figure)	€	_____
Pension from Employment (Gross figure)	€	_____
Deposit Interest (before DIRT)	€	_____
Other income from savings	€	_____
Net rental income	€	_____
Gross Income	€	_____
*Deduct Payments to Pension Fund	€	_____
Total Income	€	_____

*If you or your spouse are paying an amount of money to a pension fund, this can be deducted from gross income to show total income.

N.B. If your total income exceeds the relevant annual exemption limit by a small amount, these arrangements do not apply to you but you may still be entitled to partial relief after the end of the year (see Paragraph 6- Refund of DIRT).

5. Declaration form

You can apply directly to your Financial Institution to have a DIRT-free account by completing the DEI declaration form. This form is available from all Financial Institutions, from some Citizens' Information Centres, from any Revenue office or by phoning **LoCall 1890 306 706**. A separate declaration form is required for each account that you hold with each Financial Institution.

A joint account will only qualify for the DIRT exemption where the qualifying account holders are husband and wife. If you wish to have a joint account exempted from DIRT, you must provide the full names of the two account holders on the declaration form. Also, joint accounts with more than two account holders will not qualify. The declaration must be signed by the account holder (both persons in the case of joint accounts). It may also be signed by a person who holds power of attorney from the account holder.

Declaration forms may be examined by Revenue to ensure that applicants are eligible for exemption. You can, however, be assured that Revenue will not use the information provided in the declaration form for any purpose other than to ensure that you meet the qualifying conditions.

6. Refund of DIRT

Where your total annual income **marginally** exceeds the annual exemption limit, you may be entitled to a refund of some of the DIRT that is deducted on any interest paid to you. In that event, the deposit interest will not qualify for exemption from DIRT but you can apply to Revenue for a refund of DIRT at the end of the year.

Similarly, if your total income is greater than the exemption limit but your **tax credits** etc. are such that you would be entitled to a partial or full repayment of DIRT, you can apply to Revenue for a refund of DIRT at the end of the year.

In both of these situations the account holder can apply for a refund by completing Form 54D and returning it to their local Revenue office who will determine if any refund is due. This form is also available by phoning **LoCall 1890 306 706**, or from any Revenue office or on Revenue's website **www.revenue.ie**.

7. Changes to the status of a DIRT-free account

In most cases, if you meet the qualifying conditions, the DIRT exemption will continue indefinitely. However, there will be circumstances where the interest on exempt accounts may once more become liable to DIRT. If this occurs you must inform the Financial Institution immediately. Such circumstances would include:

- ◆ Where you or your spouse (if appropriate) no longer qualify because your total income exceeds the relevant exemption limit for the year
- ◆ Where the beneficial ownership of the deposit interest has changed and the new or additional beneficial owner is not your spouse
- ◆ Where your spouse has died and you, the surviving spouse, are under 65 years of age
- ◆ Where you have divorced and you are under 65 years of age

- ◆ Upon the death of a sole account holder. DIRT-free status will cease from the date of formal notification of the death, i.e. the date of receipt of a death certificate
- ◆ Where the Revenue Commissioners withdraw the exemption and notify the Financial Institution accordingly.

N.B. When you complete the declaration form you undertake to notify the Financial Institution if you no longer satisfy any of the conditions for the exemption. It is therefore your responsibility to inform the Financial Institution of any change in your circumstances that will affect your right to have interest paid on your account(s) without deduction of DIRT.

Leaflet DE 1

DIRT-free Deposit Accounts for those aged 65 or over