

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(a) or 3(b)).

If you meet these conditions, **you can apply to Revenue** to have the interest paid without deduction of DIRT.

3(a). Qualifying conditions - Permanently Incapacitated Individuals

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:

- (i) Either you or your spouse (if appropriate) are permanently incapacitated by physical or mental infirmity from maintaining yourself, and
- (ii) You would be entitled to a refund of the entire amount of DIRT deducted by a Financial Institution.

In order to qualify for condition (ii) your total income (including your spouse's if you are married) for the year must 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, or 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.

You will also qualify for condition (ii) if your (and your spouse's) tax credits for the year exceed the tax that would be chargeable on your (and your spouse's) income for the year, and consequently if you (or your spouse) are permanently incapacitated you are entitled to claim exemption from DIRT. Details of the current annual tax credit amounts are also contained in Leaflet IT1.

3(b). Qualifying Conditions - Trustees of Special Trusts for Permanently Incapacitated Individuals

As a trustee of a Special Trust under section 189A of the Taxes Consolidation Act 1997, you can apply for exemption from DIRT, in respect of an account held by you, where the trust was set up exclusively for the benefit of one or more specified permanently incapacitated individuals and the funds of such a trust were obtained by subscriptions from the general public. **The funds in the account must be beneficially owned by the specified permanently incapacitated individual(s).**

4. Is your annual income below the relevant annual exemption limit?

If you fall within the conditions at paragraph 3(a) you will need to determine whether your income is below the relevant threshold. To do this 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

Invalidity Pension or Disability Allowance (Gross figure)	€	_____
Deposit Interest (before DIRT)	€	_____
Dividend income	€	_____
Gross Income	€	_____
*Deduct Payments to Pension Fund	€	_____
Total Income (after deduction)	€	_____

*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.

5. Declaration Form

You can apply to Revenue to have a DIRT-free account by completing the DE2 declaration form. This form is available from some Disability Organisations, 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).

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. Changes to the status of a DIRT exempt account

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

- ◆ Where you or your spouse no longer qualify because your total income (including your spouse's for married couples) exceeds the relevant exemption limit for the current year or where your income for the year exceeds your annual tax credits
- ◆ Where the beneficial ownership (the beneficial owner is the person who is legally entitled to receive the deposit interest) 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 not permanently incapacitated
- ◆ Where you have divorced and you are not permanently incapacitated
- ◆ The death of a sole account holder. DIRT exempt status will cease from the date of formal notification of the death, i.e. the date of receipt of a death certificate.

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

Leaflet DE2

DIRT-free Deposit Accounts for Permanently Incapacitated Individuals and Special Trusts for Permanently Incapacitated Individuals

Revenue Commissioners,
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