

Tax Relief on Nursing Home Fees

Nursing home fees can be a significant cost for a family. Where an occupant of a nursing home has savings, the full cost of a nursing home can apply immediately. With the average cost of a nursing home now being in excess of €1,800 per week. Over a year this can be a substantial cost, coming in at €93,600. At this level most families will utilise their savings in a short space of time.

Tax relief is available for nursing home fees. This relief will be at the marginal rate of tax. A person's marginal rate of tax can be 40%, 20% or zero. The table sets out the net cost, based on the tax payer's marginal rate of tax.

<i>Nursing Home Fees</i>		
	<u>Weekly fee</u>	<u>Annual fee</u>
	€	€
Fees	1,800	93,600
Tax Saving @ 40%	<u>720</u>	<u>37,440</u>
Net cost	<u>1,080</u>	<u>56,160</u>
Fees	1,800	93,600
Tax Saving @ 20%	<u>360</u>	<u>18,720</u>
Net cost	<u>1,440</u>	<u>74,880</u>
Fees	1,800	93,600
Tax Saving @ 0%	<u>0</u>	<u>0</u>
Net cost	<u>1,800</u>	<u>93,600</u>

As can be seen from the table, if the person paying the nursing home fees does not pay any tax or pays tax at the lower rate, the weekly cost is significantly greater. Therefore, if a family member is paying tax at the higher rate and they pay the nursing homes fees, a significant saving can be achieved for the family.

For more information please speak to a member of our tax team.

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