

[05-05-33] Certain benefits payable under Social Welfare Acts – increase for qualified adult

Reviewed January 2016

Introduction

Section 126 of the Taxes Consolidation Act 1997 sets out the tax treatment of various payments under the social welfare code, including payments which, subject to certain conditions, can attract an increase in respect of a qualified adult.

Tax treatment of increase for a qualified adult

The following state pensions paid by the Department of Social Protection (DSP) are taxable sources of income:

- The State Pension (Contributory)
- The State Pension (Transition)
- The State Pension (Non-Contributory)
- The pre-1953 State Pension (Contributory).

Subject to certain conditions, these pensions can attract an increase in respect of a qualified adult (as defined in the Social Welfare Consolidation Act 2005).

Any such increase is, for tax purposes, part of the pension. This is confirmed in section 126(2B) of the Taxes Consolidation Act 1997. As a consequence, the increase does not represent a separate source of income for the qualified adult. Therefore, the PAYE employee tax credit and extended rate band are not available in respect of the increase for a qualified adult to that dependant, or couple/civil partnership if jointly assessed.