

Mortgage Interest Tax Credit

Part 15-01-11B

This document should be read in conjunction with section 473C of the Taxes Consolidation Act 1997

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1 Introduction

The Mortgage Interest Tax Credit (MITC) was announced by the Minister for Finance in Budget 2023. Broadly, the new tax credit is a one-year tax credit for taxpayers who have made mortgage interest payments in respect of a qualifying loan for a principal private residence, where a number of conditions are satisfied.

The relief is available to taxpayers with mortgage balances of between €80,000 and €500,000 as of 31 December 2022. The credit is available in respect of the 2023 tax year only and is based on the increase in interest paid in 2023 over interest paid in 2022. The increase will, subject to a cap of €6,250, qualify for relief at the standard rate of Income Tax (20%). Thus, this equates to a maximum tax credit of €1,250 per property. Only one credit is available per property.

The credit is available in respect of qualifying properties being the sole or main residence of the individual, the individual's former or separated spouse or civil partner or a dependent relative. The definition of qualifying property extends the relief to a residential property used to facilitate the individual's or their spouse or civil partner's attendance at their trade, profession, employment or office holding.

In the case where an individual with a qualifying property dies during the qualifying period and the property is used as the sole or main residence of the individual's widow or widower, surviving civil partner or dependant relative, the property will be treated as a qualifying property for the MITC. The interest paid on a qualifying loan by a personal representative for the deceased individual will be treated as qualifying interest.

2 Definitions

2.1 Credit Information Provider

A qualifying loan for the purposes of the MITC is a loan provided by a qualifying lender listed by the Central Bank of Ireland as a 'credit information provider'. The Central Bank of Ireland publish the list of credit information providers which is updated monthly and is available on the central credit register [website](#).

2.2 Dependant Relative

Dependant Relative is defined in section 466 of the Taxes Consolidation Act 1997.

Broadly, the relative must fall into one of the following categories and the individual must be eligible to claim the dependant relative tax credit in respect of that relative.

- a relative of the claimant, or of the claimant's spouse or civil partner, who is incapacitated by old age or infirmity from maintaining himself/herself,
- the widowed father or widowed mother of the claimant or of the claimant's spouse or civil partner, or a parent of the claimant's civil partner who is a surviving civil partner, whether incapacitated or not.

2.3 Loan

For the purpose of the MITC, a loan means any loan or advance or any other arrangement whatever by virtue of which interest is paid or payable.

2.4 Qualifying loan

A qualifying loan means a loan from a qualifying lender which is used solely for the purchase, repair, development or improvement of the qualifying property or used to pay off another loan or loans used for the same purpose. The loan must be secured by the mortgage or interest in the qualifying property. The amount of the balance remaining unpaid on the loan or loans in respect of that qualifying property on 31 December 2022 is—

- a) not less than €80,000, and
- b) not more than €500,000.

2.5 Qualifying Interest

Qualifying Interest in relation to an individual, means the total amount of interest due in a year of assessment, and paid in that year of assessment, where the interest has been paid in respect of a qualifying loan.

For the purpose of the MITC, qualifying interest paid by a spouse or civil partner is considered qualifying interest of the claimant spouse or civil partner where joint assessment applies. A payment of interest by a personal representative is also a qualifying payment for the relief in certain circumstances outlined below.

2.6 Relievable Interest

Relievable interest is the difference between the qualifying interest paid in 2022 and the qualifying interest paid in 2023.

2.7 Qualifying Property

A qualifying property is a residential property which is used as the sole or main residence of:

- a) the individual,
- b) a former or separated spouse of the individual, or a former civil partner or a civil partner from whom the individual is living separately in circumstances where reconciliation is unlikely, or
- c) a person who, in relation to the individual, is a dependent relative, and which is, where the residential property is provided by the individual, provided rent-free and without any other consideration.

The legislation further extends the definition of qualifying property to include:

- A property that the individual or their spouse or civil partner, resides in to facilitate their attendance at or participation in their trade, profession, employment or office holding.
- A property which was owned by an individual and the individual dies during the qualifying period. If the residential property is used as the sole or main residence of the deceased individual's widow or widower or surviving civil partner, or of any dependent relative of the deceased, the property will be treated as a qualifying property for the MITC. The interest paid on a qualifying loan by a personal representative of that individual shall be treated as qualifying interest.

2.8 Residential Property

A qualifying residential property for the MITC is:

- a) a building or part of a building located in the State which is used or suitable for use as a dwelling, and
- b) adjoining land which the occupier of the building or part of the building, has for his or her own occupation and enjoyment with that building or part of that building as its gardens or grounds of an ornamental nature.

2.9 Specified Amount

For the year of assessment the specified amount means the lesser of:

- a) an amount equal to the relievable interest, and
- b) the upper limit €6,250, or where two or more individuals are entitled to the relief the amount of the upper limit that is apportioned to them based on the amount of their individual interest paid and having regard to the length of time that interest was paid during 2023 and 2022.

3 Claim Conditions

3.1 Property is claimant's principal private residence

An individual will be entitled to claim the MITC for the 2023 tax year where he or she:

- paid interest on a qualifying loan in the years 2022 and 2023,
- the interest on the qualifying loan increased from 2022 to 2023,
- the outstanding mortgage balance on 31 December 2022 was between €80,000 and €500,000,
- the property (situated in the State) was his or her principal private residence, and,
- Local Property Tax obligations in respect of that property are satisfied.

Example 1

Ivan bought a house in 2021 and has since used it as his principal private residence. He has a mortgage which is a qualifying loan for the full years 2022 and 2023 and the property is in compliance with LPT obligations. At 31 December 2022, he has an outstanding mortgage balance of €320,000. Ivan fulfils all of the qualifying conditions and can claim the MITC on the increase in the interest paid on the qualifying loan in 2023 compared to the interest paid in 2022, subject to a cap of €6,250.

Example 2

David and Stacey bought an apartment in 2016 and have since used the property as their principal private residence. They are not married and contribute in equal amounts to the mortgage. The mortgage on the property is a qualifying loan and applies for all of 2022 and 2023. At 31 December 2022, the outstanding mortgage on the property is €145,000 and all LPT requirements have been satisfied. If there has been an increase in the amount of interest paid in 2023 compared to the interest paid in 2022 David and Stacey will each be eligible to claim the MITC, subject to a cap of €6,250 (that applies on a per property basis).

3.2 Property is the principal private residence of a dependant relative

The MITC may be available where an individual is paying interest on a qualifying loan on a property used as a principal private residence by a dependant relative. The individual must however be eligible to claim the dependant relative tax credit in respect of that dependant relative.

The dependant relative must fall into one of the following categories (as set out in section 466 TCA 1997):

- a relative of the claimant, or of the claimant's spouse or civil partner, who is incapacitated by old age or infirmity from maintaining himself or herself,

- the widowed father or widowed mother of the claimant or of the claimant's spouse or civil partner, or a parent of the claimant's civil partner who is a surviving civil partner, whether incapacitated or not.

The general conditions set out in section 3.1 above must also apply for an individual to be eligible to claim the MITC.

Example 3

Clodagh's uncle Stephen is 85 and she qualifies for the dependant relative tax credit in respect of Stephen.

Stephen lives in a small house, which Clodagh owns and pays the mortgage. Clodagh also maintains Stephen financially and does not charge him any rent. The mortgage was in place for all of 2022 and 2023. The interest on the mortgage increased from €5,000 per annum in 2022 to €7,000 per annum in 2023. At 31 December 2022, the house had an outstanding mortgage of €95,000 and all LPT requirements are satisfied.

Clodagh is eligible to claim the MITC in respect of the loan on Stephen's principal private residence. In this case the cap of €6,250 is not reached so the relief for 2023 will be calculated based on the €2,000 increase in the mortgage interest amount.

3.3 Property is the principal private residence of a separated spouse

The MITC may be available in cases where an individual is making payments on a qualifying loan on a property used by the individual's former or separated spouse or civil partner.

The general conditions set out in 3.1 above must also apply for an individual to be eligible to claim the MITC.

Example 4

Edward and Bella are a married couple who separated in 2022. Bella continued to reside in the apartment the couple shared following the separation. Edward paid the mortgage entirely for 2022 and 2023.

Assuming all other conditions of the relief are satisfied, Edward will be entitled to claim the MITC for 2023 in respect of the property Bella resides in.

3.4 Property used for attendance at employment

The MITC may be available in cases where a residential property is used to facilitate the individual's or their spouse or civil partner's attendance at their trade, profession, employment or office holding.

The general conditions set out in 3.1 above must also apply for an individual to be eligible to claim the credit.

Example 5

Ken and Laura are a jointly assessed married couple who live in Galway. Laura works in Dublin and purchased an apartment in 2021 in Dublin to stay in Monday to Thursday to facilitate her attendance at her employment.

Assuming all other conditions of the relief are satisfied, Laura will be entitled to claim the MITC for 2023 in respect of the Dublin property.

3.5 Death of property owner

When an individual who is the owner of a qualifying property dies during the qualifying period the property may remain a qualifying property for MITC purposes.

If the property is used as the sole or main residence of the individuals widow or widower, surviving civil partner or dependant relative the property will be treated as a qualifying property. The interest paid on a mortgage by the deceased's personal representative will be treated as qualifying interest for MITC purposes.

Example 6

Keith and Kevin are civil partners who have a qualifying mortgage on their principal private residence in Cork. Keith pays the mortgage on the property. Keith dies in July 2023 and for the remainder of 2023 the mortgage is paid by his personal representative of his estate.

Assuming all other conditions of the relief are satisfied, the MITC for 2023 will be available in respect of a claim by Kevin for the Cork property.

4 Exclusions

4.1 Local Property Tax

All Local Property Tax (LPT) obligations must be satisfied in order for the property to be a qualifying property for the MITC. If a property is exempt from LPT and this exemption has been claimed, it remains a qualifying property for the purpose of the MITC.

Example 7

Karen has not filed her LPT return for 2023 and has not paid the LPT due in respect of her principal private residence. Karen's principal private residence will not be a qualifying property for the purposes of the MITC and therefore not eligible for relief in 2023.

4.2 Planning Permission

The residential property must be compliant with the provisions of any permission required under the Planning and Development Acts 2000 to 2022 that was granted on or before 31 December 2022.

If the property is not compliant with planning permission the property is not a qualifying property for the purposes of the MITC.

4.3 Property acquired from a connected person

If the residential property was acquired from an individual who is a connected party and it appears that the purchase price of the residential property substantially exceeds the market value of the property then the property will not be a qualifying property for the purposes of the MITC.

A connected party is defined in [Section 10](#) of the Taxes Consolidation Act 1997.

4.4 Members of the Oireachtas

The MITC is not available in respect of a residential property where a payment is received in respect of that property to which section 836 TCA (Allowances for expenses of members of Oireachtas) applies.

5 Value of the credit

5.1 General Rules

Depending on the particular circumstances, the calculation may be complex but Revenue's systems have been developed to calculate the MITC. For example, complexity may arise where interest was paid for part of a year and or where there are multiple claimants in respect of the same property.

The maximum value of the MITC is €1,250 per qualifying property. The credit is available in respect of the 2023 tax year only and is based on the increase in interest paid in 2023 over interest paid in 2022. The increase will, subject to a cap of €6,250, qualify for relief at the standard rate of Income Tax (20%).

The increase in interest paid is calculated using the formula:

$$A - B$$

Where-

A is the qualifying interest paid in respect of 2023, and

B is the qualifying interest paid in respect of 2022

Where an interest payment is made which relates to more than one year of assessment the amount of interest must be apportioned to the proper year.

Example 8

John has a qualifying loan on a property. On 31 December 2022, John had an outstanding mortgage balance of €200,000. John's loan was in place for all of 2022 and 2023. In 2023, John paid €12,000 in interest on his qualifying loan. In 2022 John paid €9,000 in interest on his qualifying loan.

John's MITC	
John's 2023 Interest paid (A)	€12,000
John's 2022 Interest paid (B)	€9,000
A-B	€3,000
MITC at 20%	€600

5.2 Apportionment of relief

5.2.1 Interest Paid for less than a full year

Where interest has been paid for less than a full year in 2022 and/or 2023, an adjustment is required so that a period of equivalence is ascertained. An adjustment is required to the upper limit/cap in these scenarios also. The adjustment results in a

reduction of the upper limit/cap and the maximum tax credit of €1,250 to reflect the periods for which interest is paid.

Example 9

Sarah has a qualifying mortgage. Sarah had the loan for all of 2022 and paid it off on 30 June 2023. Sarah paid €6,000 interest in 2022 and €4,000 interest in 2023.

As the time frames for 2022 and 2023 are not the same, the interest paid in the longer period must be adjusted to match the shorter period. The adjusted figure is used to calculate the tax relief available.

The legislation provides a formula to calculate the qualifying interest.

Where 2022 has less days of interest paid in the year than 2023 the following formula is used to apportion the 2023 interest paid to reflect the shorter time period for a fair comparison.

$$A \times D/E$$

Where 2023 has less days of interest paid in the year than 2022 the following formula is used to apportion the 2022 interest.

$$B \times D/E$$

Where-

A is the qualifying interest paid in respect of 2023

B is the qualifying interest paid in respect of 2022

D is the number of days in the year of assessment with the lesser number of days, and

E is the number of days in the year of assessment with the greatest number of days.

As outlined above, Revenue systems will perform all required calculations once provided with the relevant information and will calculate the relief due. However, for completeness, worked examples of the calculations are included at example 1 and 2 of Appendix 2.

5.2.2 More than one claimant

Only one tax credit is available per property. Where there is more than one eligible claimant on a property the tax credit must be apportioned between the individuals.

Broadly, the relief is split based on the proportion of each individual's payment of interest taking into account the period for which that interest was due and paid in respect of 2022 and 2023.

Example 10

Anne and Declan have a qualifying loan. Anne pays interest on the loan for all of 2022 and 2023. However, Declan only pays interest on the loan for 181 days in 2022 and 151 days in 2023.

As Declan's respective periods of payment differ the qualifying interest will need to be apportioned so that his longer period of interest (2022) is reduced to reflect his shorter period (2023) for comparative purposes when carrying out the calculation. Also, an adjustment to the cap will also be required.

6 The Upper limit

The upper limit/cap is the maximum amount of relievable interest available in respect of a qualifying property. The upper limit means €6,250 or where there is less than a full year's interest paid in a year of assessment, the amount is apportioned to reflect the lesser time period.

The legislation provides formulas to adjust the upper limit/cap where there is less than full year of interest paid in any year of assessment.

6.1 One Claimant

Where either year of assessment has less than a full year's interest paid and the other year has a full year's interest paid, the following formula is applied to apportion the upper limit:

$$F \times G/H$$

Where both years of assessment have less than a full year's interest paid, the upper limit is apportioned using the following formula:

$$F \times I/J$$

Where

F is the upper limit

G is the number of days in the year with the lesser number of days

H is the number of days in the year with the greater number of days

I is the number of days in the year with the lesser number of days

J is 365 days

Example 11

Sylvia has a qualifying loan on which she paid interest in 2022 and 2023. Sylvia paid €6,000 in interest in 2022 for the full year (365 days). In 2023 she paid interest of €4,000 for 6 months (180 days). As Sylvia did not pay interest for all of 2023 the upper limit needs to be apportioned.

Sylvia's upper limit calculation:

F = Upper Limit	€6,250
G = days in year with lesser number of days	180
H = days in year with greater number of days	365
F x G/H	€6,250 X 180/365
Sylvia's apportioned upper limit	€3,082

Sylvia's interest paid in 2022 will also be apportioned to reflect the lesser number of days interest paid in 2023.

6.2 More than one claimant

Where there is more than one claimant, the upper limit must be apportioned between the parties based on the relievable interest that has been paid by each individual. The legislation provides a formula for proration of the upper limit where there is more than one claimant. The apportionment is calculated using the following formula:

$$K \times L/M$$

Where-

K is the upper limit

L is the relievable interest for an individual

M is the relievable interest for all individuals on the same qualifying property

Example 12

Anna and Elsa have a qualifying loan in 2022 and 2023. The total amount of relievable interest for a full year (365 days) each, paid on the loan was €12,000. Of this €12,000, €7,500 related to Anna and €4,500 related to Elsa.

Anna's upper limit

K = the upper limit €6,250

L = Anna's relievable interest €7,500

M = the total relievable interest on the property €12,000

K x L/M €3,906

Anna's adjusted upper limit €3,906

Elsa's upper limit

K = the upper limit €6,250

L = Elsa's relievable interest €4,500

M = the total relievable interest on the property €12,000

K x L/M €2,344

Elsa's adjusted upper limit €2,344

Example 3 and 4 in Appendix 2 contain worked examples of the upper limit adjustment for two claimants in a scenario where interest was paid for less than the full calendar year.

7 Claiming the Credit

7.1 Supporting Documents


In order to claim the MITC for the 2023 tax year, the individual must file an Income Tax Return. **It is anticipated that the Income Tax Return to facilitate the MITC claim will be available from late January 2024.**

In order to claim the MITC the claimant must submit the following documents at the time the claim is made:

- Certificate of Mortgage Interest 2022,
- Certificate of Mortgage Interest 2023, and
- Confirmation of mortgage balance at 31 December 2022.

The documents can be uploaded through Revenue's online services.

- For PAYE employees, those filing a Form 12, the documents can be uploaded via the 'Upload Supporting Documents' service which can be accessed through myAccount under the 'Manage My Record' card.

Manage My Record


Manage My Record: a range of services to manage and update your record and make enquiries.

[Learn more](#)

<p>My Profile</p> <p>My Enquiries</p> <p>Receipts Tracker</p> <p>My Documents</p> <p>Letter of Tax Residence</p> <div style="border: 2px solid black; padding: 2px; display: inline-block;">Upload Supporting Documents</div> <p>Capital Gains Clearance</p> <p>Registration Status Letter</p>	<p>Tax Registrations</p> <p>Trust Register Functions</p> <p>Tax Clearance</p> <p>Update Bank Details for PAYE Refunds</p> <p>Update Civil Status</p> <p>VAT Number Verification</p> <p>Manage Professional Services</p> <p>Withholding Tax</p> <p>Manage Non-resident Landlord Withholding Tax</p>
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Figure 1 Upload Supporting Documents on 'Manage My Record' card in myAccount

- For chargeable persons, those filing a Form 11, the documents can be uploaded through ROS using the 'Upload Supporting Documents' service. This will be available through ROS under the 'Other Services' section.

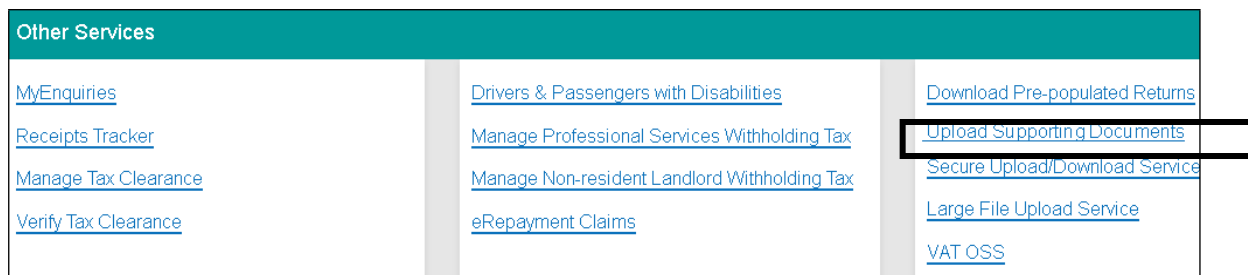


Figure 2 Upload Supporting Documents under 'Other Services' links in ROS

7.2 Claiming as a PAYE taxpayer

A PAYE taxpayer can claim the MITC for 2023 by completing an Income Tax Return in myAccount. To note, the three documents specified in section 7.1 are required as part of the claims process.

To claim the credit and complete an Income Tax Return, the following steps are required:

- Sign into myAccount.
- Click on 'Review your Tax 2020-2023' in the 'PAYE Services' section.
- Select 2023 from Tax Year drop down menu
- Request a 'Statement of Liability' for 2023.
- Click on 'Complete your Income Tax Return'.
- In the 'Tax Credits & Reliefs' page select 'You and your family' and click on 'Mortgage Interest Tax Credit'.
- Work through the claim process.
- Submit the Income Tax Return.

7.3 Claiming as a self-assessed taxpayer

A self-assessed taxpayer can claim the MITC for 2023 by submitting a Form 11 2023 return. To note, the three documents specified in section 7.1 are required as part of the claims process.

To claim the credit, and complete an Income Tax Return, the following steps are required:

- Log into ROS.
- On the 'My Services' tab.
- Under 'File a Return' click on 'Complete a Form Online'¹

- From the dropdown menus select 'Income Tax' and 'Form 11' and click 'File Return'.
- Select the tax year (period end) for the year you wish to file a return; which is 2023 for this credit. On the 'Personal Tax Credits' panel, click on the link for the 'Mortgage Interest Tax Credit' and enter the information requested.

Personal Tax Credits	
(Claim for tax credits, allowances, reliefs and health expenses)	
✓ Personal Details	Help Section
Self-Employed Income	
Irish Rental Income	<p>Please Choose from the following tax credits:</p> <ul style="list-style-type: none"> - Approved Sports Bodies - Blind Persons Tax Credit - Claim for Guide Dog - Assistant Dog Tax Credit - Dependent Relative Tax Credit - Earned Income Credit - Employee Tax Credits - Employing a Carer Credit - Home Renovation Incentive (HRI) - Rent Tax Credit - Fisher Tax Credit - Incapacitated Child Tax Credit - Medical Insurance Relief - Mortgage Interest Tax Credit - Nursing Home Expenses - 'Other' Health Expenses - Owner Occupier Relief - Permanent Health Benefit - Personal Tax Credit - Seafarer's Allowance - Sea Going Naval Personnel Credit - Start up Relief (SURE) - Employment Investment Incentive (EII) - Start-up Capital Incentive (SCI) - Stay and Spend Tax Credit - Tuition Fees - Year of Marriage/Registration of a Civil Partnership Review
✓ PAYE/BIK/Pensions (1)	
✓ PAYE/BIK/Pensions (2)	
Foreign Income	
Irish Other Income	
Exempt Income	
Charges & Deductions	
✓ Personal Tax Credits	
Restriction of Reliefs	
Calculate	
Capital Gains	
Chargeable Assets	

Figure 3 Mortgage Interest Tax Credit on the 'Personal Tax Credits' panel

¹ Use 'Upload Form(s) Completed Offline' if you have saved a version of your 2023 return in the Return Preparation Facility.

8 Appendix 1 - Information Required

Documents to be submitted when making the claim:

- Certificate of Mortgage Interest 2022,
- Certificate of Mortgage Interest 2023, and
- Confirmation of mortgage balance at 31 December 2022

Claimant information:

- Name
- Address
- PPS number
- Address and LPT number of the qualifying property
- Eircode will be requested but only mandatory if there is no LPT number available

If the property is used by a claimant's former or separated spouse or civil partner or a dependent relative, the information must be provided in respect of the separated spouse, civil partner or dependant relative.

- Name
- PPS Number
- Address and LPT number of the qualifying property
- Eircode will be requested but only mandatory if there is no LPT number available

9 Appendix 2 - Worked Examples

Example 1. Single person – one year Less than 365 Days

Paul had a qualifying loan. He paid interest on the loan for 365 days in 2022. Paul finished the loan repayments in 2023 and only paid interest for 200 days in 2023.

Paul's interest for 2022 was €4,500 and his interest was €5,000 for 2023.

As Paul did not pay a full year's interest in 2023 the qualifying interest has to be adjusted to reflect this. This is done by adjusting the qualifying interest for 2022 to reflect the period with the lesser number of days, being 200 days in 2022.

Paul's qualifying interest remains at €5,000 for 2023. For 2022 the amount paid is €4,500. To adjust this amount, it is required to multiply €4,500 by the number of days in the shorter period, 200, divided by the days in the longer period, 365.

The following formula used for this purpose:

$$B \times D/E$$

B = Interest for the year 2022 - €4,500

D = Number of days in the year of assessment with lesser number of days - 200

E = Number of days in the year of assessment with the greater number of days - 365

$$€4,500 \times 200/365 = €2,466$$

The amount of relievable interest is calculated by deducting the qualifying interest for 2022, A, from the qualifying interest for 2023, B.

$$A-B$$

$$€5,000 - €2,466 = €2,534$$

The relievable interest as calculated above is subject to a cap of €6,250 where for a full year of assessment or apportioned where for less than a full year of assessment.

As Paul's qualifying interest for 2023 was paid for less than the full year of assessment an apportionment to the cap is required.

The cap is calculated by the formula:

$$F \times G/H$$

F = €6,250

G = Number of days in the year of assessment with lesser number of days - 200

H = Number of days in the year of assessment with the greater number of days - 365

$$€6,250 \times 200/365 = €3,245$$

To determine the amount of the relief available to Paul, it is necessary to first ascertain the lower of the relievable interest figure and the cap amount. Paul's relievable interest was €2,534, which is the lower figure (i.e. €2,534 vs €3,245) and the amount on which relief is due.

To calculate Paul's maximum credit available, relief is applied at the standard rate of Income Tax (20%) to the above.

€2,534 @ 20% = €507

Thus, the MITC available to Paul is €507.

Example 2. Single person – both years less than 365 days

Richard had a qualifying loan. Richard paid €3,500 of interest on the loan for 300 days in 2022 and €5,000 of interest on the loan for 200 days in 2023.

As Richard did not pay a full year's interest in 2023 or 2022 the qualifying interest must be adjusted for the purposes of the calculation. This is achieved by adjusting the qualifying interest for the period with the greater number of days, being 300 days in 2022.

For 2022 the amount paid is €3,500. To adjust this amount, it is required to multiply by the number of days in the shorter period, 200, divided by the number of days in the longer period, 300.

The following formula is used for this purpose:

$$B \times D/E$$

B = Interest paid in 2022 - €3,500

D = Number of days in the year of assessment with lesser number of days - 200

E = Number of days in the year of assessment with the greater number of days - 300

$$€3,500 \times 200/300 = \mathbf{€2,333}$$

The amount of relievable interest is calculated by deducting the qualifying interest for 2022, A, from the qualifying interest for 2023, B.

$$A-B$$

$$€5,000 - €2,333 = \mathbf{€2,667}$$

The relievable interest as calculated above is subject to a cap of €6,250 where for a full year of assessment or apportioned where interest is paid for less than a full year of assessment. As Richards's qualifying interest for 2023 and 2022 was paid for less than the full years of assessment, an adjustment to the cap of €6,250 is required.

The cap adjustment is calculated by the formula:

$$F \times I/J$$

F = €6,250

I = Number of days in the year of assessment with lesser number of days -200

J = 365 days

$$€6,250 \times 200/365 = \mathbf{€3,425}$$

To determine the amount of relief available to Richard, it is necessary to first ascertain the lower of the relievable interest figure and the (adjusted) cap amount. Richard's relievable interest was €2,667 which is the lower figure (i.e. €2,667 vs €3,425) and the amount on which relief is due.

To calculate Richards's maximum credit available, we apply the standard rate of Income Tax (20%) to the figure above.

$$€2,667 @ 20\% = \mathbf{€533}$$

Thus, the MITC available to Richard is €533.

Example 3. Two Persons – Both with different periods in both years

Ben and Noah have a qualifying loan on one property. The days and interest paid for 2022 and 2023 are in the following table.

	2023 Days of Interest	2023 Amount of Interest Paid	2022 Days of Interest	2022 Amount of Interest Paid
Ben	365	€10,000	30	€500
Noah	300	€12,000	180	€4,000

As Ben and Noah paid interest in respect of different periods in each year, the amount of qualifying interest must be adjusted to reflect this.

2022

As 2022 is the shorter period of interest paid for both Ben and Noah, the amounts of interest paid, €500 and €4,000, remain the qualifying interest payments for that year.

2023

In 2023 Ben pays interest of €10,000 in respect of the period of 365 days. This interest must be adjusted to reflect the shorter period of 30 days in 2022. This is achieved using the formula:

$$A \times D/E$$

A = Interest paid in 2023 - €10,000

D = Number of days in the year of assessment with lesser number of days - 30

E = Number of days in the year of assessment with the greater number of days - 365

$$€10,000 \times 30/365 = €822$$

In 2023, Noah pays interest of €12,000 in respect of the period of 300 days. This interest has to be adjusted to reflect the shorter period of 180 days in 2022. This is achieved using the formula:

$$A \times D/E$$

A = Interest paid in 2023 - €12,000

D = Number of days in the year of assessment with lesser number of days - 180

E = Number of days in the year of assessment with the greater number of days - 300

$$€12,000 \times 180/300 = €7,200$$

After the calculations the adjusted qualifying interest is as follows:

	2023 Adjusted Interest	2022 Qualifying Interest Paid
Ben	€822	€500
Noah	€7,200	€4,000

The amount of relievable interest is calculated by deducting the qualifying interest for 2022, A, from the qualifying interest for 2023, B.

A-B

Ben

$$€822 - €500 = €322$$

Noah

$$€7,200 - €4,000 = €3,200$$

Total relievable interest is **€3,522**

As Ben and Noah paid their interest over different periods not being all full years, an adjustment to the cap is required. The cap is then further apportioned based on the interest paid by each of them.

Ben

The cap is apportioned by the formula:

F X G/H

$$F = €6,250$$

G = Number of days in the year of assessment with lesser number of days - 30

H = Number of days in the year of assessment with the greater number of days – 365

$$€6,250 \times 30/365 = €514$$

The cap is apportioned to Ben by applying the formula:

K x L/M

K = the time apportioned cap from above - 514

L = the relievable interest for the individual (Ben) - 322

M = the relievable interest for all individuals for the same property (Ben & Noah) - 3522

$$\text{Cap for Ben} = \mathbf{€47}$$

Noah

Noah did not pay interest for the full year of assessment also, but the formula used to calculate the cap is slightly different to the one used for Ben as neither year was a full year.

F X I/J

$$F = €6,250$$

I = Number of days in the year of assessment with lesser number of days - 180

J = 365 days

$$€6,250 \times 180/365 = €3,082$$

The cap is apportioned to Noah by applying the formula:

$$K \times L/M$$

K =the time apportioned cap from above - 3082

L =the relievable interest for the individual (Noah) - 3200

M =the relievable interest for all individuals for the same property (Ben & Noah) - 3522

Cap for Noah = **€2,800**

To determine the amount of relief available to Ben and Noah it is necessary to calculate the lower of the relievable interest figure and the (adjusted) cap amount.

Ben's cap amount of €47 was the lower figure.

Noah's cap amount of €2,800 was the lower figure.

To calculate Ben and Noah's maximum credit available, the standard rate of Income Tax of 20% is applied to the figures above.

Ben

$$€47 @ 20\% = €9$$

Noah

$$€2,800 @ 20\% = €560$$

Thus, the MITC available is €9 for Ben and €560 for Noah.

Example 4. Two Persons – No full year of assessment

Monica and Jennifer have a qualifying loan on one property. The days and interest paid for 2022 and 2023 are in the following table.

	2023 Days of Interest	2023 Amount of Interest Paid	2022 Days of Interest	2022 Amount of Interest Paid
Monica	100	€4,000	300	€1,000
Jennifer	250	€5,500	200	€2,500

As Monica and Jennifer paid interest in respect of different periods in each year the amount of qualifying interest must be time apportioned to reflect this. The cap is then further apportioned based on the interest paid by each of them.

2022Monica

In 2022, Monica pays interest of €1,000 in respect of the period of 300 days. This interest has to be time apportioned to reflect the shorter period of 100 days in 2022. This is done using the formula:

$$B \times D/E$$

B = Interest paid in 2022 - €1,000

D = Number of days in the year of assessment with lesser number of days - 100

E = Number of days in the year of assessment with the greater number of days

$$1,000 \times 100/300 = €333$$

Jennifer

As 2022 is the shorter period of interest paid for Jennifer, the amount of interest she paid, €2,500, remains her qualifying interest payment for that year.

2023Monica

As 2023 is the shorter period of interest paid for Monica the amount of interest she paid, €4,000, remains her qualifying interest payment for that year.

Jennifer

In 2023, Jennifer pays interest of €5,500 in respect of the period of 250 days. This interest has to be time apportioned to reflect the shorter period of 200 days in 2022. This is achieved using the formula:

$$A \times D/E$$

A = Interest paid in 2023 - €5,500

D = Number of days in the year of assessment with lesser number of days - 200

E = Number of days in the year of assessment with the greater number of days - 250

$$€5,500 \times 200/250 = €4,400$$

After the calculations the adjusted interest is shown in the below table in bold.

	2023 Interest Paid	2022 Interest Paid
Monica	€4,000	€333
Jennifer	€4,400	€2,500

The amount of relievable interest is calculated by deducting the qualifying interest for 2022, A, from the qualifying interest for 2023, B.

A-B

Monica

$$4,000 - 333 = €3,667$$

Jennifer

$$4,400 - 2,500 = €1,900$$

Total relievable interest is €5,567

As Monica and Jennifer paid their interest over different periods not being full years, the cap must be adjusted. To calculate the cap their individual upper limit must be first ascertained.

Monica

The cap is time apportioned by the formula:

$$F \times I/J$$

$$F = €6,250$$

G = Number of days in the year of assessment with lesser number of days - 100

J = 365 Days

$$€6,250 \times 100/365 = €1,712$$

The cap is apportioned to Monica by applying the formula:

$$K \times L/M$$

K = the time apportioned cap from above – 1,712

L = the relievable interest for the individual (Monica) – 3,667

M = the relievable interest for all individuals for the same property (Monica & Jennifer) – 5,567

Cap for Monica = €1,128

Jennifer

Jennifer's qualifying interest for 2022 and 2023 was paid for less than the full years of assessment so we apply a cap to her relief.

F X I/J

F = €6,250

I = Number of days in the year of assessment with lesser number of days -200

J = 365 days

€6,250 X 200/365 = €3,425

The cap is apportioned to Jennifer by applying the formula:

K x L/M

K = the time apportioned cap from above – 3,425

L = the relievable interest for the individual (Jennifer) – 1,900

M = the relievable interest for all individuals for the same property (Monica & Jennifer) – 5,567

Cap for Jennifer = **€1,169**

To determine the amount of relief available to Monica and Jennifer the lower of the relievable interest and the cap amount is required.

Monica's cap amount of €1,128 was the lower figure.

Jennifer's cap amount of €1,169 was the lower figure.

To calculate Monica and Jennifer's maximum credit available, the standard rate of Income Tax at 20% is applied to the figure from above.

Monica

€1,128 @ 20% = €226

Jennifer

€1,169 @ 20% = €234

Thus, the MITC is available is €226 for Monica and €234 for Jennifer.