

Taxation of Maternity Benefit, Paternity Benefit, Parent's Benefit, Adoptive Benefit and Health and Safety Benefit

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1. Introduction

Section 126(2A) of the Taxes Consolidation Act (TCA) 1997, as amended, provides that the following benefits payable by the Department of Social Protection (DSP) are chargeable to income tax:

- Maternity Benefit
- Paternity Benefit
- Parent's Benefit
- Adoptive Benefit
- Health and Safety Benefit

2. Benefits

Maternity Benefit is a payment to an employed or self-employed woman who is on maternity leave from work and who satisfies the relevant PRSI contribution conditions.

Paternity Benefit is a payment to an employed or self-employed individual who is on paternity leave from work and who satisfies the relevant PRSI contribution conditions. It is paid in respect of births and adoptions which occur on or after 1 September 2016.

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[...]

Parent's Benefit is a payment to an employed or self-employed individual who is on parent's leave from work and who satisfies the relevant PRSI contribution conditions. It is paid in respect of any child born or adopted on or after 1 November 2019. This benefit is in addition to existing maternity benefit and paternity benefit. Parent's Benefit can be paid for either two consecutive weeks or two separate weeks within the first year of the child's life.

Adoptive Benefit is a payment to employed or self-employed individuals adopting a child and who satisfy the relevant PRSI contribution conditions. Adoptive Benefit is paid for a continuous period of 24 weeks from the date of placement of a child.

Health and Safety Benefit is a weekly payment for women who are granted health and safety leave under the Maternity Protection Act 1994. Health and safety leave is granted to an employee, where the employer cannot remove a risk to the employee's health or safety during pregnancy or while breastfeeding or cannot give the employee other 'risk-free' duties.

3. The Charging of Income Tax

The charging of income tax on the benefits referred to above commenced –

- (a) in the case of maternity benefit, adoptive benefit and health and safety benefit, from 1 July 2013 by virtue of Section 126 TCA 1997, as amended by Section 8 of Finance Act 2013;
- (b) in the case of paternity benefit, from 1 September 2016 by virtue of Section 126 TCA 1997, as amended by Section 36 Paternity Leave and Benefit Act 2016, and
- (c) in the case of parent's benefit, from 1 November 2019, by virtue of Section 126 TCA 1997, as amended by Section 37 Parent's Leave and Benefit Act 2019.

These benefits are exempt from PRSI and the Universal Social Charge.

4. Method of applying taxation

In PAYE cases, the employer will not be required to include the benefit as part of pay for PAYE purposes. Instead, where possible, Revenue will collect the tax due on this income by adjusting the tax credits and standard rate band in respect of recipients and issuing a revised Revenue Payroll Notification to the employer. The adjustment to the tax credits and standard rate bands will be the main method of taxing these benefits.

In the case of self-employed individuals, any maternity benefit, adoptive benefit and health and safety benefit received from 1 July 2013, or any paternity benefit received on or after 1 September 2016, or any parent's benefit received on or after the 1 November 2019 should be returned as taxable social welfare income.

Further information on the taxation of these benefits is available on our website at [Taxation of Welfare Benefits](#).