

## Host Families

**The following frequently asked questions regarding the tax treatment of income from student hosting are intended to provide a reply to the most common difficulties. If you cannot find a satisfactory reply to your particular question, please contact Taxpayer Service on 2296 2296.**

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### **1. How is income from student hosting taxed?**

The taxation of income from student hosting has changed as from the basis year 2005 onwards. The method is as follows:

- add up all payments received from the language school/s;
- deduct €2330;
- multiply the result by 35% (i.e. allowing 65% expenses);
- the result is the net profit derived from this source.

### **2. Can you give me an example?**

Example: During 2005 I received €8,000 from school A and €3,500 from school B, totalling €11,500. When I deduct €2,330 and multiply the result by 35% I get a net profit of €3,209.

### **3. Do I have to declare it on my tax return?**

Yes, the profit from student hosting must be declared in box 2 of your tax return. You are to attach the statement provided by the language school/s showing the total payments made for the year.

Where such activity is carried out on a part-time basis, the profit is to be declared on form TA22. Your statement from the language school will have to be attached to form TA22. See question 7 regarding part-time.

### **4. Is there a deadline for the submission of the tax return?**

Tax returns must be filed by 30th June of the following year. In the case of part-time income the deadline (for filing and payment) is 15 February of the following year.

## **5. Will IRD know what I should be declaring as net profit from student hosting?**

Yes, the department will have full information from the language schools regarding payments made to you and will be in a position to check your declarations.

## **6. Can I have my hosting income taxed separately?**

In the case of a married couple, if such income is derived by the responsible spouse, then it is to be declared by the responsible spouse.

If, however, such income is derived by the other spouse:

- you may either have the other spouse's hosting income taxed according to the joint tax computation – in which case the applicable rates will be those of a married couple; or
- you may have the other spouse's hosting income taxed according to the separate tax computation, in which case the applicable rates to *both* spouses will be those of a single person.

## **7. Can I treat my hosting income as part-time work?**

To qualify under the Part-time work Rules, one must satisfy a number of conditions. The most basic condition is that one must have a full-time employment or pension.

Having satisfied this condition then one may benefit from the special fixed rate of 15% on the first €7,000 net profit from his part-time student hosting. Any excess will have to be declared on the annual tax return. If you wish to know the other conditions you are advised to consult the Part-time Work Rules, 1996.

Example: Total hosting income during the year was €9,500. Deduct €2,330 and multiply result by 35% = net profit €2509. Tax at 15% = €376. Form TA22 together the statement received from the registered language school and the payment is to reach the department by 15 February of the following year.

## **8. Can I benefit from the 15% rate if such activity is carried out on a part-time basis by my spouse?**

Provided you satisfy the basic condition mentioned in the previous question, the income earned by your spouse may be taxed at 15%. In other words, if you are a pensioner or in full employment, you may apply the 15% rate on your spouse's income from hosting (up to a maximum of €7,000). To be sure that you qualify for the 15% rate, you are again advised to consult the Part-time Work Rules, 1996 or consult the Department's website.