

## **[31.1.2] Income covenanted by members of Religious Communities in favour of other members of that Community**

**Reviewed May 2017**

In a judgement given on 19 December 1984 in the case of *Revenue Commissioners v. HI (III ITR 242)*, the High Court decided that a deed of covenant is effective if the income is applicable for the benefit of an individual.

Accordingly, if income is received by a religious community for the benefit of a member of that community, the deed of covenant is effective.

If the amount covenanted to a member of a religious community does not exceed the cost to the religious community of maintaining the individual, it may be accepted that the income is applied for the benefit of that individual.

The individual may then claim repayment of the tax deducted from the income.

The tax relief is subject to the rules set out in Chapter 1, Part 31 of the Taxes Consolidation Act 1997.