



Irish Association for Counselling and Psychotherapy

Pre-Budget Submission

July 2024



The IACP is seeking the following from Budget 2025



VAT Exemption for Counselling and Psychotherapy Services

Provides equitable treatment of mental health professionals and improves access to essential mental health supports by reducing the cost of therapy.



Tax Relief Fairness

Expand tax relief for counselling and psychotherapy to be deemed an eligible expense in line with other health services.



School Counselling Expansion

Provide all primary and secondary students access to counselling services in schools.





The Irish Association for Counselling and Psychotherapy Pre-Budget Submission - July 2024

The Irish Association for Counselling and Psychotherapy was established in 1981 to identify, develop and maintain professional standards of excellence in counselling and psychotherapy. Our work promotes best practice and the development of the profession.

The IACP represents more than 6,000 members based in communities nationwide and is the largest counselling and psychotherapy association in Ireland.

The IACP is calling on the Government to increase investment in counselling and psychotherapy with the ultimate aim of establishing universal access to counselling and psychotherapy for all.

To support the achievement of this goal the IACP has identified three priorities for the 2025 budget:

1. VAT Exemption

The IACP filed a comprehensive VAT Exemption Proposal with the Minister for Finance in March 2024. An exemption from VAT would increase accessibility to therapy by creating equity of treatment and parity of esteem for mental health professionals providing psychotherapy and counselling services, with those who deliver physical health care.

The application of a VAT exemption would bring counsellors and psychotherapists into line with the exemption currently available to psychologists and other health professionals. This would ensure equitable treatment of mental health professionals as well as removing the burden of taxation on clients when paying for essential therapeutic services.

Mental health must be given equal priority to physical health in Ireland. The application of VAT burdens clients, making access to mental health supports out of reach for many who need it the most. Extending the VAT exemption to counselling and psychotherapy services will reduce the cost of therapy, thereby improving access to these essential services.

A nationally representative general public survey, commissioned by the IACP and conducted by Behaviour & Attitudes in June 2023 found that not being able to afford therapy is the biggest reason that discourages people from seeing a counsellor or psychotherapist. When we asked the same question in 2019, 26% cited cost as the main barrier, that figure has almost doubled to 50% of those surveyed saying that cost is a significant barrier to accessing mental health supports.

IACP members sent approximately 3,000 emails and letters in support of the VAT submission to their representatives in the Oireachtas and other government leaders with the message that it is crucial to establish a transparent and fair tax system that supports the accessibility and affordability of mental health services, ultimately benefiting both practitioners and clients alike.

Key VAT Issues:

- **Thresholds:** Ireland's low VAT turnover threshold of €40,000 (from 2024) compared to the UK's £85,000 poses burdens on small businesses.
- **Compliance Costs:** Low registration thresholds increase compliance expenses, affecting both practitioners and clients.
- **Consumer Bears the Tax:** VAT burdens clients, hindering access to mental health support, unlike psychologists or psychiatrists whose services are VAT exempt.
- **Services vatable by nature/ characteristic of service:** VAT is a European Tax and is subject to the principles of proportionality, neutrality, and equality.
- **Equal Treatment:** Equality is a general principle of European law, which can be put into any submission in context of lack of equality of treatment between psychologists and counsellors/psychotherapists.
- **Unfair Competition:** Discrepancies in VAT treatment between different professions (example – psychologists being VAT exempt, despite not being regulated) create unfair competition, impeding access to care.
- **Registration Test:** It is unfair that counsellors and psychotherapists suffer financial setbacks during the prolonged statutory register setup by CORU. The delay appears to financially benefit the government, posing fairness questions in Public Law alignment.



- **Anomalies:** Ireland's tax laws must be clear and predictable for effective governance. An inconsistency exists in VAT treatment between psychologists and counsellors/ psychotherapists, where psychologists' services are exempt while counsellors and psychotherapists face a 13.5% VAT rate. Interestingly, if a therapist holds psychology qualifications, the service becomes VAT exempt, despite similar functions. Another anomaly arises in the recognition of counsellors and psychotherapists by state bodies such as HSE, for medical treatment, yet they lack VAT exemption. This inconsistency questions the coherence of the regulatory framework. A function-oriented VAT approach based on service nature is crucial. Aligning recognition by public health authorities with VAT treatment would enhance regulatory coherence.

The IACP calls for a pre-registration VAT exempt status for qualified and accredited IACP members and seeks to rectify the inequities arising from the delay in establishing the statutory register. This proposal aligns with established practices and would ensure that fair treatment prevails in the interim period.

2. Expansion of Tax Relief to Counselling and Psychotherapy

The IACP is urging the Government to act swiftly to expand tax relief for counselling and psychotherapy services to be deemed an eligible expense in line with other health expenses. Minding one's mental health is an integral component of a person's general health and the fees for mental health services should be eligible for tax relief in the same way as physical health medical expenses are.

According to our survey in addition to cost being identified as being a barrier to therapy, almost nine in 10 (88%) of Irish adults think that counselling and psychotherapy should be included as a tax relief benefit similar to other areas such as medical expenses, dental care and eye care.

Access to psychotherapy and counselling services are essential and should be considered as equally important as access to physical health services. Parity of esteem must be created between physical and mental health. Mental health must be given equal priority to physical health and expanding the tax relief for people seeking services will be one way to support this goal.

3. School Counselling and Psychotherapy Initiative

The IACP is seeking a further commitment from Government to provide access to counselling and psychotherapy services to all primary and secondary schools.

The IACP welcomed the news of the extension of the primary school counselling pilot, scheduled to be completed in June 2025. This initiative is a critical development towards giving children and young people access to the help they need, when they need it.

The Pilot Programme of Counselling in Primary Schools is an historic first step in establishing school-based counselling in Ireland and a positive move in the right direction. However, more investment is needed to ensure that counselling supports are a reality for all primary and secondary schools in Ireland.

While the investment in primary school counselling is most welcomed, it is vitally important that a continuum of care is established for children transitioning into secondary school so they continue to receive timely access to mental health supports.

Nationally representative general public surveys, commissioned by the IACP and conducted by Behaviour & Attitudes (B&A) over the last number of years consistently demonstrate the need for this essential service, with almost nine in 10 supporting the idea of counselling and psychotherapy being made available through schools.

Conclusion

Now is the time for Government to respond to the growing mental health needs of all people in Ireland with increased investment in mental health care. The IACP's proposals would facilitate equal treatment, affordability, and increase access to much-needed counselling and psychotherapy services for the public.

For more information please contact IACP's Communications Supervisor Nicole Mac Dermott, MPRII at communications@iacp.ie

Thank you.