

# Irish Association for Counselling and Psychotherapy

## PRE-BUDGET SUBMISSION 2022



Our work promotes best practice and the development of the profession. As a registered Charity (CHY 6615) representing over 4,700 members, we are the largest Counselling and Psychotherapy Association in Ireland.



JULY 2021

# The IACP Seeks

tax relief to be fully extended to counselling and psychotherapy, as a qualifying health expense, in Budget 2022, and the application of exemption of VAT, now rated at 13.5% on earnings over €37,500 for counsellors and psychotherapists from 2022.



## EXTENSION OF TAX RELIEF AS A QUALIFYING EXPENSE TO COUNSELLING AND PSYCHOTHERAPY

Currently, tax relief is available for treatment by a psychotherapist only when the psychotherapist is a medical "practitioner", or the person has been referred by a medical "practitioner", e.g. their GP. Counselling is not included as a qualifying expense when a person is making tax returns. This lack of representation means that people who either self-refer for psychotherapy treatment or people who avail of counselling are not eligible for tax relief for this expense.

We are calling for these measures primarily to widen access to counselling and psychotherapy. This widened access will make it more affordable to people who need these supports, arising from the impact of the Covid 19 pandemic on mental health.

## EQUITY

We seek equity of treatment and parity of esteem as mental health professionals delivering psychotherapy and counselling with our peers who deliver physical health care, such as GPs and dentists.

The application of the VAT exemption would bring counsellors and psychotherapists into line with the exemption currently available to psychologists, thereby ensuring equity of treatment of similar mental health professionals.

The Irish Association for Counselling and Psychotherapy (IACP) 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 over 4,700 members based in communities all over the country and is the largest Counselling and Psychotherapy Association in Ireland.

IACP asserts that mental health services are a hugely important part of health provision and have become more so due to the impact of Covid 19[1].

Access to psychotherapy and counselling services is increasingly important. However, the inability of the person using our members' services to qualify for tax relief is a natural barrier to broader access to the essential services provided by our members.

We also assert that the health services provided by IACP members is treated with the same parity of esteem with the health services offered by our professional peers such as GPs and dentists. Their services are eligible for tax relief.

Therefore, we ask that the Government fully extend tax relief to mental health expenses by including self-referrals to counselling and psychotherapy in the list of qualifying health expenses in Budget 2022.

## DESIGNATED AS A REGULATED PROFESSION

In July 2018, Counsellors and Psychotherapists were designated as a regulated profession under Statutory Instrument No.170 of 2018 (Health and Social Care Professionals Act 2005 (Regulations 2018)). The Counselling and Psychotherapists Registration Board was established at the same time. The Act provides that professional counselling and psychotherapy services provided by persons registered by this Board are exempt from VAT from the date of their registration[2].

However, counsellors and psychotherapists through no fault of their own have not yet been registered by CORU. It is estimated that it could take at least three years to expedite the process of registration, with other larger professions ahead in CORU's waiting list. This means that three years from the signing of this Statutory Instrument and the designation of psychotherapists and counsellors as a regulated profession, counsellors and psychotherapists cannot avail of a key provision of the Statutory Instrument which is, exemption from VAT.

This exemption arises from Article 13 A(1) of the European Communities Sixth Directive, which lists certain activities which countries are required to exempt from VAT and includes 'The provision of medical care in the exercise of the medical and paramedical professions as defined by the Member State concerned' [3]



However, at the same time, psychologists, who are fellow professionals with counsellors and psychotherapists and similarly are not registered by CORU, have been exempt from VAT since 2011. This exemption was not applied to those practising counselling and psychotherapy and has therefore created a severe anomaly.

**The unfair and unjustified anomaly is resulting in a severe inequity of treatment between two similar professions. It further has implications for affordability and the availability of counselling and psychotherapy services to many people in need of the service. This need has grown hugely and rapidly during the Covid-19 pandemic.**

**This anomaly needs to be corrected immediately.**

IACP is urging the Government to correct this anomaly in Budget 2022, create equity between our professions, and make our services and supports more widely available at a time of critical need.





## COVID PANDEMIC HAS CREATED "A TSUNAMI OF MENTAL HEALTH NEED."

The Covid-19 pandemic has had a significant impact on the mental health of many in the population. It has added to an already long waiting list for mental health services provided by the HSE. In a 2020 report<sup>[4]</sup> HSE specialists spoke of the increased demand for mental health services. They warned that a "tsunami of mental health needs will arise sometime after the initial pandemic peak, will persist for months to years afterwards and will be compounded by the economic impact of the pandemic<sup>[5]</sup>".

This predicted mental health emergency is hitting both young and old hard. Healthcare staff on the front line of the Covid-19 response are also an 'at risk' group likely to be affected, with ongoing and long-term mental health implications, which is predicted to be reflected in higher absenteeism rates if ignored or neglected.

The mental crisis in Ireland generated by the Covid-19 pandemic is taking place against a background of relatively low public spending on mental health in Ireland, comprising 6% of the overall health budget. This compares with Scandinavian countries spending between 10% and 12% on mental health as a proportion of overall health spend, while in the UK and Germany expenditure on mental health accounts for 12% of the overall health budget.

Ireland's underspending on mental health is reflected in long waiting lists and waiting times for counselling and psychotherapy support. In 2020 figures released under the Freedom of Information Act revealed that there were 5,200 people on waiting lists for the HSE's National Counselling Service. In the twelve months that have passed since those figures were published, it is more likely that those waiting lists will have grown even further. The waiting times for urgent and sometimes lifesaving counselling and psychotherapy will have lengthened.

IACP's proposals for an extension of eligibility for tax relief and an exemption on VAT would make an important contribution to Ireland's public health response to the mental health emergency facing so many people in Ireland in the wake of the pandemic.

IACP, therefore, proposes to Government that eligibility for tax relief and a VAT exemption be applied from the start of 2022 to members of IACP and any other accredited body for counsellors and psychotherapists, in line with the intent of the statutory instrument (Health and Social Care Professionals Act 2005 (Regulations 2018))

[4] Mental health impacts of Covid-19 in Ireland. O' Connor, K. Wrigley, M., Jennings, R., Hill, M. Niazi, A, Cambridge University Press. 2000 and reported in Irish Times 23 January, 2021

[5] Ibid.

The State is mistreating counsellors and psychotherapists as CORU's capacity to register the profession is outside the profession's control and unequally due to the failure to apply the VAT exemption means that they are not being treated equally with other mental health professionals like psychologists.

Nor are they being treated equally under the tax relief scheme as their peers in the medical profession such as doctors and dentists. Benefits of tax relief and VAT exemption

The immediate benefit of adopting IACP's modest proposals in 2022 would be to make much needed and sought-after psychotherapy and counselling services more affordable and accessible to the many people in need and on waiting lists in every community in Ireland. The case for such Government intervention is more compelling than ever in the wake of the Covid-19 pandemic and its impact on mental health and well-being. Such measures should form part of the State's overall public health response to the pandemic.

An additional benefit would be to respond to and support healthcare and other at-risk workers like Gardai, many of whom have been adversely affected by working long hours on the frontline in a highly charged, stressful and often dangerous environment during the pandemic. Access to timely counselling and psychotherapy can help people before their mental health issues escalate and can be an early, preventative and cost-effective measure. Talking therapies are proven to reduce the likelihood of more expensive mental health interventions like hospitalisation or medication [6]. They can reduce the costs of staff absenteeism due to mental ill health [7]. However, affordability is an issue when it comes to accessing mental health supports.[8]

These modest measures on tax relief and VAT, put forward by IACP, would make these necessary and much-needed supports more widely available.



## Cost

It has not been possible to fully estimate the cost to the Exchequer of the IACP's proposal for tax relief and VAT exemption due to the absence or unavailability of good data on which to base assumptions. However, we contend that the loss to the Exchequer through the extension of tax relief eligibility and the introduction of this VAT exemption is in the public interest, particularly at this time, considering the need for accessible mental health supports in the wake of the Covid-19 pandemic. Further, spending on preventive mental health therapies such as talk therapies can be offset against their demonstrable effect in keeping people in employment and cutting rates of absenteeism due to mental ill-health. Likely, the extension of tax relief eligibility and applying for the exemption from VAT would be largely self-financing due to its positive impact on mental health by making services more affordable and accessible.

## Conclusion

Budget 2022 is a timely opportunity for the Government to respond to citizens' mental health needs, exacerbated and amplified by the Covid-19 pandemic.

The Irish Association of Counselling and Psychotherapy's modest and fair proposals ensures equal treatment in terms of tax relief for mental health supports and VAT measures for mental health professionals, building on the precedent and arrangements in place for Psychologists.

By implementing the changes proposed by IACP from 2022 Government is taking practical action to make much sought after and needed counselling and psychotherapy supports more affordable[9] and accessible to people all over Ireland and improve the nation's mental health. This includes the many people, young and old, traumatised as a result of Covid-19 and the frontline staff who played such an essential role in keeping us safe in a time of great danger.

[6] <https://bacp.co.uk/media/?newsId=4112>

[7] <https://esri.ie/news/work-related-illness/>

[8] Behaviour and Attitudes Survey 2019 for IACP findings: "While 92% of Irish adults think it's a good idea to seek counselling/psycho-therapeutic support if struggling with mental health, affordability is a barrier to seeking this support".

[9] Behaviour and Attitudes Survey 2019 for IACP findings: "While 92% of Irish adults think it's a good idea to seek counselling/psycho-therapeutic support if struggling with mental health, affordability is a barrier to seeking this support".

**CONTACT DETAILS  
IRISH ASSOCIATION FOR  
COUNSELLING AND  
PSYCHOTHERAPY**

LISA MOLLOY  
CHIEF EXECUTIVE OFFICER  
01 230 35 36  
CEO@IACP.IE

FOR MEDIA ENQUIRIES, PLEASE CONTACT:  
HUGH O'DONOGHUE,  
COMMUNICATIONS SUPERVISOR  
087 720 60 33  
HUGH@IACP.IE  
AOIFE DARMODY  
COMMUNICATIONS OFFICER  
089 214 2276  
AOIFE@IACP.IE

