

# Tax Relief on Donations to Eligible Charities

## WHAT DONATIONS QUALIFY FOR TAX RELIEF?

The minimum donation in any single year of assessment or accounting period to any one approved body in the form of money or designated securities, or a combination of money and designated securities must be of a value of €250.

Cash donations made in instalments (e.g. Standing Order) also qualify.

The maximum qualifying donation amount for individuals in a year of assessment is €1m.

Where there is an association between the donor (being an individual) and the approved body at the time of the donation, e.g., where the donor is an employee or member of the approved body, the relief will be restricted to 10% of the total income of the individual for the relevant year of assessment.

A donation must also satisfy the following conditions:

- It must be in the form of money or designated securities or a combination of money and designated securities.
- It must not be repayable.
- It must not confer any benefit on the donor or any person connected with the donor.
- It must not be conditional on, or associated with, any arrangement involving the acquisition of property by the approved body.

## NATURE OF RELIEF

### INDIVIDUALS

Tax relief under section 848A TCA 1997 in respect of donations made on or after 1 January 2013 by individuals (whether self-assessed or PAYE-only taxpayers) to an approved body is allowed to the body rather than to the donor.

A donation, which satisfies the conditions of section 848A, grossed up at the specified rate (currently 31%) and the approved body is deemed for the purposes of the relief to have received the grossed up amount, net of tax deducted at the specified rate.

For example, a cash donation of €1,000 to the Central Remedial Clinic in the tax year 2013, under the Tax Relief Scheme, the Central Remedial Clinic is deemed to have received a donation of €1,449.27.

(I.e. €1,000 grossed up at 31%) less tax deducted of €449.27.

On the assumption that the donor has paid income tax for 2013 of at least €449.27, the Central Remedial Clinic can obtain a refund of that amount from Revenue after the end of the tax year 2013.

The amount repaid to the Central Remedial Clinic for any tax year cannot exceed the amount of tax paid by the donor for that year.

For example, if a donor's income tax liability for 2013 is €350 (which the donor has paid), the repayment to the Central Remedial Clinic is restricted to that amount.

The individual donor must complete an "[Enduring Certificate](#)" - 'CHY3 Cert' or an "[Annual Certificate](#)" 'CHY4 Cert' and forward it to the Central Remedial Clinic to allow a claim of refund of the tax on the grossed up amount of the donation.

The donor is not entitled to a repayment of any part of the tax repaid to the Central Remedial Clinic.

## **CORPORATE DONATIONS**

In the case of corporate donations, your company claims a deduction for the donation as if it were a trading expense or an expense of management; there is no grossing up arrangement in this case.

Your company donates €1,000 to the Central Remedial Clinic. Assuming a corporation tax rate of 12.5%, relief to your company is €125, i.e. €1,000 @ 12.5%.

While the Central Remedial Clinic has the benefit of €1,000, the cost to your company of making the donation is only €875 (€1,000-€125).

Your company just needs to claim a deduction for the donation as if it were a trading expense or an expense of management, there is no grossing up arrangement and therefore there is no need for the Central Remedial Clinic to submit a claim for repayment to Revenue.

## **FURTHER INFORMATION**

You can obtain further information on the Donations Scheme from [www.revenue.ie](http://www.revenue.ie) or from the Office of the Revenue Commissioners, Collector-General's Division, Charity Claims Unit  
Government Offices, Nenagh, Co. Tipperary -

Phone: 067 63400 Ext. 63308/63142/63305/63190  
or LoCall 1890 666 333 Ext. 63308/63142/63305/63190