

Tax Effective Giving (ROI)

Changes to the tax relief on donations to charities effective from 1st January 2013

Key Features of the Revised Scheme:

The changes summarised below **only** apply to qualifying donations to eligible charities and approved bodies from **1st January 2013** - all previous donations up to and including the 31st December 2012 are still subject to the old rules.

The tax refund for donations from all donors regardless of their tax status (PAYE or Self-assessed) will now go to the charity in all cases at a blended rate of 31%. Charities no longer need to ask donors about their tax affairs. The only reason that a refund claim will be rejected is if the donor has not paid sufficient tax in the relevant year to cover the reclaim or inaccurate details have been supplied.

The qualifying donation threshold remains at €250.

The tax relief will now be given at a blended rate of 31% regardless of the rate of tax paid by the donor and this will be on a grossed up basis.

Example:

A donation of €250 will be grossed up at 31% as follows: $€250 \times (100/69) = €362.32$

Therefore the tax refund will be $€362.32 - €250 = €112.32$

In the case of a donor who is “**associated**” with the charity (employee, board member, member etc.) the limit for tax relief on donations to a maximum of **10% of annual income** continues to apply.

Donors can sign the approved certificate/form to cover qualifying donations over a five year period using the new CHY3 “enduring” form or for one year using the CHY4 annual form. These forms can be downloaded from www.revenue.ie

Each form requires that the donor fills in their PPS number and signs the declaration form which the charity must retain for audit purposes (subject to data protection rules on security). These forms, once signed, can be renewed by letter, by phone (recorded message NOT a note of the call), by text, email or on-line, thus removing the need for donors to send charities signed forms every year. The charity is required to maintain a verifiable record of renewals that may be audited by Revenue at any time.

The filing of tax refund claims by charities on all donations from 1st January 2013 will be made using the Revenue Online Service (ROS) beginning in January 2014 (see note overleaf on ROS registration). All charities that have made tax refund claims under the scheme in the last four years should have automatically been issued with a ROS number.

The first tax refunds will not be made before April 2014 and the timing of the refunds for particular donors will depend on when their annual tax liability has been settled with Revenue – in the case of PAYE donors that will usually be the end of February each year and for self-assessed donors the end of November.

The Revenue will do a first run in March / April (i.e. after PAYE filing deadline) and once the tax has been received from the donor; they will make the refund to the charity. It is intended that 2nd, 3rd runs etc. will take place monthly by the Revenue. It should be noted that refunds in respect of self-employed donors will not be made until after 15th November and more likely into January/February of the following year.



Making a Claim in 2014 in respect of Donations made in 2013

Your parish must have original CHY 3/CHY4 Certs from donors.

The parish must be registered under the Charitable Donations Scheme (CDS). Where possible Revenue will register all current claimants in the scheme automatically.

Parishes can continue to use Diocesan Charity reference numbers but **must have an individual tax number**. Any parishes which do not have an individual tax registration number must register with Revenue to obtain a tax number before any claims can be made.

In November/December 2013 all claimants should have received a communication that they must be registered for the Revenue Online Service (ROS) to make a claim. The first step of registering for ROS should have been completed for them – the applicants then must proceed with the remaining steps to register.

The claim is then submitted through ROS in 2014. A claim will include the donor's name, PPS number, amount of donation and will indicate if donor is 'associated'. The donor information can either be entered individually on ROS or on a spreadsheet which can be uploaded to ROS.

Donors must have paid tax on the grossed up amount of the donation – otherwise restriction to tax paid applies.

Further information is available from:

www.revenue.ie

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
Lo call: 1890 666 333 Ext. 63308/63142/63305/63190
Email: charityclaims@revenue.ie

Or from you local Revenue Office.

www.ireland.anglican.org/charities

Points to note

P35 returns for 2013 from employers are due on 15th Feb 2014 while self-assessed returns (Forms 11) are due in Oct/Nov 2014. No refunds can be made until tax return forms are submitted to the Revenue for the donor/donors.

From April 2014 the Revenue will begin to make refunds in respect of claims made where that donors tax position is settled, i.e. - where P35s (for PAYE) have been submitted and where Form 11s (self-assessed) have been submitted subject to the proviso that sufficient tax has been paid to cover the refund and that the other conditions are also met.

Where balances remain on claims to the Revenue, they will make refunds piecemeal as donor's tax situations are validated.

No refund will be made to the claimant where it becomes clear that that donor will not satisfy the conditions of the scheme.