

[36.00.17] Charitable Donations Scheme

Tax relief for donations to approved bodies [section 848A TCA 1997]

Introduction

Section 848A of, and Schedule 26A to, the Taxes Consolidation Act (TCA) 1997 provide for a uniform scheme of tax relief for donations to “approved bodies”. The list of approved bodies is set out in Schedule 26A and includes “eligible charities”, schools, colleges, universities, bodies approved for education in the arts and bodies within section 209 TCA 1997, which covers certain bodies having consultative status with the UN or the Council of Europe which are established for the promotion and/or protection of human rights.

Donations qualifying for tax relief

The minimum donation in any single year of assessment or accounting period that must be made to any one approved body in the form of money or designated securities, or a combination of money and designated securities, for the purposes of obtaining tax relief under the scheme is €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 for 2013 onwards. Where securities are donated, and tax relief is claimed under section 848A, the capital gains tax relief for donations of assets to charities, as provided for in section 611 TCA 1997, does not apply.

Where there is an association between a donor (being an individual) and an approved body at the time a donation is made, e.g. where the donor is an employee or member of the approved body, relief under the scheme is restricted to 10% of the individual’s total income for the year of assessment in which the donation is made.

A donation must also satisfy the following conditions:

- it must not be repayable,
- it must not confer any benefit, either directly or indirectly, on the donor or any person connected with the donor, and
- it must not be conditional on, or associated with, any arrangement involving the acquisition of property by the approved body.

Donations by individuals

2013 and subsequent years

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 is 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, Joan makes a cash donation of €1,000 to an approved body in the tax year 2015. Under the scheme of relief the body 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 Joan has paid income tax for 2015 of at least €449.27, the approved body can obtain a refund of that amount from Revenue after the end of the tax year 2015.

The amount repaid to an approved body for any tax year cannot exceed the amount of tax paid by the donor for that year. For example, if Joan's income tax liability for 2015 is €350 (which she has paid), the repayment to the approved body is restricted to that amount.

A donor, who is an individual, must forward either a completed [CHY3 Cert](#) (Enduring Certificate) or [CHY4 Cert](#) (Annual Certificate) to the approved body in question to enable it claim a refund of the tax on the grossed up amount of the donation.

A donor is not entitled to a repayment of any part of his or her tax that has been repaid to an approved body under this scheme.

2012 and prior years

The arrangements for allowing tax relief on donations made on or before 31 December 2012 depend on whether the donor is a self-assessed or a PAYE-only taxpayer.

Self-assessed taxpayer

An individual who is a self-assessed taxpayer claims the relief by way of a deduction from his or her income¹.

¹ For 2012 and prior years an overall restriction applies in relation to the tax relief schemes (including the relief provided for under section 848A) set out in section 485C to 485G of, and Schedule 25B to, the TCA 1997 (i.e. the High Earners Restriction).

For example, a self-assessed individual donates €500 to an approved body in the tax year 2012. In this case, the individual claims an income tax deduction in respect of the donation in his/her 2012 income tax return.

PAYE-only taxpayer

In this case, relief is given on a “grossed up” basis to the approved body rather than by way of a separate claim to tax relief by the donor. In other words, the donation is treated as having been received by the approved body ‘net’ of income tax at the donor’s marginal rate of tax. The following examples illustrate the position.

Individual’s marginal rate of tax is 20%

- Individual donates €500
- Value of donation to the approved body = €625, i.e. $€500 \times (100 \div 80)$
- Tax associated with the donation ($€625 - €500$) = €125
- The approved body can claim a repayment of €125 from Revenue after the end of the tax year in which the donation is made.

Individual’s marginal rate of tax is 41%

- Individual donates €500
- Value of donation to the approved body = €847.46, i.e. $€500 \times (100 \div 59)$
- Tax associated with the donation ($€847.46 - €500$) = €347.46
- The approved body can claim a repayment of €347.46 from Revenue after the end of the tax year in which the donation is made.

A PAYE-only donor must forward a completed [CHY2 Cert](#) (Appropriate Certificate) to the approved body in question to enable it claim a refund of the tax on the grossed up amount of the donation. A CHY2 Cert can only be used in respect of donations made in 2012 or prior years.

As is the case with donations made in 2013 or later years, the amount repaid to an approved body for 2012 or an earlier year cannot exceed the amount of tax paid by the donor for that year.

Donations by companies

Regardless of when a company makes a donation to an approved body, it claims a deduction for the donation as if it were a trading expense or an expense of management for the accounting period in which it is paid.

List of approved bodies

Schedule 26A to the TCA 1997 provides the list of approved bodies for the purposes of the donations scheme. These are –

- A body approved for education in the arts.
- A body approved as an “eligible charity”.
- An institute of higher education, under the Higher Education Authority Act, 1971 or a body set up to raise funds for such an institute.
- An education institution, under the Local Authorities (Higher Education Grants) Acts, 1968 to 1992, or a body set up to fund such an institution.
- An institute of higher education providing courses validated by the Qualifications and Quality Assurance Authority of Ireland under the Qualifications and Quality Assurance (Education and Training) Act 2012.
- Primary schools.
- Second level schools.
- A body established for the promotion of human rights in accordance with section 209 TCA 1997.

Eligible charities

An eligible charity is a body which has received a valid authorisation from Revenue for the purposes of the donations scheme.

In order to obtain an authorisation, an applicant body must satisfy Revenue in relation to a number of matters, including, for example, that—

- it is established for charitable purposes only,
- its income is applied for charitable purposes only, and
- before applying for authorisation—
 1. if it is a body established in the State, it has been granted charitable tax exemption in respect of its income under section 207 TCA 1997² for a period of at least 2 years, or

2. if it is a body established in an EEA (other than Ireland) or EFTA state, it received a notice of determination from the Revenue Commissioners under section 208A at least two years prior to the date of the application.

Authorisation

A charity wishing to apply for an authorisation under the scheme must submit a completed

- [CHY AUTH Form](#), and
- [A CDS \(Charitable Donation Scheme\) Registration Form](#)

to the Charities Section.

Authorisations are valid for periods ranging up to 5 years and upon expiry may be renewed by making a fresh application.

Accounts and details of activities are sought from charities that make application under the scheme and with which Charities Section have not had contact for some time.

Bodies that are authorised for the donations scheme are listed on Revenue's website at the following links:

- [LIST A](#): Resident charities authorised under the "Scheme of Tax Relief for Donations to Eligible Charities and other Approved Bodies" under the terms of Section 848A Taxes Consolidation Act 1997.
- [LIST B](#): Non resident charities authorised under the "Scheme of Tax Relief for Donations to Eligible Charities" under the terms of Section 848A Taxes Consolidation Act 1997.

Additional information

For additional information on the charitable donations scheme, please refer to the following links:

- Please [click here](#) to view Revenue's Notes for Guidance on section 848A
- Please [click here](#) to view Revenue's Notes for Guidance on Schedule 26A
- [Donations on or after 1 January 2013](#) – (CHY3 and CHY4)
- [Donations made on or before 31 December 2012](#) – (CHY2)

² Please refer to Chapter 7.1.6 of this manual for further information on the charitable tax exemption.

Contact details

Office of the Revenue Commissioners

Collector-General's Division

Charities Section

Government Offices

Nenagh

Co. Tipperary

Lo call: 1890 66 63 33 Fax: 067 32916

Email: charities@revenue.ie

A more recent version of this manual is available.