

# *Budget 2013*

What does it mean for  
charities

# *Introduction*

Teresa Harrington

PwC

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## *Agenda*

Sheila Nordon, ICTR  
Panel discussion with Q&A

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# *Budget 2013 – Simplification of tax relief on charitable donations*

Sheila Nordon

ICTR

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# Budget 2013 – Simplification of tax relief on charitable donations

Sheila Nordon

Executive Director

# Today's Briefing

- Existing Scheme – practical difficulties
- Background to the changes introduced in Budget 2013
- Legislative proposals in Budget 2013
- Administrative Simplification

**Your questions answered by the panel**

# CONTEXT – Why Simplification?

## Existing Tax Relief Scheme (S848A TCA) requirements:

- Donations of €250 or more
- Must be given at arms length with no strings attached
- PAYE donors – benefit of refund to the charity
- Self-assessed donor – tax relief goes to the donor
- Certain restrictions – association with the charity (10% cap) and general higher earner restriction on cumulative use of tax relief
- Tax relief at the marginal rate where sufficient tax has been paid
- Worth an average €30/€32million refunds on PAYE donations and est. €18m relief to Self-Assessed

## Administration

- Annual “Appropriate Certificate” completed by PAYE only donor to include Name, PPS number, amount of the cumulative donations paid to the charity, rate of tax and signature

# In Practice.....

- Difficulty in getting correctly completed forms back from qualifying donors
- Discussing tax affairs of donors – inappropriate!
- PPS Numbers and DATA PROTECTION –
  - created problems for both charities and Revenue
- PAYE only vs Self-Assessed – inc. rejections
- Solution required! Minister Noonan agreed to setting up a Working Group led by Dept. Finance with ICTR and Revenue



# Conditions attached.....

- Simplify operation of the scheme
- Reduce Admin burden on Charities and Revenue
- At no extra cost to the Exchequer i.e. had to be revenue neutral from an Exchequer perspective at current levels of donation
- Legislative Proposals developed and consulted on Feb to May 2012
- Proposals for simplification of the administration of scheme developed based on submissions

# Budget 2013 – legislative changes

- Tax refund in all cases to the charity – grossed up basis ( $€250 \times 100 / 69 = €362.32 - €250 =$  refund of €112.32)
- Blended tax rate of 31% to apply to all donations regardless of tax rate of donor
- Removal of charitable donations scheme from scope of the high earner's restriction
- Annual limit of €1m per individual can be tax relieved under the scheme



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# Administration Simplification

- Option for a 5 year enduring declaration from donors (1 year option must also be available)
- PPSN still required for first signed declaration but can be renewed more easily using charity identifier (telephone, text, online, etc.)
- Refund claims to be submitted electronically – idea is to automate the process (only rejection will be for insufficient tax or incorrect PPSN)
- Refunds for PAYE donors can be made after P35 info is received by Revenue (Feb. deadline)
- Self assessed claims can be submitted but refunds only after tax returns are made (Oct/Nov. deadline)



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# Your Questions Answered

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# *Panel discussion*

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# ***Panellists***

***Seamus Milne***  
Department of Finance

***Liam Keogh***  
Revenue Commissioners  
Charities Unit

***Richard Dixon***  
ICTR

***Teresa McColgan***  
PwC Taxation Services

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# *Thank you*

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