Budget 2013

What does it mean for charities
Agenda

Sheila Nordon, ICTR
Panel discussion with Q&A
Budget 2013 – Simplification of tax relief on charitable donations

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ICTR
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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 (€250x100/69 = €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
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)
Your Questions Answered
Panel discussion
Thank you