

VAT and Charities – the options

**Irish Charities Tax Reform Group
ECCVAT Conference
Brussels January 2003**

Presentation outline

- Brief background to the Irish Charities Sector & ICTRG
- Why VAT is such a key issue for Irish Charities
- What ICTRG is doing about it
 - Vat Research Project
 - VAT Campaign
- ICTRG's preferred solution

Irish Charities Sector

- 5665 organisations with charitable tax exemption
 - Small number of large charities
 - Large number of small charities
- Of these approx. 1440 are registered to receive tax effective donations i.e. are actively fundraising
- Cover the full range of charitable activities

Irish Charities Tax Reform Group

- Founded 1991 by a small group of charities
- Current membership 127 including most of the largest charities and many small.
- Main aim = to alleviate the increasing VAT burden on charities
- Other aim = to improve the direct tax environment for tax effective giving
 - Major breakthrough 2001

Why VAT is a Key Concern for Irish Charities

- Three examples of the effects of VAT on Irish Charities
 - Concern Worldwide (large overseas aid Charity)
 - Barnardos Ireland (medium sized childrens' charity)
 - Dublin Well Woman Centres (small womens' health charity)

Concern Worldwide

- VAT paid 2001 = €2m
- Total Expenditure = €60m of which €20million from public donations
- Their entire programme for Ethiopia – their biggest – cost €3m
- Concern's VAT payments would feed two-thirds more people this winter in Ethiopia

Barnardos Ireland

- €287,000 paid in VAT in 2001
- Total Expenditure = €13million of which one-third is raised from donations
- Cost of one project for 27 children with special needs in deprived area of Dublin = €100,000 (Project is under threat due to lack of funding)
- VAT bill would save this project and fund expansion to cater for 50 more children

Dublin Well Woman Centres

- €50,000 paid in VAT in 2001
- Total expenditure =
- VAT Bill would pay for an osteoporosis scanner for one of their clinics
or
would fund an Education Officer and programme for one year

What is ICTRG doing about it?

- VAT Research Project – Ernst & Young
 - what is the total VAT burden on Irish Charities?
 - How much is paid out of public fund-raised income?
 - How much is paid out of government funded income?
 - Will form the basis for a submission to government
- Vat Campaign – pre-election
 - Press Advertising
 - Web-based lobbying of politicians

**HOW GENEROUSLY
DO YOU GIVE
TO THE TAXMAN?**



Each year, the Revenue collects over €100 billion in tax. This money goes to fund the state and is used to pay for the health, education, and other services that we all enjoy. And it's yours to give. You can give to the Revenue, or you can give to the charities that help the most vulnerable in our society.

It's like an Irish charity collection tin. You can give to the Revenue, or you can give to the charities that help the most vulnerable in our society. And it's yours to give. You can give to the Revenue, or you can give to the charities that help the most vulnerable in our society.

Donating to a charity is a great way to help the most vulnerable in our society. And it's yours to give. You can give to the Revenue, or you can give to the charities that help the most vulnerable in our society.

Vote no VAT for charities



VatCampaign.com
HELP IRISH CHARITIES RECLAIM VAT

[Take Action](#) | [Tell a Friend](#) | [Campaign Details](#) | [Campaigning Tips](#) | [Have a Question](#)

Say No to VAT for Charities

Few people realize that the greatest tax burden faced by charities in Ireland is their VAT bill. Irish Charities pay 21% more than the commercial sector for goods and services because we cannot reclaim our VAT. That means that for every 1 Euro we spend on eligible goods and services an additional 21 cent returns to the government as VAT.

The Irish Charities Tax Reform Group calculate that each year the Charitable sector pays €2 billion Euro in VAT to the taxman.

It's not hard to imagine just how much more good work we could do if this money could be reclaimed. [Read more about our campaign.](#)

Take Action Now

We are asking for your help. By taking just a couple of minutes of your time and following a few simple steps, you can use this web site to raise your support for our campaign. There are 3 options for you to choose from:

- A) Simply sign the petition
- B) Sign our petition and send an email message to your local TD.
- C) You can "tell a friend" about our Campaign Site.

Select the option you prefer from those listed below.

**HOW GENEROUSLY
DO YOU GIVE
TO THE TAXMAN ?**

VAT CAMPAIGN WEB SITE RESULTS

| | |
|--|--------|
| TOTAL PETITIONS SIGNED: | 12,822 |
| MESSAGES SENT TO A FRIEND: | 2,525 |
| TOTAL EMAILS SENT TO CANDIDATES: | 26,000 |
| TOTAL EMAILS SENT TO ELECTED CANDIDATES: | 19,918 |
| TOTAL SUBSCRIBED ACTIVISTS: | 8,400 |

ICTRG's Preferred Solution

- VAT Refund Mechanism
 - Charities should be allowed to reclaim their input VAT
- Advantages
 - Charities get their VAT back
 - Control left with national Tax authorities re who gets the refund (protects against fraud)
 - Doesn't involve major legislative reform
 - Details of refund schemes can be worked out at national level (subsidiarity principle). Is adaptable to local circumstances.