

VAT Refund Schemes

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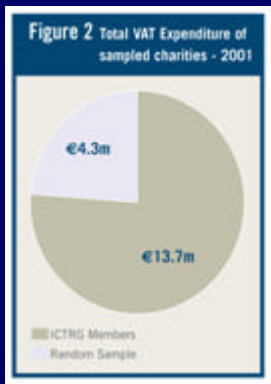
Key Findings 1

- The total expenditure of sampled charities in 2001 was over €500m
- ICTRG members accounted for 83.5% of the total spend



Key Findings 2

- Over €18m was paid out on VAT
- Only €300k of this eligible for a refund
- Proportion of VAT as a % of total expenditure = 3.6%



Key Findings 3

- 52% of the total VAT incurred was funded by private means – fundraising, donations, sponsorship, commercial activities etc.
- 47% funded directly or indirectly by government
- 1% unknown



Danish Study 2002

- Total Expenditure of Danish Charities was €784 million
- 34% of the total income came from private contributions, 66% public funding
- Total VAT paid out on this was €27 million
- Proportion of VAT as a % of total expenditure 3.6% (same as Irish study)

Key Findings 4

Of the €18m spent on VAT:

- Over €7m on general overheads
- Almost €6m on capital expenditure
- €2m on fundraising and promotional costs
- €1.5m on consumables
- €1m on professional fees
- €1.5m on other organisation costs



Conclusion

- Report demonstrates that VAT is a significant burden on Irish Charities (sample = €18m in 2001)
- The VAT burden can be relieved by way of a Ministerial Order under Irish VAT law without contravening EU law (Confirmed by EU Commissioner Feb. 2003)
- The actual cost to the Exchequer is 52% of the VAT bill since the remainder comes from public funding (sample = €9.4m)
- The advantage of a VAT refund mechanism is that control remains with the Revenue Commissioners as to what organisations qualify for refunds
