

2011/2012 Financial Guideline 03

Tax Relief on Charitable Donations to Schools

The Taxes Consolidation Act of 1997 provides for a scheme of tax relief for certain “eligible charities and other “approved bodies” in respect of donations received on or after April 6, 2001.

An “eligible charity” means any charity authorised by the Revenue Commissioners for the purposes of the scheme. All educational institutions including voluntary secondary schools are approved bodies for the purposes of the scheme.

Under the terms of the legislation, tax relief can only apply to donations which

- Are €250 or greater in one tax year
- Are in the form of money or shares
- Are not repayable
- Do not confer a benefit on the donor or any person connected with the donor

When a school is registered with the Revenue Commissioners to avail of the charitable donations scheme, the school may reclaim the tax paid by the donor where the donor is a PAYE taxpayer. For example, if a PAYE donor on the standard rate of tax of 20% gives the school a donation of €500 the school may reclaim €125 from Revenue. A donation of €500 from a PAYE-only taxpayer on the higher rate of tax of 41% will attract a refund of €347.46 to the school from the Revenue.

Full details on the operation of the Charitable Donations Scheme are available on www.revenue.ie or from the office of the Revenue Commissioners in Nenagh, Co. Tipperary.

It is a basic principle of the legislation in relation to charitable donations that **“no benefit whatsoever may attach to the donor in order to attract tax relief.”** This means that a school cannot use payments for school fees, transition year charges, locker rental or book rental income to claim tax relief under the scheme. Only voluntary contributions of €250 or greater per year for which the donor does not get a direct benefit are allowable. The donation to the school must not confer any preferential rights on the donor.

The school is not prohibited from using donations made under the scheme towards the purchase, repair or enhancement of school property or other assets used for educational purposes.

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