

## Financial Guideline 2017/2018 - 06

### Schools availing of Tax Relief on Charitable Donations

When a school is registered with the Revenue Commissioners it can avail of the Charitable Donations Scheme giving the school a tax rebate on donations it receives. The school will receive a CHY number from Revenue. Certain terms must be fulfilled by the school to avail of the tax rebate.

#### 1. Application for a CHY number

It is for the Charities Regulatory Authority to grant charitable status. Accordingly, bodies should **first apply** to the Charities Regulatory Authority (CRA) for charitable status prior to making an application to Revenue for Charitable Tax Exemption. All charities registered with the CRA receive a Registered Charity Number (RCN).

**Schools that were already registered with the Revenue Commissioners as charities were automatically registered with the Charities Regulator and should have received their RCN number. Schools registering for the first time should follow the process set out in Appendix A.**

To apply for a CHY number from the Revenue Commissioners, schools must submit the completed application forms [CDS \(Charitable Donation Scheme\) Registration](#) and [CHY AUTH form](#), to the Office of the Revenue Commissioners, Collector-General's Division, Charities Section, Government Offices, Nenagh, Co. Tipperary.

#### Terms of the Charitable Donations Scheme

Once Revenue grants a school a CHY number all relevant tax reliefs/exemption will be available.

Under the terms of the legislation governing the operation of the Donations Scheme, tax relief can only apply to donations which:

- are €250 or greater in one year
- are in the form of money or shares, or a combination of money and shares
- are not repayable
- do not confer a benefit on the donor or any person connected with the donor, and
- are not conditional on, or associated with, any arrangement involving the acquisition of property by the charity or approved body.

A donation which satisfies the conditions of section 848A is grossed up at 31%.

*For example, Joan makes a cash donation of €1,000 to the school in the tax year 2017. Under the Tax Relief Scheme the school is deemed to have received a donation of €1,449.27 (i.e. €1,000 grossed up at 31%) less tax deducted of €449.27. The school will receive a tax rebate of €449.27.*

## **2. School Administration Charges/Transition Year Charges/Fees etc.**

Payment of School Fees or contributions/donations substituting for school fees do **not qualify** as eligible donations for the purposes of tax relief under the Donations Scheme. Any such payments, which confer a benefit on the donor or any person connected with the donor, must not be included as donations for the purposes of claiming tax relief under the Donations Scheme. This includes **School Administration Charges/Transition Year Charges/After school study charges etc.** Only voluntary contributions from parents 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.

## **3. Donor**

The school must request all donors to complete a CHY3 Cert form and this will allow the school to claim tax relief in respect of all donations by the donor made to the school during the lifetime of the certificate normally five years. Donors making a once off donation should complete a CHY4 form.

## **4. Submitting Claims**

For repayment purposes, the details contained in the CHY3/CHY4 cert forms must subsequently be forwarded by the school to Revenue using the Revenue Online Service – ROS. The claim can be submitted following the end of the tax year in which the donation is made. Claims must be made within four years.

## **5. Deposit Interest Income**

Schools (with a CRA and CHY number) are entitled to receive Irish Deposit interest without deduction of DIRT - schools must notify the bank of its charitable status.

*Further information or clarification on any of the issues raised in this Guideline can be obtained from the FSSU.*

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## Appendix A

### Charities Registration Process for Schools

1. The School should email the following details to [info@charitiesregulatoryauthority.ie](mailto:info@charitiesregulatoryauthority.ie) for the attention of Mandy Osborne.
  - a) the school's name,
  - b) School Roll number,
  - c) its charitable purpose, *R-education*
  - d) country where the charity was established, *R- Ireland*
  - e) whether there is a principal place of business and activities in the Republic of Ireland, *R- yes*
  - f) the charity's financial year end date, *R- 31<sup>st</sup> August (most schools)*
  - g) the name and address to whom the CRA should send security information *R - Principal*
  - h) telephone number, *R- school phone number*
  - i) agreement to the CRA's terms and conditions.
2. When this has been processed, the CRA will send a PIN code to the named person.
3. The school uses the PIN to set up a charitable account with the CRA.
4. The school then completes the application form which is available once the account is set up.

One of the requirements of the online form is to upload the governing document of the organisation. For many schools, this is the Articles of Management. Please follow this link to download the Articles of Management: [Articles of Management](#)

Schools that do not use the Articles of Management as their governing document should contact their Trustee/Patron for the governing document relevant to their school.

For more information download the Charities Regulator [User Guide](#) for registration.

*Further information or clarification on any of the issues raised in this Guideline can be obtained from the FSSU.*