

## Procedure for making a claim from the Vat Compensation Scheme

### 1. Introduction:

**1.1** To make a claim for VAT under the above scheme the school's annual accounts **must be audited**.

**1.2** The claim is for a calendar year from the 1<sup>st</sup> January to 31<sup>st</sup> December. This involves extracting data for two different school accounting years:

- a. January to August (see Note 1)
- b. September to December

**(Note 1. Obtaining data for the previous accounting year from Sage 50**

### **SAGE 50 Archived Company**

1. An archived company is a read-only copy of your company. It contains all the data that was in the company at the time the archive was made. It is similar to a backup but is accessible without the need to go through the restore process.
2. Archived companies allow you to view and print reports and transactions.
3. You cannot add, modify or delete any data in an archived company.

#### **To open an archived company:**

1. From the **File** menu, select **Open Archived Company**.  
A message appears displaying "This will close the current company."
2. Select **OK** on the message to close the current company and display the Open Archived Company window or select **Cancel** to return to the company.
3. From the Open Archived Company window, select the archived company file from the list and select **OK** to open the archived company, or select **Close** to close the window.)

**If you do not use Sage 50, please contact the Unit.**

### 2. Expenditure

**2.1** The payments for the two periods above should be extracted from your accounting system and saved to an excel sheet

**2.2** The data should be sorted by payee

**2.3** Delete the following payment data:

Payroll payments

Canteen payments

Tuck shop, book shop etc.

**2.4** Using the school's invoice /payments file enter the amount of the vat paid to suppliers in a separate column

**2.5** Enter the vat paid directly to Revenue for building and repair work

**2.6** Total the VAT paid by the school for the year

### **3. Income**

Total income is all income received by a qualifying charity in the year in which the claim relates. To calculate qualifying income, deduct the following income/ funding from total income for the year to which the claim relates:

**3.1** Education Fees in fee paying schools

**3.2** Canteen income

**3.3** Tuck shop and book shop income

**3.4** Refunds or reliefs received under any other scheme or legislation administered by Revenue.

**3.5** Grants, refunds, and reliefs received directly or indirectly from the State, a public body, State bodies, bodies established by statute or European Union

### **4. How do you calculate the claim amount?**

The claim amount is called eligible tax in legislation. This is the amount which a charity may claim under the scheme. This is the amount which is eligible to be claimed based on the level of non-public funding received.

The claim amount or eligible tax for the calendar year to which the claim relates is determined by the formula:

- **qualifying tax x (qualifying income/total income)**

#### **Example**

A charity wants to apply for a VAT refund through the VAT Compensation Scheme. To work out how much it can claim, it will have to figure out its total income, qualifying income and qualifying tax.

<i>Total income</i>	
<b>Income</b>	<b>Amount</b>
Donations	€2,000
HAP payments	€10,000
Fundraising	€10,000
County Council grant	€5,000
<b>Total income</b>	<b>€27,000</b>

The charity's total income was €27,000, however the charity received payments from HAP and the county council. These payments should be deducted from the total income to calculate the qualifying income.

#### *Qualifying income*

	<b>Value</b>
<b>Total income</b>	<b>€27,000</b>
Less HAP payments	€10,000
Less County Council grant	€5,000
<b>Qualifying income</b>	<b>€12,000</b>

The charity has total expenditure of €9,400 in the claim year. Of that expenditure, €900 was for non-charitable purposes. The qualifying expenditure is €8,500. It paid €1,572 in VAT on qualifying expenditure.

The claim amount is calculated as follows:

$$€1,572 \times (\text{€}12,000/\text{€}27,000) = \text{€}698$$

The charity can submit a claim for €698 for that year.

Please note that the annual amount available under the scheme is capped, so the amount to be paid out to each qualifying charity is calculated having regard not only to the amount claimed, but also to the total annual amount available under the scheme and the total value of claims from all eligible applicants.

The pay-out calculation will take place just once annually and due to various factors involved in the repayment process, it will not be possible to recalculate the payments or accept late applications.

## **5. Guide to submitting a claim on ROS**

1. Log into ROS at [www.ros.ie](http://www.ros.ie)
2. On 'My Services' Tab, scroll to bottom of page
3. Select 'Other Services / eRepayment claims'
4. Select 'Make a claim'
5. Or to amend an existing claim select 'Manage a claim'
6. Select 'VAT-Value Added Tax' and Continue
7. Select claim type 'Charities VAT Compensation Scheme' and Continue
8. Review details in 'Overview' to ensure all information is to hand to proceed with the claim and Continue
9. Select 'Claim details' and complete all fields and Continue
10. Attach required supporting documentation and Continue

11. Select 'Bank Details' and input bank details for refund and Continue
12. Select 'Summary' and 'Review details'. There is an option to edit or attach here if necessary
13. Select the declaration and submit
14. Enter password and select 'Sign and Submit'
15. A notice number will issue if file uploaded successfully

## **6. Details to support a claim**

The following **will be** required to submit a claim:

1. tax registration number granted by Revenue
2. written Declaration from CEO or Chief Financial Officer of the claimant charity as to the validity of a claim. This should be completed on the charity's headed paper by the Principal.
3. Bank details.

It should be noted that a claimant must hold a current Tax Clearance Certificate when making a claim and at the time of payment of an approved claim.

## **The following may be requested to support a claim and so should be available at Revenue's request:**

1. supporting documentation detailing VAT incurred and paid e.g. invoices, receipts etc.
2. documentary evidence, or otherwise to establish to the satisfaction of Revenue that the goods and services in respect of which the qualifying expenditure was paid, were applied by the charity only to its charitable purpose
3. letter from CRA confirming registration (RCN)
4. the most recent set of audited accounts. These accounts must be for the financial year of the school and the year end of the financial year must be the year to which the claim relates or the year in which the claim is being made
5. records that form the basis for the claim must be retained by the claimant for 6 years.

## **7. Review of claims**

Claims will be subject to review. In this regard:

- claimants should ensure that all supporting documentation is retained and produced to Revenue when requested
- if Revenue is satisfied that all is in order, the claim can be progressed
- where review documentation is not submitted as requested, or is not in order, a claim cannot be processed further
- Revenue may reject a claim
- Revenue may make any changes they consider necessary to any claim, including

changes to the amount of eligible tax being claimed. Claimants will be advised if this occurs and the reasons for any changes will be explained

- regarding VAT invoices, the date eligible payment was made is the relevant date for the purposes of a claim under the scheme.

## **8. Payment**

- where the total amount of claims in each year exceeds the capped amount, any refunds due will be paid to charities on a pro rata basis
- Revenue is not obliged to refund the full amount, or any amount claimed
- any refunds due to charities will be paid through Revenue's e-Repayments system
- it is expected that payment will be made no later than November of the year of submission of the claim
- claimants will receive a message in their ROS Inbox providing details of any payment due
- payments will be made by Electronic Fund Transfer unless an error in the bank details provided causes the payment to reject. In this case a cheque will issue.

It should be noted that where a school submits a claim under the scheme, the Secretary or the trustee who makes the claim on behalf of the charity is responsible, along with the charity, for complying with the conditions of the scheme.

Revenue may seek a refund of an amount paid over or can deduct it from any future payments due to the charity from Revenue if it finds that:

- the charity failed to comply with the conditions of the scheme or
- was not entitled to all or any part of the refund.