

CHY 10

**EXPLANATORY LEAFLET
ON VALUE ADDED TAX IN
THE CASE OF CHARITIES**

PART 1

Does Value Added Tax (VAT) Apply to Charities?

Yes, there is no general exemption in respect of Value Added Tax for organisations which have been granted charitable tax exemption. There are, however, specific reliefs from VAT in certain circumstances and, where appropriate, such reliefs may also be availed of by charities (see Part 2 of this leaflet).

Must a Charity register and account for VAT ?

Charities are not, in the normal course, regarded as supplying goods or services in the course or furtherance of a business and as such are neither obliged nor entitled to register and account for VAT on their income. They are not therefore entitled to a repayment of VAT incurred on their purchases other than in the specific circumstances provided for in Part 2 of this leaflet. Charities carrying on a trade e.g. the sale of publications, operating a restaurant etc. are however obliged to register for VAT in respect of such trading activities subject to the threshold for registration, currently €51,000 for the sale of goods, being exceeded.

It should be noted that a Charity or any other group engaged in non-commercial activity which acquires or is likely to acquire more than €41,000 worth of goods from another EU Member State in any period of twelve months is obliged to register and account for VAT in respect of such intra-Community acquisition(s). Registration does not give VAT deduction rights to the charity. Similarly, a charity is obliged to register and account for VAT on certain services received from abroad irrespective of the level of expenditure involved. These services are typically the services of consultants, lawyers, accountants etc. Further details in this regard can be obtained from your local tax office.

If, as a charity, you are required to register for VAT you must complete form TR1 (in the case of an unincorporated body) or form TR2 (in the case of a limited company) which is obtainable from the

**Taxes Central Registration Office,
Arus Brugha,
9/15 Upper O'Connell St,
Dublin 1.**

Tel: 01- 8655000 or from your local tax office

PART 2

Specific reliefs from VAT and which may relate to charitable activities

1. Organisations involved in the transport of severely and permanently physically disabled persons

Repayment of VAT paid may be claimed in relation to the purchase and adaptation of vehicles for use by organisations for the transport of severely and permanently disabled persons. A qualifying organisation means a philanthropic organisation which is not funded primarily by the State, by any board established by statute, or by any public or local authority. The organisation must be chiefly engaged, in a voluntary capacity and on a non-commercial basis, in the care and transport of severely and permanently physically disabled persons and is recognised as such by the Revenue Commissioners.

There is provision for the repayment or reduction of Vehicle Registration Tax (VRT) under this heading also.

2. Radios for the blind

Section 20(2) VAT Act 1972 provides for repayment of VAT paid in respect of radio broadcasting reception apparatus intended for use by blind persons. The repayment is only made to the institution/society if it shows to the satisfaction of the Revenue Commissioners that:

- ◆ its primary object is the amelioration of the lot of blind persons; and,
- ◆ the goods in question are intended for the use of blind persons.

Repayment claim form VAT 59 refers.

3. Appliances for use by Disabled Persons

Statutory Instrument No. 428/81 provides for repayment of VAT on certain aids and appliances purchased by or on behalf of a disabled person which assist that disabled person in the performance of essential daily functions or in the exercise of a vocation e.g. stair-lifts.

Repayment claim form VAT 61A refers.

4. Sea rescue craft and equipment

Statutory Instrument No. 192/85 enables VAT on certain small reserve craft (15 tons gross tonnage or less), ancillary equipment and special boat buildings and also on the hire, repair and maintenance of these craft, to be repaid to qualifying sea rescue groups.

Repayment claim form VAT 70 refers.

5. Humanitarian Goods for Export

Statutory Instrument No. 308/87 provides relief from VAT for goods purchased for exportation by philanthropic organisations for humanitarian, charitable or teaching activities abroad e.g. Apostolic Societies, Chernobyl Children Projects etc.

Repayment claim form VAT 73 refers.

6. Donated medical equipment

Statutory Instrument No. 58/92 provides for repayment of VAT suffered by a hospital or a donor on the purchase of new medical instruments and appliances (excluding means of transport) which are funded by voluntary donations. The VAT refund may be claimed by whomever suffers the tax i.e. the hospital or the donor, as appropriate, but not, of course, both. The principal conditions are that the instrument or appliance must:

- ◆ cost €25,000 or more (exclusive of VAT);
- ◆ be designed and manufactured for use solely in medical research or in diagnosis, prevention or treatment of illness;
- ◆ not have been part-funded by the State, and
- ◆ be the subject of a recommendation by the Minister for Health that, having regard to the requirements of the health services in the State, a refund of the VAT would be appropriate.

Repayment claim form VAT 72 refers.

7. Donated Research Equipment

Statutory Instrument No. 38/95 provides for repayment of VAT, incurred in the purchase or importation of any new instrument or appliance (excluding means of transport) through voluntary donations, to a research institution or a university, school or similar educational body engaged in medical research in a laboratory. The principal conditions are that the instrument or appliance must:

- ◆ cost €25,000 or more (exclusive of VAT);
- ◆ be designed and manufactured for use in medical research;
- ◆ not have been part-funded by the State, and
- ◆ be the subject of a recommendation by the Health Research Board that, having regard to the requirements of medical research in the State, a refund of the VAT would be appropriate.

Repayment claim form VAT 72A refers.

Addresses for further Contact

Repayment of VAT	Claim Form	Contact Address 1
1. Vehicle purchased by an organisation for the transport of severely and permanently disabled persons	DD O	Central Repayments Office, Revenue Commissioners, Coolshannagh, Monaghan. Tel: 047-82800 Fax: 047-82782
2. Radios for the Blind	VAT 59	VAT Repayments, (Unregistered Section), Accountant General's Office, Revenue Commissioners, Government Offices, Kilrush Road, Ennis, Co. Clare. Tel: 065 - 6841200 Fax:065 - 6840394
3. Appliances for use by disabled persons	VAT 61A	
4. Sea rescue craft and equipment	VAT 70	
5. Humanitarian Goods for Export	VAT 73	
6. Donated Medical Equipment	VAT 72	
7. Donated Research Equipment	VAT 72A	

Further Information

You can obtain further information, should you require it, by contacting your local tax office.

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