

# OHT Guide - Charitable Donation Relief



## Charitable Donation Relief

S. 848A TCA 1997 applies tax relief in respect of donations to approved bodies. Approved bodies are specified in Part 1 of Schedule 26A of the Act and include various educational and charitable bodies. The list of educational bodies is available [here](#) on Revenue's website and the list of charitable bodies is available [here](#).

## 2012 Charitable Donations

In 2012 tax relief on charitable donations and donations to approved bodies for a self employed person was granted by taking a deduction from total income for income tax purposes.

The effect of the relief was that a deduction was applied to total income in 2012 which resulted in the taxable income being reduced so income tax was not paid on the funds which were used to make the donation and the charity received the full donation.

In 2012 tax relief on charitable donations and donations to approved bodies for a PAYE taxpayer was received by the charity or approved body. The donation was grossed up at the taxpayers marginal rate of tax (20% or 41%) and the additional amount was received by the approved body or charity.

E.g. if a PAYE taxpayer who's marginal rate of tax was 41% made a donation of €250 (the minimum donation for tax relief to apply) in 2012 the charity would receive an additional €174 as long as the PAYE taxpayer had paid at least €174 of income tax at the 41% rate.

This meant that the total benefit to the charity was €424 even though the taxpayer only made a payment of €250 from his after tax income.

A PAYE taxpayer was required to fill out a [CHY2 Certificate](#) and forward this to the charity or approved body. A self employed taxpayer claimed the relief when filing his income tax return.

## 2013 Charitable Donations

Tax relief continues to operate in 2013 but the relief is granted in a different manner than in 2012. In all cases, the tax relief will be given to the charity rather than the taxpayer in respect of any donation made from 01 January 2013, and will be restricted to 31% (or the income tax paid if that is lower). This applies regardless of whether the taxpayer is self employed or paying tax through the PAYE system.

If a self employed or PAYE taxpayer was to make a payment of €250 in 2013 as a donation to a charity or approved body, the charity or approved body would receive the benefit of tax relief in the amount of €112 and receive total funds of €362.

In the case of a self employed taxpayer the tax relief can be paid to the charity once the 2013 income tax return has been filed and income tax for 2013 has been paid. Where the tax paid by the taxpayer is less than the 31% relief granted to the charity the relief is restricted to this amount.

To claim the relief the taxpayer needs to complete a [CHY3 Certificate](#) or a [CHY4 Certificate](#) and forward to the eligible charity or approved body. A CHY3 Certificate should be used where the taxpayer envisages making payments annually to the charity and remains valid for a period of 5 years unless cancelled by the taxpayer.

This means that a certificate does not need to be filled out each year where annual donations are made.

If the donation is a once off donation then a CHY4 Certificate should be used as this certificate is only valid in respect of the tax year in which the current donation is made.

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**Caveat:** These notes are intended as a general guide only. OHT has endeavoured to provide an accurate commentary but the notes cannot cover all circumstances. OHT strongly recommends that formal tax advice be obtained before any steps are taken that may have a tax effect.