



Charities help those most in need

Help the sector play its part during the current Recession!

Introduction:

The ICTR is a membership organisation of over 160 charities. It seeks to enhance the conditions for an independent charity sector in Ireland through:

- promoting the development and acceptance of a range of policy instruments that incentivise and facilitate philanthropic giving in Ireland
- building capacity in the charity sector in Ireland particularly in relation to the introduction of regulation and the adoption of best practice
- enhancing public confidence in the work of charities.

Founded in 1991 ICTR is governed by an elected voluntary management committee comprised of members from member organisations.

Charities – playing their part!

The charity sector employs over 100,000 people in Ireland and contributes hundreds of millions of euro to the Irish exchequer.

Charities play an indispensable role in tackling the human cost of the current recession - for children, the aged, the sick, people with disabilities, people who are homeless and those most in need, both at home and abroad.

The public continues to give generously but many charities are struggling to keep pace with the increase in demand for services. In some cases the very people who generously supported their charity of choice in the past now find themselves in need of support and services.

ICTR – working with Government to incentivise charities:

In its 2009 Report the Commission on Taxation recognised the central role of charities stating:

“We consider that there is a general benefit to society from donations to charities and other approved bodies and that the state should continue to support this activity.”

ICTR is working actively with government to ensure policies are adopted to incentivise independent fundraising and promote activity within the sector.

Since last April ICTR has participated in the Department of Finance Working Group, examining simplification of tax issues affecting charities, in particular the administrative operation of the donations tax relief scheme. ICTR believes that all tax-payers (PAYE and self-employed) should be treated similarly, i.e. that the tax relief goes to the charity. At present self-employed persons may claim personal tax relief on donations.

Treating all tax-payers in the same way would reduce administration for both charities and Revenue and would be tax neutral to the Exchequer. It would help resolve a major data protection issue for charities regarding processing of PPSN numbers.

Charities believe the marginal rate of relief (41%) on donations must be maintained when simplification is introduced for the following reasons:

- The benefit from the tax relief goes to the charity, not the donor
- A reduction below the marginal rate would seriously impact on the work of charities, discourage independent fundraising and, ultimately, increase reliance on central government funding
- Tax savings to the government would be miniscule, but the impact on charities would be immense.

ICTR is working to achieve agreement on Simplification in the very near future.

Donations of €100 a year should qualify for tax relief:

In the medium term, ICTR wishes to achieve a reduction in the €250 a year threshold currently qualifying for tax relief on charitable donations. We believe this could be achieved during the lifetime of the present government.

The current threshold is too high in a period of recession and discourages Giving by the general public.

- A lower limit of e.g. €100 a year or €10 a month is more appropriate
- This would also acknowledge the importance of average size donations,
- A greater number of charities would benefit from introduction of a lower threshold.

Abolish VAT on Giving !

Charities cannot claim VAT back in the same way that a business can. Charities effectively pay a levy on all independent fundraising and activity. As an example, the Society of St Vincent de Paul pays in excess of €4m irrecoverable VAT each year.

- ICTR believes that a discussion process with the Department of Finance should be initiated to discuss how a VAT Compensation scheme for charities might be introduced, operating within EU Commission rules.
- A scheme like that recently adopted in Denmark, which has a charity structure similar to Ireland, could be the template to end VAT on Giving.

Philanthropy:

Philanthropy and fundraising capacity are both underdeveloped in Ireland and we lag behind other developed nations in terms of a strategic approach to increasing private funding into the charity sector. By creating a favourable environment for individual and corporate philanthropy in Ireland and developing fundraising capacity it should be possible to increase substantially the level of private and corporate giving to this sector.

The Charity sector is working directly with government through the re-invigorated Forum on Philanthropy, under the auspices of Minister Phil Hogan. Sheila Nordon, Executive Director of ICTR is Rapporteur for the Forum's Fiscal and Infrastructural Task Group.

Decoupling of relief on philanthropic donations from other tax relief is one of the current issues under discussion.

Charity Regulation:

ICTR worked closely with government on the formulation and completion of the Charities Act, 2009.

The Act provides comprehensive guarantees on the legitimate operation of charitable organisations, in particular through requirements regarding '*public benefit*' and '*charitable purposes*' activity.

ICTR has worked with the government to develop and implement *The Statement of Guiding Principles for Fundraising* which sets out good practice standards for the sector that will be independently monitored. The independent monitoring process is currently being developed and is expected to commence in January 2012.

ICTR will continue to work with government towards the roll-out of the legislation and the setting up of regulatory structures at the earliest possible time.

Next Steps: How TDs and Senators can help!

- ICTR proposes the establishment of a 'Charities Champions' Group, involving all political groupings in the Oireachtas
- Members would be briefed by ICTR on a regular basis on legislative, regulatory and taxation developments affecting the sector
- Briefing sessions would be held on a Quarterly basis, or as appropriate, to allow greater discussion or questions on issues.
- Members would be equipped to brief their own political parties / groups on policy issues and work to promote a positive policy on the charity sector
- Members would also be briefed as required or on request on issues affecting charities arising in Oireachtas Committees, Debates and Question Time, etc on an ongoing basis.