

ROI VAT Compensation Scheme

Key Dates

- Claims must be submitted before 30 June 2019 and refunds will be paid in or about November 2019
- The first refunds apply to vat incurred in the year 1 January to 31 December 2018
- If you fail to meet these dates, you cannot claim the 2018 vat at a late date

Qualifying Expenditure

- The VAT has to be on "charitable expenditure" and applies to Irish VAT only
- Claims are based upon VAT paid (and not when billed)
- VAT claimed must exceed €500

Qualifying Charity

To qualify the Parish / charity must be able to demonstrate that:

- It has a valid CHY number (please note where the Parish does not have a valid CHY number, then the Parish will be unable to submit a claim under the scheme. However, the Diocese may submit a claim to Revenue incorporating the claims of a Parish that does not hold a CHY number. The Diocese will require the Parish to submit information in a particular format and this should be agreed locally with the Diocesan Secretary.)
- Is registered with Charity regulator
- Has a Tax Clearance Certificate and so registered with Revenue
- You may be asked to produce audited accounts even where you have no requirement to do so

Qualifying Income

The following Income is to be excluded from the total income of the charity:

- Publically Funded income, including Grants, Funds from State Bodies, EU and similar
- Income/Fees received for education (e.g. Schools)
- Income from Shops, Restaurants and Retail outlets
- Income from Revenue refunds
- Income from another qualifying Charity
- International Organisations which receive funds from a State body or similar

VAT Refundable - The Formula

$$\text{Qualifying VAT X (Qualifying Income/Total Income)}$$

Hence you will see that Charities that have privately funded sources will be favoured rather than those who receive grants

Points of Interest

- You will need to be tax registered with the Revenue
- The Revenue may request the Parishes "audited" accounts. If you have completed receipts and payment accounts you should still make a VAT claim under the scheme where your claim is more than €500. Audited accounts will be challenging for most Parishes, but please note the guidance says the Revenue may request.
- You may be asked to produce VAT invoices in support of your claim
- You must produce a current Tax Clearance Certificate
- Building works paid on behalf of the Parish via the RCB will be submitted on the RCB claim and that proportion of VAT recovered will be refunded by the RCB to the Parish. The RCB will have the audit

trail of payments made. Therefore the Parish should not also claim for any element of VAT which is to be recovered via the RCB.

- retain VAT records that form the basis for the claim e.g. invoices, receipts etc. for 6 years and may be sought by Revenue at any time

Hints

- Ask your Treasurer to conduct a review of how this scheme might apply to you
- If you believe that you have a valid claim, then you should establish a plan to meet the tight timelines
- You must factor in the potentially additional cost of an audit if you otherwise don't require an audit and remember that your claim may be scaled back if the scheme is over subscribed

Further information

For further information on the scheme log onto www.revenue.ie
There is excellent guidance under VAT Compensation Scheme

Sample Vat Refund Sample Church

Income

	€
Donations	45,000
Tax Refunds	15,000
Grant	8,000
Rental income	6,000
Investment Income	10,000
Legacies / Bequests	5,000
Special Appeals	4,000
Annual fete	10,000
Gifts from Other Charities	5,000
	<u>108,000</u>

Allow	Disallow
45,000	
	15,000
	8,000
6,000	
10,000	
5,000	
4,000	
10,000	
	5,000
<u>80,000</u>	<u>28,000</u>

Expenses

Diocesan Assessment	60,000
Ministerial Assistance	5,000
Staff Costs	15,000
Insurance	6,000
Electricity	1,200
Heating Oil	1,800
Phones	2,400
Stationary & Printing	1,200
Church Repairs & Maintenance	3,000
Parish Hall Repairs & Maintenance	6,000
Rectory Repairs and Maintenance	3,000
Audit	2,400
Youth work	500
	<u>107,500</u>

VAT	VAT unpaid
143	
337	
449	74
224	
690	
1380	
690	
449	
<u>4,362</u>	<u>74</u>

Surplus for Year 500

VAT Recoverable

3,176

This is maximum amount but amount recoverable will be on a pro rata basis

Formula

=

(VAT less VAT unpaid) multiplied by (allowable income divided by total income)

(4362-74) X (80000/108000)

4,288 X 0.74074 = 3,176

Grant income may be a sum of money given by Government or other organisation for a particular purpose

VAT on expenditure must be for the charitable purpose. Any VAT paid not for charitable purpose should not be claimed