

Donations to Approved Sports Bodies

1. Introduction

Section 847A Taxes Consolidation Act (TCA) 1997 provides tax relief for **relevant donations to approved sports bodies** for the funding of **approved projects**.

2. Approved Sports Bodies

An approved sports body means a body that holds:

- (a) an exemption certificate under section 235 TCA 1997¹ (i.e. a body established for the sole purpose of promoting athletic or amateur games or sports and whose income is exempt from tax where it is applied solely for those purposes (please refer to [Chapter 7.3.8](#) for further information),insert link and
- (b) a valid tax clearance certificate².

3. Approved projects

An approved project means a project falling into one or more of the following categories and in respect of which the Minister for Transport, Tourism and Sport has issued a certificate to the approved sports body certifying that it is an approved project³:

- (a) the purchase, construction or refurbishment of a building or structure, or part thereof, for use for sporting or recreation activities provided by the approved body;
- (b) the purchase of land for use by the approved body in providing sporting or recreation facilities;
- (c) the purchase of permanently based equipment (excluding personal equipment) for use by the approved body in providing such facilities;
- (d) the improvement of the playing pitches, surfaces or facilities of the approved body;
- (e) the repayment of money borrowed (and interest payments on such borrowings) by the approved body on or after 1 May 2002 (i.e. the date from which section 847A applies) for any of the above-mentioned purposes.

¹ Applications for exemption under section 235 are dealt with by Games/Sports Exemption Section, Government Offices, Nenagh, Co Tipperary – Phone No 067-63377 lo call 1890 666333

² Applications for Tax Clearance Certificates can be made online at www.ros.ie/tcc/identification.jsp or by completing a [TC1 form](#) and submitting it to the local Revenue district office. .

³ Sports bodies must make application for approval of projects to the Sports Capital Unit, Department of Transport, Tourism and Sport, New Road, Killarney, Co. Kerry– Phone No- 01 6627367 or Lo Call 1890 27 3000.

The Minister for Transport, Tourism and Sport will not approve a project where the aggregate cost of the project is, or is estimated to be, in excess of €40,000,000. In addition, the Minister can revoke a certificate where the donated funds cease to be used towards the funding of the project for which it was granted approval.

4. Relevant donations

A donation is a relevant donation for the purposes of section 847A where it satisfies the following conditions:

- it is made to the approved sports body for the sole purposes of funding an approved project,
- it is or will be applied by that body for that purpose,
- it is not otherwise deductible in computing the profits or gains of a trade or profession or deductible as an expense of management in computing the profits of a company,
- it is not a relevant donation for the purposes of section 848A TCA 1997 (donations to approved bodies, e.g. charities),
- it is not subject to repayment,
- neither the donor nor any person connected⁴ with the donor receives a benefit, whether directly or indirectly, as a result of making the donation, (e.g. a person will be regarded as receiving a benefit where a donation is in substitution in full or in part for an annual membership fee or where a donation entitles the donor to rights or enhanced rights or facilities etc. not available to members who have not made a donation),
- the donation is not conditional on, or related to, the acquisition of property by the approved sports body (otherwise than by way of gift) from the donor or any person connected with the donor,
- in the case of a donation made by an individual, the individual is resident in the State for the year of assessment in which the donation is made and, in the case of a PAYE-only taxpayer, the individual has given an **appropriate certificate** (see paragraph 5.3.1 and Appendix 1) to the approved sports body in relation to the donation, has paid the tax referred to in the certificate and is not entitled to a repayment of any of that tax,
- it takes the form of the payment of a sum or sums of money amounting to at least €250, in the case of an individual, in a year of assessment, and in the case of a company, in an accounting period. Where an accounting period is less than 12 months the €250 must be proportionally reduced.

⁴ “Connected person” is defined in section 10 TCA 1997.

Fundraising initiatives undertaken by local sports clubs, including lottery sales for example, are not approved projects and as such, contributions made in respect of these initiatives do not qualify for tax relief.

5. Tax Relief for donations

The method of granting tax relief for donations depends on whether the donor is a self-assessed individual, a PAYE-only taxpayer, or a company.

5.1 Self-assessed individual

An individual who is a “chargeable person” within the meaning of section 959A TCA 1997 is entitled to a deduction in respect of a donation made to an approved sports body in calculating his or her “total income”.

The donation is not taken into account in calculating “net relevant earnings” for the purposes of tax relief on premiums paid under a Retirement Annuity Contract

The deduction must be claimed on the individual’s annual tax return.

5.2 PAYE-only Taxpayers

A PAYE-only taxpayer who makes a relevant donation to an approved sports body is deemed to have made an annual payment net of his or her marginal rate of tax to the body. The body is deemed to have received the payment net of income tax and is entitled to claim a refund of the income tax deducted after the donation has been regrossed at the donor’s marginal rate.

The donor is **not** entitled to an income tax deduction in respect of the donation.

A donor who is taxed under the self-assessment system but who is also a PAYE taxpayer claims the relief in the manner described in paragraph 5.1.

Example 1

A PAYE-only taxpayer who is liable to tax at the standard rate of tax (20%) makes a relevant donation of €580 to an approved sports body.

Grossed up annual payment	$\text{€}580 \times \frac{100}{80} =$	€725
Tax deducted		€145
Net donation		€580

The approved body is entitled to claim a refund of €145 (or the actual tax paid by the donor for the year of assessment in which the donation is made, if less than €145) after the end of that year of assessment.

Example 2

A PAYE-only taxpayer who is liable to tax at the higher rate of tax (40%) makes a relevant donation of €600 to an approved sports body.

Grossed up annual payment	$€600 \times \frac{100}{60} = €1,000$
Tax deducted	<u>€400</u>
Net donation	€600

The approved body is entitled to claim a refund of €400 (or the actual tax paid by the donor for the year of assessment in which the donation is made if this is less than €400) after the end of that year of assessment.

5.2.1 Appropriate Certificate

A PAYE-only donor must provide the sports body with a completed “appropriate certificate” to allow it claim a refund of tax on the donation. A sample Appropriate Certificate is in Appendix 1.

5.3 Corporate donations

Where a company makes a relevant donation to an approved sports body, the amount of the donation is treated as (a) a deductible trading expense of a trade carried on by the company, or (b) an expense of management deductible in computing total profits of the company for the accounting period in which the donation is made.

6. Issue of receipts

An approved sports body which receives a donation from a company or an individual who is a “chargeable person” within the meaning of section 959A

TCA 1997, must issue a receipt showing specified details to the donor. A sample receipt is in Appendix 2.

7. Repayment of tax to approved sports bodies

As outlined in paragraph 5.2, an approved sports body is entitled to claim a refund of tax associated with the grossed up donations it receives from individuals who are PAYE-only taxpayers. When applying for a repayment of the relevant tax, the approved body must submit the details contained in the appropriate certificates given to it by donors (see paragraph 5.2.1) together with a declaration (on a completed Form 847A⁵) that the details are correct and complete. The body must supply the details in electronic format except where Revenue are satisfied that the body does not have the facilities to do so, in which case the details may be supplied in writing.

Approved sports bodies need not submit the individual appropriate certificates in support of a claim for a repayment. However, the certificates must be retained for inspection by Revenue if requested.

Repayment claims under section 847A should be forwarded to the Revenue Office in which the sports body is registered.

8. Non-compliance

Where relief has been granted to an approved sports body in respect of a donation and it subsequently transpires that the donation has not been used by the body for the purpose of undertaking an approved project, or where it is found that relief is not otherwise due, the donation will be regarded as taxable income in the hands of the body.

9. Information leaflet

An information leaflet, "[Tax Relief for Donations to Certain Sports Bodies](http://www.revenue.ie)" is available on the Revenue website. www.revenue.ie.

10. Summary

A summary of the process of the scheme is attached at Appendix 3.

⁵ Supplies of Forms 847A are available from Revenue Forms & Leaflets service LoCall 1890 30 67 06 and can also be downloaded from the Revenue website, www.revenue.ie.

APPENDIX 1

(To be completed by PAYE-only taxpayers – See Note 1 overleaf)



TAX RELIEF FOR DONATIONS TO APPROVED SPORTS BODIES
“Appropriate Certificate” for the purposes of section 847A Taxes Consolidation Act (TCA) 1997.

(BLOCK CAPITALS PLEASE)											
<p>I certify that I _____ (<i>name</i>) have made a donation to _____ (<i>approved sports body – See Note 2 overleaf</i>) in the sum of (<i>in words</i>) _____ (<i>Total donated</i>). in the year ended 31 December, _____ (<i>the relevant year of assessment</i>) and that</p> <ul style="list-style-type: none"> I was resident in the State for the relevant year of assessment, I have paid or will pay to the Revenue Commissioners income tax of an amount equal to income tax at the standard rate or at the higher rate (delete as appropriate) for the above year on the grossed up amount of the donation (See Note 3 overleaf), neither I nor any person connected with me have received or will receive a benefit in consequence of having made this donation, the donation was paid in money, the donation was not subject to a condition as to repayment nor conditional on, or associated with, the acquisition of property by the approved sports body other than by way of gift, from me or a person connected with me, and the donation was not less than €250 the donation is not a relevant donation to which section 848A TCA 1997 applies. <p>Signature _____ Date: _____ PPS No.: <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table></p> <p>Address: _____</p>											
<i>N.B. When you have completed this certificate, please forward it to the approved sports body to which you made your donation.</i>											
<p>TO BE COMPLETED BY THE APPROVED SPORTS BODY</p> <p>GS Reference Number: _____</p> <p>Approved Project No _____ and</p> <p>Tax Reference Number: _____</p> <p>Authorised Signatory _____</p>	<p>FOR REVENUE USE ONLY</p> <p>Income Tax associated with the donation and confirmed as paid _____</p> <p>Signature of Inspector of Taxes _____</p> <p>Date: _____</p> <p>District Stamp: _____</p>										

Notes.

1. A donor who is taxed under the self-assessment system but who is also a PAYE taxpayer claims relief for a donation on his or her return of income under the self-assessment system. In these circumstances, a donor should not complete the appropriate certificate.
2. An “approved sports body” means a body which is in possession of (a) a certificate from the Revenue Commissioners certifying that it is a body of persons to which section 235 TCA 1997 applies and (b) a valid Tax Clearance Certificate.
3. The phrase “grossed up amount of the donation” means the amount which, after deducting income tax, leaves the amount of the donation. For example,
 - On the *standard rate* of 20%, the grossed up amount of a donation of €500 is €625 (i.e. $€500 \times 100/80$). The tax associated with the donation is €125.
 - On the *higher rate* of 40%, the grossed up amount of a donation of €500 is €833 (i.e. $€500 \times 100/60$). The tax associated with the donation is €333.

Appendix 2**Sample Receipt for Relevant Donation made to an Approved Sports Body**

This is a receipt given, in respect of the amount stated hereunder, for the purposes of section 847A of the TCA 1997.

The sports body named hereunder is an approved sports body and the donation in respect of which this receipt is given is a relevant donation for the purposes of section 847A TCA 1997.

Full name of approved sports body

Is the person making the donation an individual ☐
or a company ☐ *(tick as appropriate)*

Name of the individual or company making the donation

Address _____

Amount of the donation: (a) € _____
and (b) in words _____

Date on which the donation was made

Name _____
(Block Capitals)

Capacity _____
(e.g. Chairperson, Hon. Secretary, Hon. Treasurer etc.)

Signature _____

Date _____

Appendix 3

Donations to Approved Sports Bodies - Process