

# Charitable donations

With effect from 1 January 2013 there has been a significant change in the way that tax relief is given for donations to charities. Tax relief is now given directly to the charity rather than to the donor. The charity can claim tax relief at a rate of 31% on the donations it receives. The high earners restriction will no longer apply to charitable donations which is a welcome change.

The examples below shows how tax relief operated in 2012 for self assessed individuals and how it will operate from 1 January 2013 onwards for all individuals.

## 2012 Tax Year

Donor makes a gross donation of EUR10,000

	EUR
Donation	10,000
Tax relief	4,100
Net cost to donor	5,900
<b>Charity received</b>	<b>10,000</b>

## 2013 Tax Year

(i) Donor makes a gross donation of EUR10,000

	EUR
Donation	10,000
Cost to donor	10,000
Tax benefit	4,493
<b>Charity receives</b>	<b>14,493</b>

Compared with 2012	EUR
Donor worse off by	4,100
Charity better off by	4,493

(ii) Donor wants the charity to receive a maximum of EUR10,000

	EUR
Donation	6,900
Cost to donor	6,900
Tax benefit	3,100
<b>Charity receives</b>	<b>10,000</b>

Compared with 2012	EUR
Donor worse off by	1,000
Charity - no change	-

(iii) Donor wants to limit the cost of the donation to EUR5,900 (same cost as 2012)

	EUR
Donation	5,900
Cost to donor	5,900
Tax benefit	2,651
<b>Charity receives</b>	<b>8,551</b>

Compared with 2012	EUR
Donor - no change	-
Charity worse off by	1,449

**For further information, please contact:**

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