



Church of Ireland – Parish Handbook

CHARITIES VAT COMPENSATION SCHEME – REPUBLIC OF IRELAND

Since 2018, Revenue in the Republic of Ireland have implemented a VAT compensation scheme for charities, which include Select Vestries and other charitable bodies in the Church of Ireland. This is designed to reduce at least some of the financial burden on charities. The scheme, which currently has a maximum annual fund of EUR 10,000,000 that it can pay in total in one year, has several rules that Parish Treasurers and Select Vestries must be aware of to make a claim.

Qualifying Charity

To be a Qualifying Charity, a charity must at the date of the claim AND at the date the expenditure was incurred:

- Be registered with Revenue and hold a Charitable Tax Exemption (CHY) number under s207 Taxes Consolidation Act 1997
- Be registered with the Charities Regulatory Authority.

Claims

All claims should relate to one year only and be submitted no later than 30th June after the year in which the expenditure was made. For example, a 2025 claim must be made by 30th June 2026.

It is also important to note that the qualifying date for expenditure made is when a VAT invoice is paid, not the Date and Tax Point of the invoice.

Percentage Claimable

Only a proportion of the VAT paid may be reclaimed. This is calculated as:

$\text{Qualifying VAT X (Qualifying Income/Total Income)}$
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We have established above what amount of Qualifying VAT is relevant to the claim. '**Total Income**' equals all income received by the charity in the year to which the claim relates; excluding any amounts collected for, and transferred to, another charity; and any repayable loans to another charity. For example, if a Parish has raised funds for, say, Bishops' Appeal, and transferred that money in full to Bishops' Appeal, then those funds are not deemed to be part of Total Income for the purposes of the VAT claim. Similarly, any funds or grants received for a specific purpose, for example, State funds for a housing scheme that the charity administers and pays landlords directly for, is not reckoned as part of Total Income either.

‘Qualifying Income’ then is a charity’s funding from private sources, such as donations, church collections, etc. It is a charity’s total income with the following items excluded:

- Refunds or reliefs received from Revenue, including VAT compensation and any charity relief received
- Income from shops, cafes or retail outlets. These must be registered with Revenue as a separate business.
- Funding received either directly or indirectly from another Qualifying Charity
- Funding, refunds, or reliefs received directly or indirectly from State bodies, the European Union or any member of it, or international organisations that derive their funding from state bodies

So, for example, moneys received from a Café separately registered with Revenue or County Council, Pobal or Heritage funding through the State and its bodies is excluded from Qualifying Income.

Qualifying Expenditure

The expenditure on which the VAT paid will be claimed must have been paid in the State for goods and services used by the charity for its charitable purpose **only**. Any amount relieved by Revenue or another State body cannot be included in the claim.

Claim amount and eligible VAT

Minimum claim amount is EUR 500, and the maximum claim amount is EUR 1,000,000. As the total amount payable for the VAT Compensation Scheme in any one year in the State by Revenue is EUR 10,000,000, it is possible that the maximum payable has been reached, so it is entirely possible that a charity may not receive from Revenue the total amount of their claim.

Submitting a Claim

Treasurers will need the following:

- Charity’s Tax Registration Number issued by Revenue
- Bank account details including IBAN and BIC
- Registered Charity Number issued by the Charities Regulatory Authority
- Current Tax Clearance Certificate (available via Revenue On Line)
- Revenue’s Online System (ROS) registration and access.

Claims are made only through e-Repayments on ROS. If, for some reason, an option does not appear in ROS for a charity to submit a claim on ROS, they should telephone Charities and Sports Exemption Unit on 01 738 3688.

Further information

There is a comprehensive guide to the Charities VAT Compensation Scheme at <https://www.revenue.ie/en/tax-professionals/tdm/value-added-tax/part12-refunds-and-repayments-of-tax/vat-compensation-scheme/vat-compensation-scheme-guidelines.pdf>

The information provided here is not exhaustive. For further information on the scheme log onto www.revenue.ie.

Seek professional financial advice if you are unsure of the impact on your Select Vestry or other charity.

A sample VAT refund claim is shown below this page.

Document produced by the Finance Department, Representative Body of the Church of Ireland in April 2026.