

Donations to Approved Sports Bodies

Part 36-00-14

This document should be read in conjunction with section 847A of the Taxes Consolidation Act 1997

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1. Introduction

[Section 847A Taxes Consolidation Act 1997 \(TCA\)](#) 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:

- (a) is a body established for the sole purpose of promoting athletic or amateur games or sports
and
- (b) whose income is exempt from tax where it is applied solely for those purposes
and
- (c) which holds an exemption under section 235 TCA
and
- (d) also holds a valid tax clearance certificate.

The definition of “sport” in section 235 TCA was amended in section 16 Finance (No. 2) Act 2023, to clarify who is eligible to apply the sporting body tax exemption. The definition of sport includes “competitive sport”, and “recreational sport” as follows:

“competitive sport” means all forms of physical activity which, through organised participation, aim at—

- (a) expressing or improving physical fitness, and
- (b) obtaining improved results in competition at all levels;

“recreational sport” means all forms of physical activity which, through casual or regular participation, aim at—

- (a) expressing or improving physical fitness and mental well-being,
and
- (b) forming social relationships;

These definitions are mirrored from the Sport Ireland Act 2015. Sporting bodies which were previously granted tax exemption up to and including tax year 2022 under section 235 TCA will retain the exemption provided that they meet the other conditions of the section.

2.1. Exemption under section 235 TCA

A sports body must apply online to Revenue for an exemption. Further information on how to make an application may be found at the [Sports bodies tax exemption page](#) of www.revenue.ie.

2.2. Tax clearance certificates

A sports body can apply for tax clearance under section 847(3)(a) TCA. Click on the link in this paragraph to [apply for a tax clearance certificate on-line](#).

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 Tourism, Culture, Arts, Gaeltacht, Sport and Media has issued a certificate to the approved sports body certifying that it is an approved project:

- (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 sports body;
- (b) the purchase of land for use by the approved sports 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 sporting or recreation facilities;
- (d) the improvement of the playing pitches, surfaces or facilities of the approved sports body;
- (e) the repayment of money borrowed (and interest payments on such borrowings) by the approved sports body for any of the above-mentioned purposes.

The Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media 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.

3.1. Application for approval of projects

Sports bodies must make application for approval of projects to [Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media - Sport Capital Programmes Division](#). [NB – Revenue is not responsible for the content of external websites.]

4. Relevant donations

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

- it is made to the approved sports body for the sole purpose 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 (donations to approved bodies, such as charities);
- it is not subject to repayment;
- neither the donor nor any person connected with the donor receives a benefit, whether directly or indirectly, as a result of making the donation; (for example, 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 - [section 10 TCA](#) sets out the circumstances where a person is regarded as “connected with” another person for tax purposes);
- the donation is not conditional on, or related to, the acquisition of property by the approved sports body from the donor or any person connected with the donor, other than as a gift;
- where the donor is an individual, that individual
 - is resident in the State for the year of assessment in which the donation is made,
 - makes a donation,
 - in the case of a PAYE-only taxpayer, gives an [appropriate certificate](#) 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;
- the donation is the payment of a sum or sums of money to an approved sports body amounting to at least €250 in a year of assessment for a donation by an individual; and at least €250 in an accounting period for a donation by a company. Where an accounting period is less than 12 months the €250 is proportionally reduced, for example, if the accounting period is six months the donation must be at least €125.

Fundraising initiatives undertaken by local sports clubs (for example, lottery sales) 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 individuals

An individual who is a “chargeable person” within the meaning of [section 959A TCA](#) (a self-assessed taxpayer; broadly speaking, a self-employed taxpayer) is entitled to a deduction in respect of a donation made to an approved sports body in calculating his or her “total income”. The deduction must be claimed on the individual’s annual tax return.

A donor who is taxed under the self-assessment system but who is also a PAYE taxpayer claims the relief in her or his tax return.

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.

5.2. PAYE-only taxpayers

A PAYE-only taxpayer who makes a relevant donation to an approved sports body is not entitled to an income tax deduction in respect of the donation. Instead the approved sports body is deemed to have received the payment net of income tax. The approved sports body is entitled to claim a refund of the income tax deducted after the donation has been “re-grossed” at the donor’s marginal rate. To re-gross, the net donation is multiplied by 100 and divided by 100 minus the individual’s marginal rate of income tax (currently either 20% or 40%).

5.3. Examples

PAYE-only taxpayer taxed at standard rate

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

Grossed up annual payment	$€580 \times \frac{100}{(100-20)^*}$	=	€725
Net donation			<u>(€580)</u>

Tax deducted (but see below)	€145
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*Because the individual's marginal rate is 20%

The approved body is entitled to claim a refund of €145 after the end of that year of assessment, unless the tax paid by the donor for the year of assessment in which the donation is made is less than €145, in which case the refund is limited to the tax paid.

PAYE-only taxpayer taxed at higher rate

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

Grossed up annual payment	$€600 \times \frac{100}{(100-40)^*}$	=	€1,000
Net donation			(€ 600)
Tax deducted (but see below)			€ 400

*Because the individual's marginal rate is 40%

The approved body is entitled to claim a refund of €400 after the end of the year of assessment, unless the tax paid by the donor for the year of assessment in which the donation is made is less than €400, in which case the refund is limited to the tax paid.

5.4. Appropriate certificate

A PAYE-only donor must provide the sports body with a completed "appropriate certificate" to allow the body to claim a refund of tax on the donation. The certificate is available at this link: [appropriate certificate](#).

5.5. 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 (a self-assessed taxpayer; see paragraph 5.1 above) must issue a receipt showing specified details to the donor. Paragraph 11 below contains a sample receipt for a relevant donation to an approved sports body.

7. Repayment of tax to approved sports bodies

An approved sports body is entitled to claim a refund of tax associated with the 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 ([appropriate certificate](#)) together with a declaration on a completed [Form 847A](#) that the details are correct and complete. The body must supply the details in electronic format.

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 TCA should be submitted through [MyEnquiries](#) on ROS to Revenue's [Charities and Sports Exemptions Unit](#).

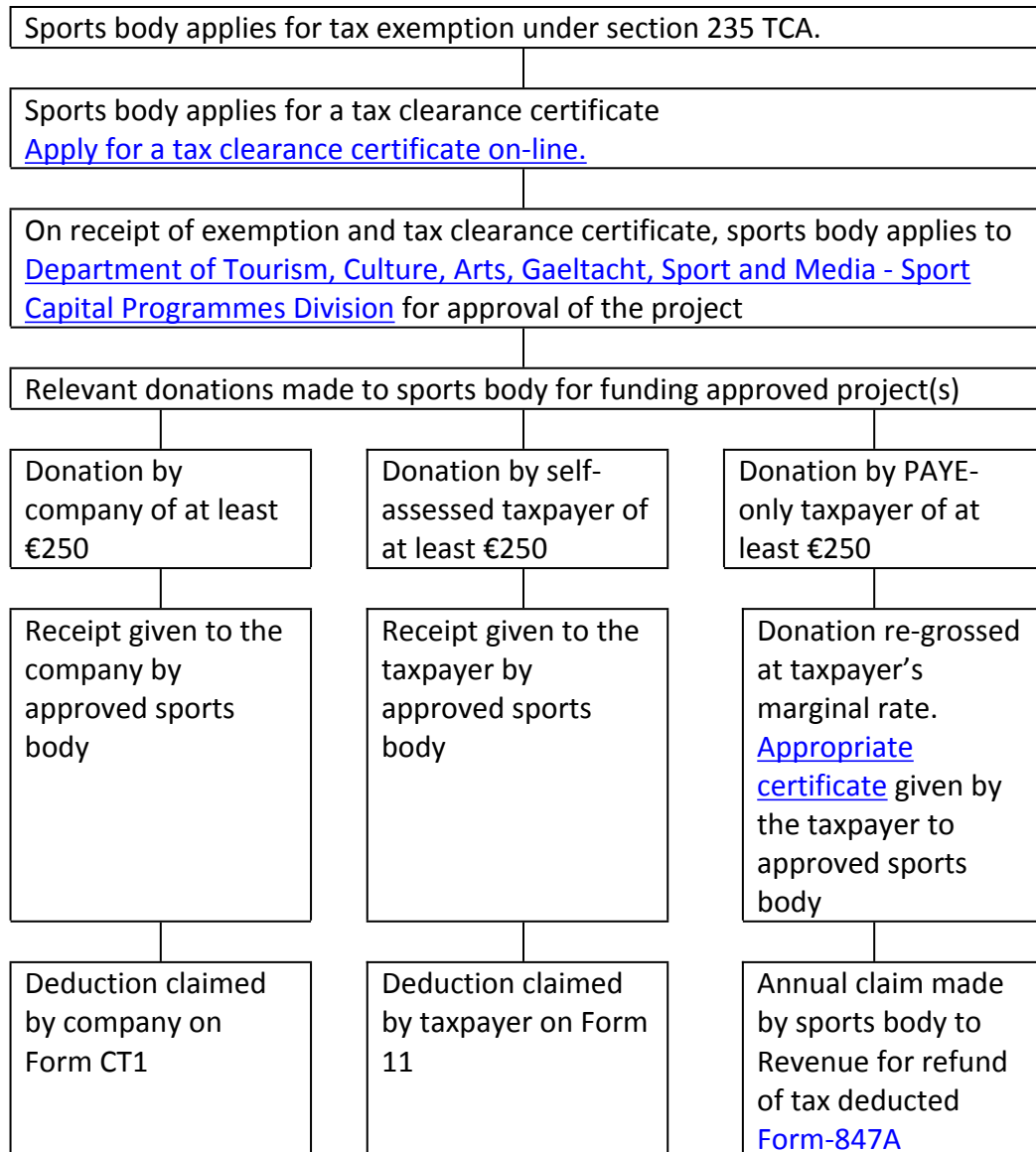
8. Non-compliance

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

Further information is available on the Revenue website at the page: [Tax relief on donations to certain sporting bodies](#).

10. Summary of the steps in the process



11. 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 TCA.

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.

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
