

Payment of tax by means of donation of heritage items

Part 42-05-01

This document should be read in conjunction with section 1003 of the Taxes Consolidation Act 1997

Document last reviewed November 2024

Table of Contents

1. Introduction	3
2. Donation of a heritage item.....	3
2.1 Making a donation	3
2.2 Valuing the item	5
2.3 Claiming the tax credit	5
3. Administrative procedures for processing the tax credit	6
4. Transfer of unused tax credit on the death of a spouse	6
5. PAYE cases	6
5.1 General	6
5.2 End of year review.....	6
5.3 Balance of relief.....	7
5.4 Important notes	7
Appendix 1: Specimen schedule	8
Appendix 2: Processing of cases by the Collector-General's Office	9

1. Introduction

This manual explains the relief available under section 1003 of the Taxes Consolidation Act 1997 (TCA 1997) which provides tax relief to taxpayers who donate heritage items to Irish national collections. A credit equal to 80% of the market value of the item donated can be set against taxpayers' liabilities for certain taxes. The credit cannot be set against Universal Social Charge or PRSI liabilities.

2. Donation of a heritage item

A heritage item means any kind of cultural item including:

- any archaeological item, archive, book, estate record, manuscript and painting, and
- any collection of cultural items and any collection of same in their setting which are considered appropriate for donation to the national collections.

The heritage item(s) must be an outstanding example of the type of item involved, pre-eminent in its class, whose export from the State would constitute a diminution of Ireland's accumulated cultural heritage or whose import into the State would constitute a significant enhancement of the accumulated cultural heritage of Ireland and must be suitable for acquisition by the Approved Bodies

A donation may be made to any of the following list of approved bodies:

- The National Archives.
- The National Gallery of Ireland.
- The National Museum of Ireland.
- The National Library of Ireland.
- The Irish Museum of Modern Art.
- The Crawford Art Gallery Cork Ltd.

In addition, the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media, with the consent of the Minister for Finance, has the authority to approve further bodies for the purpose of receiving a donation. Such additional bodies must be funded wholly or partly by the State or by a public or local authority.

2.1 Making a donation

To make a donation a determination must first be obtained from the selection committee that the proposed donation meets the requirements of the scheme. The application form requires the donor to state the market value of the donation. An application form for a donation may be obtained from:

Cultural Schemes & Initiatives Unit
Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media,
New Road,
Killarney,
Co Kerry.
V93 A49X

Completed forms may be submitted electronically to una.daly@tcagsm.gov.ie or jerry.falvey@tcagsm.gov.ie or by post to the above address.

The selection committee is comprised of:

- An officer nominated by the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media.
- The Chief Executive of the Heritage Council.
- The Director National Archives.
- The Director Arts Council.
- The Director National Gallery of Ireland.
- The Director National Library of Ireland.
- The Director National Museum of Ireland.
- The Director and Chief Executive Irish Museum of Modern Art.
- The Director of the Crawford Art Gallery Cork Limited.

In order for the selection committee to make a determination regarding a donation the selection committee need to be satisfied that the heritage item(s) is an outstanding example of the type of item involved, pre-eminent in its class, whose export from the State would constitute a diminution of Ireland's accumulated cultural heritage or whose import into the State would constitute a significant enhancement of the accumulated cultural heritage of Ireland and must be suitable for acquisition by an approved body.

In considering an application from a potential donor, the selection committee will also seek an opinion regarding the item(s) from:

- the approved body to whom the donation will be made, and
- the Heritage Council, the Arts Council or such other person or body as it deems appropriate.

The open market value of the item/collection of items must be at least €150,000 and in the case of a collection, at least one item in the collection must have a minimum value of €50,000.

Where a donation consists of a collection of items, the selection committee cannot make a determination in respect of the collection as a whole unless, the committee is satisfied that it could make a determination in respect of at least one item in the collection.

However, where a collection consists wholly of archival material or manuscripts which have been together in the collection for at least 30 years:

1. There is no requirement for the selection committee to be satisfied that it could make a determination for at least one item in the collection.
2. There is no requirement for a single item in the collection to have a minimum value of €50,000.

2.2 Valuing the item

The selection committee will request the Revenue Commissioners to ascertain the market value of the item. In arriving at the market value of an item the Revenue Commissioners may engage third party experts to examine the heritage item and advise on the open market value of the item. The market value to be taken for calculating the tax credit is the lesser of:

- the value placed on the item by the donor on their application form, and
- the value as ascertained by the Revenue Commissioners.

The Revenue Commissioners will advise the selection committee of the market value of the donation who will in turn advise the donor. If the donor accepts the market value, the donation can then proceed.

2.3 Claiming the tax credit

When the donation has been completed, a designated officer of the approved body to which the donation has been made will give a certificate to the taxpayer certifying the receipt of the donation and the value of the tax credit due to the donor.

In order to claim the tax credit, the original certificate should be submitted to Customer Service Unit in the Collector-General's Office, Sarsfield House, Francis Street, Limerick.

The tax credit due is 80% of the market value of the donation. The credit may be set against income tax, corporation tax, capital gains tax or gift and inheritance tax. The tax credit is set first against arrears, if any, of those taxes. When such arrears are cleared, unused relief may be set against current liabilities. Additional relief may be carried forward for set off against future liabilities. Donors are not entitled to a refund of tax as a result of a donation.

The credit cannot be set against Universal Social Charge or PRSI.

The Revenue Commissioners are required to compile and publish in their Annual Report the names, descriptions and values of the heritage items in respect of which relief is given in any calendar year.

3. Administrative procedures for processing the tax credit

The tax credit arising from the donation may be set against income tax, corporation tax, capital gains tax or gift and inheritance tax. All applications regarding credits should be sent to Customer Service Unit in the Collector-General's Office, Sarsfield House, Francis Street, Limerick who act as a central receipt point for all applications for relief on donation of heritage items.

The Collector-General's Office will send a schedule to taxpayers who are granted relief under section 1003. This will give details of the amount of credit granted, the tax year/accounting period for which it has been granted and the balance of relief available. Each time a credit for a subsequent tax year/period is granted, an updated copy of the schedule will be sent to the taxpayer/agent by the Collector-General's Office. Accordingly, a taxpayer will know at any time the amount of relief received and the balance of relief available. A specimen schedule is attached at Appendix 1. Procedures in place in the Collector-General's Office are given at Appendix 2.

4. Transfer of unused tax credit on the death of a spouse

Where a couple have been jointly assessed any balance of unused tax credit remaining on the death of the donating spouse may be transferred to the surviving spouse for use against that person's current or future liabilities. This will apply in jointly assessed cases only.

5. PAYE cases

5.1 General

Section 1003 relief can be granted against the Schedule E liability of a donor in certain circumstances. It is expected that section 1003 relief will be claimed against tax deducted under PAYE only in a small number of cases. Any such claims should be sent by the Collector-General's Office to the Branch in Revenue which normally deals with the taxpayer's affairs.

5.2 End of year review

It is impractical to allow the relief in PAYE cases as a tax credit ingredient. In PAYE cases, section 1003 relief is to be given by end of year review. Notwithstanding the prohibition on repayment of tax on account of a donation, the relief, up to the

amount paid under PAYE, should be set off as a payment on account of tax for the tax year in which the heritage item was donated and a repayment of tax paid under PAYE for that year may be made. In view of the amounts which are likely to be involved, a check should be made that the tax deducted under PAYE which is being repaid has been remitted.

5.3 Balance of relief

Where there is a balance of relief available, this may be carried forward to future years and repayments of PAYE for those years may be made by end of year review on the basis as set out above. Branches should deal with repayments for years subsequent to the first claim only on written request from the taxpayer and following liaison with the Collector-General's Office. Taxpayers should be advised of the necessity to make a formal claim for relief for these years.

5.4 Important notes

- Relief is not to be allowed against PAYE deducted in tax years prior to the tax year in which the donation was made.
- Interest is not to be paid on the repayment of tax deducted under PAYE.
- A repayment for a tax year as a result of a donation must not exceed the amount of tax deducted under PAYE for that year.

Accordingly, the maximum amount of section 1003 relief which is to be allowed is the amount which generates a repayment equal to the tax deducted under PAYE.

Appendix 1: Specimen schedule

Certificate Number:

Name of Donor:

Address of Donor:

Tax Reference Number(s):

Total Relief Available:

Details of Credits Allocated

Tax Reference Number	Tax Year/Period	Amount of Credit	Date	Balance of Relief Available
-------------------------	-----------------	------------------	------	--------------------------------

Appendix 2: Processing of cases by the Collector-General's Office

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]