

Top 10 tips for fundraising events

Fundraising events can fall foul of VAT and tax issues. Here are our top 10 tips to organise your events to be most tax efficient:

1	Have a fundraising event agreement with any corporates or agents that are involved in assisting the charity run any event.
2	Think about ways of optimising Gift Aid on donations collected on the night. Make sure your teams have Gift Aid forms or envelopes in order for tax efficient giving to be made.
3	Fundraising events are exempt from VAT. This means that any business income e.g. ticket sales or raffle income is exempt from VAT. The exemption is mandatory and must be applied, if your event qualifies.
4	The exemption applies if any event is promoted in order to raise funds or support a charity. Ensure your website, tickets, and outward facing PR material includes slogans or strap lines to support this.
5	The exemption from VAT also applies to corporation tax. Therefore, if your event is exempt from VAT, then any profits will also be exempt from corporation or income tax.
6	VAT incurred on fundraising events is generally blocked for VAT purposes. However, by generating zero rated income, certain costs can be treated as general overheads and are partially recoverable.
7	Donations collected at fundraising events are non-business income and cannot be treated as VAT exempt in your VAT calculations.
8	Fundraising events which are organised by a third party or those that include travel or accommodation, do not qualify for the exemption. These are dealt with under the Tour Operators Margin Scheme.
9	Events can be organised by either a charity or, e.g. for insurance purposes, by a wholly owned subsidiary. Both are eligible for VAT exemption. If your event is held by a subsidiary, make sure donations are collected on behalf of the charity so that Gift Aid can be claimed.
10	If a corporate is considering to run an event for you to raise funds, have a discussion with them about VAT and tax issues your charity would face. One way to structure this would be for the corporate to run the event and take all the risk, and donate the resulting profit to the charity.

If you would like a free initial consultation of your VAT and tax position, please get in touch:

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