

# Tax, PAYE and NICs Help Sheet

Many community and voluntary organisations assume they are not subject to tax. Unfortunately, this is not the case and your organisation definitely does not want to be caught out in this area! Further information and key contacts are highlighted below.

*Tax is a complex area and specialist advice may be needed to ensure that your obligations are being met in this area.*

## Tax exemptions

All organisations have an obligation to pay tax. [Charities](#) are entitled to tax exemptions and relief from Income Tax, Corporation Tax, Inheritance Tax and Capital Gains Tax. To claim tax exemptions, charities in Northern Ireland must be registered with [HM Revenue & Customs \(HMRC\)](#).

## PAYE (Pay As You Earn)

If your group or organisation employs staff, the Pay As You Earn system places a responsibility on the employer for collecting and accounting for an employee's income tax. This is done by deducting the required amount from an employee's gross pay and providing it to HMRC. The amount deducted must appear on the employee's pay statements.

## NICs (National Insurance Contributions)

National insurance contributions are tax on earnings designed to fund social security benefits. Organisations employing staff are required to provide the appropriate payment each month in respect of both employee and employer's contribution to HMRC. Deductions must appear on the employee's pay statements.

### Key Contacts:

[HMRC](#) – provides information and answers queries on most areas of tax revenue, website provides useful forms and tools.

[NICVA](#) – provides advice and information on VAT and tax issues for charities. [Charity Advice Team](#) - 028 9087 7777.

## VAT

In general charities are not exempt from the payment of VAT on goods and services purchased. Charities benefit from zero rating of some goods and equipment. This means that they do not pay VAT on certain items (or can claim it back). Examples include:

- Items used by people with disabilities
- Sale or hire of donated goods
- Non-classified advertising in newspapers and magazines for educational and fundraising purposes
- Construction of new buildings that the charity will use for its charitable purposes