



## GUIDE TO SETTING UP A FOUNDATION IN IRELAND

sowing the seeds  
of giving



---

<b>Framework for Giving</b>	<b>2</b>
<b>Why give?</b>	<b>3</b>
<b>What to give?</b>	<b>3</b>
<b>What causes to support?</b>	<b>4</b>
<b>How to give?</b>	<b>5</b>
Donating directly to an organisation	5
Spending through an existing philanthropic organisation	6
Setting up a Foundation	7

---

<b>Establishing your own Foundation</b>	<b>9</b>
<b>Funding</b>	<b>9</b>
<b>Legal &amp; Tax</b>	<b>10</b>
Drafting Memorandum and Articles of Association for the Foundation	11
Drafting Statement of Activities and a Financial Statement for the Foundation	12
Application for charitable tax exemption	12
Incorporation of the Foundation	14
Registering for Tax	14
Issue of CHY Number	14
<b>Other Matters</b>	<b>15</b>
A note on corporate Foundations	16

---

<b>Towards Effective Giving</b>	<b>18</b>
---------------------------------	-----------

---

<b>Resources</b>	<b>19</b>
------------------	-----------

## GUIDE TO SETTING UP A FOUNDATION IN IRELAND

# sowing the seeds of giving

Philanthropy Ireland is often asked for information on how to set up a Foundation in Ireland. In response, we have developed this Guide for individuals, families or companies who are considering setting up a Foundation. We hope that it will also be useful to wealth advisors and others with an interest in philanthropy. As the Guide explains, setting up a Foundation may not be appropriate for everyone but, for the individuals and companies deciding to do so, giving through a family or corporate Foundation can be a tremendously engaging and rewarding endeavour.

A Foundation is a vehicle that distributes donations from an individual, family or corporation to a beneficiary or portfolio of beneficiaries. In an Irish context, a Foundation is generally established using one of two legal frameworks. The main focus of this Guide is on the establishment of a Foundation as a company limited by guarantee and not having a share capital, although a brief outline of the establishment of a Foundation as a charitable trust is also included.

We would like to thank Matheson Ormsby Prentice for their legal assistance and PricewaterhouseCoopers for their advice on tax. It should be noted that the information contained in this publication is meant to serve only as a guide and to the best of our knowledge is correct at the time of going to print. We recommend that anyone considering setting up a foundation should seek advice from an independent advisor.

More general guidance on philanthropy is available in Philanthropy Ireland's guide to giving 'Philanthropy: An opportunity to make your mark', which is available in hard copy or on our website <http://philanthropy.ie>.

We hope that this Guide will be a useful tool to anyone considering setting up a foundation and will equip them with practical advice and guidance if they do so. Please contact us at any stage if you require additional information or would like to learn more about any of the issues raised in this publication.

**Jackie Harrison**  
Chief Executive, Philanthropy Ireland

# FRAMEWORK FOR GIVING

If you are thinking of setting up a Foundation, you will undoubtedly have given some thought to the kinds of activities or organisations you would like to support and what you would like to achieve through giving. It is worth taking the time to think about such issues in detail, as identifying clear objectives will make it much easier to decide if setting up a Foundation is the right approach for you.



## Why give?

Exploring your motivations for giving can help you determine what causes are most important and the best way to support them. Below are some questions to guide your thinking:

- Are there members of your family that you would like to honour through giving?
- Do you want to involve future generations of your family in giving to a particular cause or organisation?
- Are you passionate about a particular cause, issue or vulnerable group in society?
- Are there philanthropists or inspirational figures that you would like to emulate?
- Have you made any donations that you found particularly rewarding?
- Is your company considering adopting a more structured and strategic approach to its corporate giving?
- Have you or your company had a windfall gain through, for example, an investment or sale of a business interest?

## What to give?

Philanthropists may contribute money, goods, time or effort to support a particular cause. Those donating money should consider the following issues when deciding how much to give and how to structure it:

- The amount of money and assets you and your family will need to maintain a comfortable lifestyle
- The amount of money you wish to leave to your children and other family members
- The effect tax may have on your estate (e.g. Capital Acquisitions Tax)
- Prospective pension requirements
- Additional provisions for ageing parents, other dependents as well as siblings or friends.

In addition to financial contributions, you or your company may also decide to donate time and expertise to organisations you wish to support.

## What causes to support?

For individuals and families, philanthropy is a deeply personal endeavour that will reflect your values and convictions. For businesses, causes and organisations supported will ideally align with the overall of business strategy and line of business, or be issues and challenges affecting the community or communities in which the company operates. It may be helpful for you to write down causes or societal problems that you would like to address, and to consider the following:

- Animal Welfare
- Arts and Culture
- Civil Society, Law and Civil Rights
- Community Development and Housing (e.g. economic and social development; housing; business development)
- Education
- Environment
- Health
- International Development and Relations (e.g. international aid and development; peace and security; promoting international understanding)
- Philanthropy, Volunteerism and Nonprofit Infrastructure (e.g. support and promotion of volunteerism; promotion of philanthropy)
- Recreation and Sport
- Religion
- Science
- Social Welfare (e.g. material assistance to the disadvantaged; support for people experiencing hardship)

There are many ways of finding out more about particular causes or organisations. You can make direct contact with charitable organisations, or seek advice from a Foundation that supports causes of interest to you.

More information on identifying causes and organisations to support is available on the Philanthropy Ireland Web site <http://philanthropy.ie>

## How to give?

There are 3 main ways to engage in philanthropy:

1. Donating directly to an organisation
2. Spending through an existing philanthropic organisation
3. Setting up your own Foundation

Many philanthropists give through multiple channels so, while this Guide focuses on setting up a Foundation, the advantages and disadvantages of the other giving vehicles are briefly summarised below.

### Donating directly to an organisation

Through previous experience with organisations or independent research, prospective philanthropists can identify organisations, such as charities or universities, to which they would like to donate directly.

This approach works well where the organisation has a strategic direction that you support and believe to be effective. There may be a particular project you are interested in assisting or, alternatively, you may wish to contribute to the organisation's core costs, for which many organisations have difficulty securing funding. It can be especially rewarding to work closely with an organisation and you may wish to devote some time to researching a potential beneficiary before you approach them about making a gift. The advantages to this approach include:

- Making a gift is simple, fast and can be tax-efficient
- Directing your investment to the organisations you feel are most impactful
- Donating to organisations you select, without the upfront costs associated with some of the other approaches to giving

## Framework for giving

'We started our foundation because we believe we have a real opportunity to help advance equity around the world...to help make sure that, no matter where a person is born, he or she has the chance to live a healthy, productive life.' – Melinda Gates

It would be helpful for prospective donors to do some preliminary work before contacting an organisation about its funding needs. Most organisations have Web sites and publish annual reports, both of which will help you determine whether the organisation's activities are compatible with your values. You may also wish to talk to other philanthropists to hear about their experience with different organisations or contact shortlisted organisations directly. Information on finding an organisation to support is available at <http://philanthropy.ie> and in the Resources section of this guide.

While most organisations make a concerted effort to keep donors informed about the impact of their investment, requesting frequent, in-depth updates may unnecessarily burden staff, especially in a smaller organisation. When donating directly to an organisation, ensure that it is aware of and able to meet your communication requirements.

## Spending through an existing philanthropic organisation

Many philanthropic organisations have built up significant expertise through their work, developing detailed knowledge of particular areas of need and organisations working to address those needs. To assist prospective donors in choosing causes or organisations to support, some organisations offer donor-advised funds.

Donor-advised funds are philanthropic funds managed by a third party on behalf of a donor, who prescribes how the monies are to be disbursed. With or without advice from the philanthropic organisation, donors make recommendations based on the causes and organisations they want to support and decide how much they want to contribute as well as how often (i.e. whether they will make a once-off gift or an annual contribution). The philanthropic organisation takes care of legal requirements and administration of the fund. The advantages to this approach include:

- Accessing the expertise of an existing philanthropic organisation
- Saving time and money (there are no set up costs) by handing over the legal and administrative responsibilities to an established organisation
- Gaining experience of planned giving, should you decide to set up your own Foundation at a later date

- Availing of the organisation's charitable status so that you and any other donors to your fund can give tax efficiently with immediate effect
- Protecting your privacy by assigning responsibility for the fund to an intermediary organisation
- Having access to impact reports and project assessments as agreed with the administering organisation

Though giving through a donor-advised fund is less cumbersome than setting up your own Foundation, you will be assigning legal control and responsibility of the money in the fund to the administering organisation. Consequently, you should ensure that this organisation has the skills and integrity to manage your philanthropic investment appropriately. Contact details for philanthropic organisations offering donor-advised funds are listed in the Resources section of this Guide.

## Setting up a Foundation

Setting up a Foundation is likely to be the best option for those seeking maximum flexibility and control over their philanthropic investments, for those wishing to involve their family and future generations in their giving, for businesses wanting to adopt a more structured and strategic approach to giving and where a large sum is available to donate. The advantages to this approach include:

- Focus– you can develop a clear giving strategy that supports the causes of greatest importance to you.
- Effectiveness– establishing your own philanthropic organisation will mean that you can continuously monitor your investments and their impact.
- Privacy– setting up your own Foundation will provide a legal structure to which all requests for support can be directed, thereby eliminating charitable requests to your home or office.
- Cost savings– foundations may apply to the Revenue Commissioners for charitable exemption from Income Tax, Corporation Tax, Capital Gains Tax, Capital Acquisitions Tax, Deposit Interest Retention Tax, Stamp Duty and Dividend Withholding Tax. There is no general exemption in respect of Value Added Tax or PRSI for organisations which are granted charitable tax exemption. Employees of charitable entities are liable to income tax under the PAYE system. However, in certain circumstances, specific reliefs from VAT are available (such as medical equipment or humanitarian aid exports) and, where appropriate, charitable entities may be entitled to claim such relief.

## Framework for giving

Philanthropy is all about making a positive difference in the world by devoting your resources and your time to causes you believe in. In my case, I like to support causes where "a lot of good comes from a little bit of good," or, in other words, where the positive social returns vastly exceed the amount of time and money invested.' – Jeff Skoll

- **Community relations**– if you choose to do so, you can make yours a high-profile Foundation, generating positive press for your business or family while inspiring others to give.
- **Independence**– for businesses, a corporate foundation will be independent of the day to day affairs of the company, thus allowing it to be more strategic and effective.

Setting up your own Foundation requires a considerable commitment of time and resources. Expenses incurred in establishing your own Foundation include legal and tax advice, office administration and set-up costs. These will vary based on the size of the Foundation but are typically between €10k-50k. While circumstances may differ in individual cases, given the level of administration and the ongoing time commitment involved in establishing your own Foundation, it may not be a viable option where it is proposed to donate less than €500,000 to the Foundation and, in such circumstances, it may be preferable to consider donating directly to a charitable organisation or establishing a donor-advised fund.

Other things to consider when setting up a Foundation include:

- **Structure:** The majority of philanthropic organisations in Ireland are established either as a charitable trust or as a company limited by guarantee and not having share capital.
- **Regulation:** Under the new charities legislation, organisations with charitable status will be subject to the requirements of the Charities Regulatory Authority. At present, charitable entities with tax exempt status are subject to the requirements of the Revenue Commissioners.
- **Record keeping:** Your Foundation will have to comply with reporting requirements of the Companies Registration Office and the Revenue Commissioners. New accounting and auditing requirements for all charities are likely to be imposed under the new charities legislation.
- **Governance and Management:** In recruiting directors and staff for your Foundation, you will want to consider what skill sets and experience are needed to maximise the impact of your giving.
- **Additional assets:** Whether you want to contribute further assets in the future, following a business sale, for example, or through charitable bequests.

# ESTABLISHING YOUR OWN FOUNDATION



## Funding

If, having developed a giving strategy, you plan to establish your own Foundation, you will need to consider

- How the Foundation will be funded
- The legal structure of the Foundation and tax registration
- Other matters

Typically, Foundations are funded by one or more of the following:

1. an initial once-off lump sum
2. a commitment to provide annual grants of a fixed amount for a set number of years
3. transfer to the Foundation of a block (portfolio) of shares, preferably those that are readily marketable and generating regular dividends
4. transfer of an income-producing asset, such as an investment property

Many Foundations are established with an endowment that is intended to be permanent, thereby ensuring that the Foundation can provide long-term support for its priority causes or organisations. This creates opportunities for involving future generations of your family in giving and ensures that the Foundation is recognised for its long-term support of a particular cause. It should be noted that you must seek prior permission from the Revenue Commissioners if you intend to accumulate income for your Foundation for a period in excess of two years.

Other Foundations instead adopt a 'spend down' model in which the Foundation's assets are used to make substantial investments in organisations and causes over a set period of time, usually within the donor's lifetime. A time-limited investment period will allow you to focus on achievable, measureable change, giving you the satisfaction of participating actively in supporting a cause or causes that matter most to you.

## Legal & Tax

Once you have determined how the Foundation will be funded, you will need to decide which legal form it will take. Foundations in Ireland are typically established as:

- a charitable trust or
- a company limited by guarantee not having a share capital

A charitable trust is established by a trust deed and is subject to trust law. It may be the appropriate structure where there is a once-off transfer of funds and where the Foundation's aims are unlikely to change substantially over time. The advantages of charitable trusts are that they are relatively simple and fast to set up as compared with a company limited by guarantee; they need not be registered with the Companies Registration Office and, if the Charities Bill is enacted in its present form, they will not be required to publish their accounts if no funding is sought from the public. It is important to consider, however, that trustees have unlimited liability and can be held personally liable if found to have acted unreasonably. Consequently, it may be preferable to establish a Foundation as a company limited by guarantee and not having a share capital.

For more information on setting up a charitable trust, contact a professional advisor.

Foundations established as companies limited by guarantee and not having a share capital operate within the framework of the Companies Acts 1963-2006 and have much the same structure, rights and obligations as a company limited by shares. Foundations are administered according to a governing document (the memorandum and articles of association) under the leadership of unpaid directors.

Setting up a company limited by guarantee involves the following steps, which are explained in detail below:

1. Drafting Memorandum and Articles of Association—see page 11
2. Drafting Statement of Activities and Financial Statement—see page 12
3. Submitting the draft Memorandum and Articles of Association and the Statement of Activities and Financial Statement to the Revenue Commissioners, together with a charity application form for approval—see page 12
4. Following approval of the draft Memorandum and Articles of Association by the Revenue Commissioners, incorporating the Foundation—see page 14
5. Registering for tax, if necessary, and submitting tax registration number to Charities Section of the Revenue Commissioners. Contact the Charities Section of the Revenue Commissioners for details.
6. The Revenue Commissioners issue the Foundation with its charity number

## Drafting Memorandum and Articles of Association for the Foundation

The Memorandum and Articles of Association are a Foundation's governing documents. The Memorandum and Articles of Association set out the exclusively charitable objects of the Foundation and provide for its administration. For the Memorandum and Articles of Association you will need to:

- a. Determine the name of the organisation
- b. Articulate main and secondary charitable objects of the organisation and the powers of the company
- c. Select a minimum of 3 independent and unrelated Directors, the majority of whom must be resident in Ireland  
*Note: An "independent and unrelated" director is independent from management and is free from any interest or any business or other relationship which could, or could reasonably be perceived to, interfere with the director's ability to act with a view to the best interests of the Company.*
- d. Select a minimum of 7 members subscribing to the Memorandum & Articles of Association

The Memorandum and Articles of Association of a Foundation seeking charitable tax exempt status must include the following standard clauses:

- a. The charitable objects of the organisation
- b. Prohibition on the distribution of income, assets or profits to the organisation's members and a prohibition on the payment of fees and/or salaries (other than out of pocket expenses) to the directors for services rendered in that capacity
- c. A provision to the effect that the prior written approval of the Revenue Commissioners must be obtained for any amendments to the Memorandum and Articles of Association
- d. Provisions regarding the keeping of annual accounts and making these available to the Revenue Commissioners, upon request
- e. Provision that a majority of the directors must be resident in Ireland
- f. Provisions governing the distribution of the surplus assets upon dissolution of the company to a charitable entity with similar objects or, failing that, to some other charitable entity (which may include a philanthropic organisation or other entity with charitable tax exemption)

There is a link to standardised memorandum and articles of association prepared by the Revenue Commissioners in the resources section of this Guide.

## Establishing your own Foundation

‘In business, the goal is money, and you get a pot of money at the end of it. That’s great...but when you do a project in education or health care — and it actually works — it’s the best feeling in the world.’  
—Tom Hunter

### Drafting Statement of Activities and a Financial Statement for the Foundation

A comprehensive statement of activities and a certified copy of the latest available accounts or, in the event that the Foundation has not yet been established, a financial statement must be submitted to the Revenue Commissioners when making an application for charitable tax exemption.

The statement of activities should contain a description of all aspects of the operation or intended operation of the Foundation, an explanation as to how the company intends to accomplish each of its objects or purposes and a detailed explanation of the work that it intends to carry out. Any brochures, publications or other background information on the work completed to date or proposed work of the organisation should also be lodged with the Revenue Commissioners. If a website has been set up in relation to the charity, reference should also be made to this.

The Financial Statement should include a proposed budget or estimate of income and expenditure and assets and liabilities, outlining what expenditure the Company is expected to have within its first twelve months, how it will be spending its money, and most importantly, how it will obtain funding.

### Application for charitable tax exemption

To obtain charitable tax exemption for the organisation, you will need to apply to the Revenue Commissioners, using the CHY1 form. To complete the CHY1 application, you will need to provide the following details:

1. Identifying the organisation
  - a. Name of the body applying for exemption
  - b. Name and role of applicant
  - c. Contact information of the Foundation
  - d. Tax reference number (If a tax reference number has been allocated to the body this should be stated. You may apply for charitable exemption before obtaining a tax reference number. Details on registering for tax are available below under item 4.)
  - e. Confirmation as to whether the Foundation has employees

‘I want the lasting legacy of the Celtic Tiger to be that the Irish can look beyond their own lives and help those less fortunate.’

– Niall Mellon

f. Charitable Activity for which the exemption is sought:

1. Relief of Poverty
2. Advancement of Education
3. Advancement of Religion
4. Other purpose of Benefit to the Community

*The pending new charities legislation will provide a statutory definition of charitable purposes, describing more clearly the four categories listed above.*

2. Summary of activities which are being/will be carried out by the Foundation to further its charitable objects.
3. Confirmation of whether the Foundation is aware of any other organisation/charity which is engaged in similar activities.
4. Details of at least 3 proposed Directors, to include their names, addresses, occupations, PPS numbers and connections with other charities.
5. Objectives and Activities
  - i. Draft version of the Memorandum & Articles of Association. Where the company has not yet been established, it is advisable to provide the draft Memorandum & Articles of Association to the Revenue Commissioners so that any comments of the Revenue Commissioners may be incorporated prior to finalising and executing the instrument. Once the Revenue Commissioners have approved the format of the governing instrument, an official copy, duly executed by the members, will be required to be submitted.
  - ii. Comprehensive statement of activities, as detailed above.
  - iii. Any publications available that describe the activities of the Foundation.
6. Finance and Funding
  - i. Financial statements
    1. Certified copy of the latest available audited accounts, if available, or
    2. In the event that the company has not yet been established, a financial statement, as detailed above
  - ii. Details of accounts where charitable funds are held
  - iii. Names and addresses of professional fundraisers, if engaged by the Foundation
7. Confirmation as to whether a trading exemption is required
8. Property of the Foundation
9. Signed declaration

## Establishing your own Foundation

‘I resolved to stop accumulating and begin the infinitely more serious and difficult task of wise distribution.’

– Andrew Carnegie

### Incorporation of the Foundation

Once the draft Memorandum and Articles of Association are approved and the application is approved in principle by the Revenue Commissioners, the Memorandum and Articles of Association, along with a Form A1 must be submitted to the Companies Registration Office (“CRO”) in order for the company to be incorporated. Incorporation generally takes ten days from the date that the application is submitted to the CRO.

There is a link to Form A1 in the resources section of this guide.

### Registering for Tax

An application for a tax registration number should be made by the Foundation, now incorporated as a company limited by guarantee and not having a share capital, to its local Revenue district.

A company should register for PAYE/PRSI if it intends to hire staff in Ireland. To register for tax, complete form TR2 (for Companies) and return to your local Revenue District.

There is a link to form TR2 in the resources section of this guide.

### Issue of CHY Number

The tax registration number is then submitted to the Charities Section of the Revenue Commissioners, which will then issue the Foundation with its charity number (CHY number).

Once the Revenue Commissioners has approved the application in writing and a CHY number has been obtained, the Foundation will qualify for exemption from Corporation Tax, Income Tax, Capital Gains tax, Capital Acquisitions Tax, DIRT on deposit interest received and Dividend Withholding Tax on dividends received from Irish Companies, provided all of its

income and gains are applied solely for its charitable purposes. The Foundation will further be exempt from stamp duty on the purchase of property required to further its charitable aims. There is a link to guidance on completing an application for charitable tax exemption in the resources section of this guide.

Foundations that intend to solicit third-party donations will need to apply to the Revenue Commissioners using form CHY2. **Note that the Foundation must hold charitable tax exemption (i.e. a CHY number) for two years before donations made by Irish taxpayers are eligible for relief.** A link to form CHY2 and relevant guidance is available in the resources section of this Guide.

## Other Matters

At the time of publication, the passing of the new charities legislation is imminent. While the legislation does not provide a separate legal structure for charitable organisations, you will be required to register your Foundation with a regulatory authority and meet its accounting and reporting requirements to maintain charitable tax exemption.

If the charities legislation is enacted in its present form, every charitable organisation, regardless of whether it is established as a trust or a company limited by guarantee and not having a share capital, will be required to prepare an annual statement of accounts and present it to the Charities Regulatory Authority. The detail required in the annual statement of accounts will be determined by Ministerial Order, although the legislation does include a threshold under which the accounting requirements will be relaxed. Where a charitable organisation's gross income or expenditure is under €100,000, only an income and expenditure account and statement of assets and liabilities will be required. Charitable organisations exceeding this threshold must have their annual accounts audited whereas those charitable organisations under this threshold may either have accounts audited or examined by an independent person who is approved by the Charities Regulatory Authority.

## Establishing your own Foundation

‘The highest use of capital is not to make more money but to make money do more for the betterment of life.’ - Henry Ford

The annual reports and accounts submitted to the Charities Regulatory Authority will be available for public inspection with the exception of those submitted by private charitable trusts, which have not been funded by donations from the public.

A link to information on the Charities Bill is available in the Resources section of this Guide.

Other matters to consider are as follows:

- Registering trade names, trademarks or other trading symbols
- Registering Internet or email names and the information regarding the Foundation which is required to be displayed on the website
- Setting up bank accounts and obtaining board approval for signing authorities, limits and mandates.
- Printing company stationery, on which companies must include the following information:
  - Name of company and its legal form
  - Directors' names and confirmation of nationality, if not Irish
  - Place of registration and registration number
  - Where the Foundation is exempt from including the word 'limited' or 'teoranta' in its name, confirmation that it is a limited company
  - Address of registered office
  - Business name

## A note on corporate Foundations

While many businesses have a corporate social responsibility (CSR) or other giving programme, there are very few charitable Foundations established by corporate businesses operating in Ireland (“Corporate Foundation”).

Whether such a Corporate Foundation is established as a company limited by guarantee and not having a share capital or as a trust, it will be subject to the same laws and regulation as those imposed on private charitable Foundations.

'Philanthropy is involved with basic innovations that transform society, not simply maintaining the status quo or filling basic social needs that were formerly the province of the public sector.' — David Rockefeller

While they share the same challenges and advantages outlined in Section 2 of this guide, Corporate Foundations offer additional benefits for company leaders by:

- Strengthening a company's brand through excellence in giving
- Focusing on achieving the maximum return on the social investment from the parent company
- Facilitating a more long-term investment strategy for charitable giving, rather than a preoccupation with short term activities and non strategic "pet projects"
- Offering a mechanism for shielding the company from individual approaches for money/support
- Providing tax relief for donations once two years have passed from the date that the Corporate Foundation was assigned its CHY number, which allows donations from the company to be offset against corporation tax.

Corporate Foundations are typically started with a large single gift that can become the endowment, which may be added to on an annual basis as profits allow. The Board of a Corporate Foundation is usually comprised of representatives from the parent company, including key executives and interested employees. There is also the opportunity to include some independent members, in particular persons with expertise in areas where the Corporate Foundation is likely to be active. Corporate Foundations may also be funded by a donation of shares. The dividends payable in respect of those shares would become the income of the Foundation. Provided the Foundation has been assigned a CHY number, the Foundation may avail of an exemption from dividend withholding tax. Provided the Foundation has already been assigned its CHY number, no stamp duty will be payable by the Foundation on the transfer of the shares, nor will capital gains tax be payable by the company donating the shares.

## TOWARDS EFFECTIVE GIVING

Once the Foundation has been established, the Foundation's Directors will agree specific goals and objectives, develop an annual grantmaking budget and consider staff requirements. Researching various approaches to giving may help inform how the Foundation's giving will be managed, allowing you to adopt effective giving practices developed by other philanthropic organisations. Several approaches to philanthropy are briefly described below, and there are links to relevant organisations in section 4.3 of this Guide.

### **Grant making philanthropy**

Foundations adopting this approach will typically offer grant rounds in which charitable organisations are invited to submit proposals for funding. Directors, staff, trustees or other review panels will then decide which proposals to fund based on pre-defined criteria and the potential impact of the project.

### **Once-off philanthropic funding**

A visionary idea for change may not need ongoing support, but rather a single donation to help realise that vision. Although the benefits of a large-scale capital project will be felt for years to come, the project may depend on a substantial initial investment.

### **Partnership-led philanthropy**

Many Foundations choose to maximise their impact by partnering with other philanthropic organisations or government agencies, thereby pooling both financial resources and complementary areas of expertise.

### **Social entrepreneurship**

Some individuals use entrepreneurial principles to tackle particular challenges in societies, often developing innovative and replicable approaches. Organisations supporting social entrepreneurship tend to offer both financial support and access to a support network.

### **Social finance**

Social finance involves lending money with the primary purpose of achieving positive social change. Money is lent to individuals or organisations where it is felt that the money will achieve positive social impact. Below market rates of interest are offered and the money, once paid back, is reinvested in other programmes.

### **Venture philanthropy**

This new approach to philanthropy is rapidly growing in popularity. As its name implies, venture philanthropy involves applying to philanthropy techniques more commonly associated with venture capital. Venture philanthropy Foundations are characterised by their hands on giving strategy comprised of both financial and non-monetary investments.

Whatever approach you choose, you can find information on developing an effective Foundation in Section 4.3.

## RESOURCES

### Giving Directly to an Organisation

This section contains a list of resources for those looking to donate directly to an organisation.

#### GuideStar Ireland

GuideStar is an online Web-based directory of community and voluntary organisations, charities, NGO and philanthropic organisations. It publishes extensive data about the organisations (objectives, activities, organisation and finances), which is free to access. The information on a GuideStar is derived initially from sources of public disclosure (the Companies Registration Office, the Revenue Commissioners) then augmented by the listed organisations themselves. Currently in its test phase, GuideStar Ireland can be accessed at <http://www.guidestar.ie/>

Within the broader community and voluntary sector, there are associations and representative bodies that may be able to provide information on their sub-sectors and organisations specialising in that area. Below is a non-exhaustive list of such organisations:

#### Business to Arts

Established in 1988, Business to Arts continues to encourage new collaborations and exciting projects. <http://www.businesstoarts.ie/>

#### Dóchas

Dóchas is the association of Irish Non-Governmental Development Organisations that aims to develop a vibrant, outward-looking network, with an active and informed membership representative of the Irish development sector, providing services and promoting effective action to bring about sustainable development. Member organisations must adhere to Dóchas's policies and codes of practice. <http://www.dochas.ie/>

#### Irish Universities Association (IUA)

The IUA is the representative body for the seven Irish universities. The IUA works with and on behalf of its members to develop strategy and associated actions to advance third and fourth level education and research. Its aim is to maximise universities' contribution to Ireland's social, cultural and economic well being. <http://www.iua.ie/index.html>

#### Medical Research Charities Group (MRCG)

The MRCG provides peer support, networking opportunities, information and training opportunities, leadership on issues relevant to medical research charities, opportunities for new funding sources, and public awareness. We aim to achieve a consensus position among members on topics of interest and importance. <http://www.mrcg.ie>

#### The Wheel

The Wheel is a support and representative body connecting community and voluntary organisations and charities across Ireland. Established eight years ago, The Wheel has evolved to become a resource centre and forum for the community and voluntary sector. <http://wheel.ie/>

### Giving through an Existing Philanthropic Organisation

Philanthropic organisations that offer donor-advised funds and related services include:

- **The Community Foundation for Ireland** <http://www.Foundation.ie>
- **The Ireland Funds** <http://www.irfunds.org>
- **Irish Youth Foundation** <http://www.iyf.ie>

Philanthropists may also wish to donate through other philanthropic organisations, including:

- **Clann Credo** <http://www.clanncredo.ie>
- **Social Entrepreneurs Ireland** <http://www.socialentrepreneurs.ie>
- **Ashoka Ireland** <http://www.ashoka.org/ireland>

## Resources

### Tax and Legal Forms and Information

#### **Irish Charities Tax Reform Ltd (ICTR)**

ICTR was set up in 2000 by its sister organisation, the Irish Charities Tax Reform Group (ICTRG) with the specific aim of providing research, information, and education on taxation and regulation issues that affect charities in Ireland. <http://ictr.ie>

#### **The Society of Trust and Estate Practitioners (STEP)**

STEP Ireland is a unique professional body providing members with a local, national and international learning and business network. The Web site contains contact details of STEP officers for those looking for a trust or estate practitioner. <http://www.step.ie/>

#### **PwC Charitable Giving Guide**

In 2008, PricewaterhouseCoopers published an updated version of its Charitable Giving Guide, which provides an overview of the tax incentives available for individuals and companies donating to charitable causes. A copy of the Guide is available online at <http://philanthropy.ie> and at <http://www.pwc.com>

#### **Memorandum & Articles of Association**

The Memorandum & Articles of Association are the governing documents of a Foundation established as a company limited by guarantee. A standardised version is available at <http://www.revenue.ie/leaflets/stanmemo.pdf>

#### **CHY1 Form**

CHY1 is the form submitted to the Revenue Commissioners for organisations seeking charitable tax exemption. The form and accompanying guidance are available at <http://www.revenue.ie/leaflets/chy1.pdf>

#### **CHY2 Form**

CHY 2 is the form submitted to the Revenue Commissioners for organisations with charitable tax exemption seeking additional relief on donations. Note: the organisation must have charitable tax exemption for at least 2 years to qualify for this additional relief. <http://www.revenue.ie/leaflets/chy2.pdf>

#### **CRO Form A1**

A1 is the Application to Incorporate a Company that is submitted to the Companies Registration Office. The form is available at [http://www.cro.ie/ena/cro\\_forms\\_tt.aspx](http://www.cro.ie/ena/cro_forms_tt.aspx)

#### **CRO Form A1 Guidance**

Before completing CRO Form A1, review Information Leaflet 1 available at <http://www.cro.ie/en/downloads-information-leaflets.aspx>

#### **Form TR2**

TR2 is the tax registration form for new companies that is submitted to the Revenue Commissioners. <http://www.revenue.ie/forms/formtr2.pdf>

Company Law Guidelines prepared by the Citizens Information Bureau [http://www.citizensinformationboard.ie/publications/voluntary\\_sector/downloads/CompanyLawGuidelines.Nov07.doc](http://www.citizensinformationboard.ie/publications/voluntary_sector/downloads/CompanyLawGuidelines.Nov07.doc).

## Effective Giving

Visit our Web site at <http://philanthropy.ie> to access the following resources

- Information on our Members and benefits to joining Philanthropy Ireland
- Our Directory of Philanthropy, which contains links to philanthropic organisations using a variety of approaches to giving
- Links to information on best practice for philanthropic organisations
- The latest news and events for philanthropic and third sector organisations

Other Web sites that may be helpful include:

### **Association of Charitable Foundations (ACF)**

The ACF is the leading membership association for trusts and Foundations in the UK with over 300 members ranging in size from small and local grant-makers to some of the world's largest Foundations. Through services to its members, the ACF provides a framework in which trusts and Foundations can learn from each other's experience, explore matters of common concern and achieve good practice in grant-making. <http://www.acf.org.uk/>

### **Business in the Community Ireland**

Business in the Community Ireland (BITCI) is a non-profit organisation specialising in advice and guidance to leading companies in Ireland on corporate responsibility and corporate community involvement. <http://www.bitc.ie/>

### **Council on Foundations**

The Council on Foundations is a Washington, DC, area-based non-profit membership association of more than 2,100 grant making Foundations and corporations. The Council works to create an environment in which the movement can grow and thrive, and to provide Council members with the products and services they need to do their best work. <http://www.cof.org>

### **European Foundation Centre (EFC)**

The EFC is an international association of Foundations and corporate funders dedicated to creating an enabling legal and fiscal environment for Foundations, documenting the Foundation landscape, strengthening the infrastructure of the sector, and promoting collaboration, both among Foundations and between Foundations and other actors, to advance the public good in Europe and beyond. <http://www.efc.be/>

### **European Venture Philanthropy Association**

EVPA is a unique network of venture philanthropy funds and others committed to promoting high-engagement philanthropy in Europe. EVPA's diverse membership includes venture philanthropy funds, grant making Foundations, private equity firms and professional service firms, philanthropy advisors and business schools. <http://www.evpa.eu.com>

### **New Philanthropy Capital (NPC)**

NPC was set up by a group of leading City financiers who wanted to arm donors with information on the results achieved by charities and help charities themselves to get better at focusing on how they change lives. NPC advises philanthropists, develops research on the third sector in the UK and provides a range of services for charitable organisations. <http://www.philanthropycapital.org>

Founded in 1998, Philanthropy Ireland is the Association of independent philanthropic organisations in Ireland, including grant making trusts and foundations. Our goal is to grow and support philanthropy in Ireland through advice, advocacy, research and membership services.

Our Web site, [Philanthropy.ie](http://Philanthropy.ie), is Ireland's leading source of impartial advice and information on philanthropy. It features resources for current and prospective philanthropists, grant seekers and philanthropic organisations, as well as research and general information on philanthropy in Ireland and overseas.



5 Foster Place, Dublin 2, Ireland

T: +353 (0)1 670 8939

E: [info@philanthropy.ie](mailto:info@philanthropy.ie)

W: [philanthropy.ie](http://philanthropy.ie)