PHILANTHROPY IRELAND

August 2025

BUDGET 2026 SUBMISSION

Strengthening the Foundations of Philanthropy for Social Impact

INTRODUCTION

Philanthropy can be a powerful driver of positive social impact, supporting communities and enabling change that benefits society as a whole. As a key partner to the not-for-profit sector in Ireland and overseas, it underpins work at every level, from grassroots community groups to large-scale national organisations.

Across the island of Ireland, philanthropic giving has made a tangible difference in every county. This reflects a long and rich tradition of generosity, where all citizens, in some way, have been beneficiaries of such support.

Research estimates the charities sector is worth some €32bn annually to the Irish economy, employing over 280,000 people, equivalent to almost 1 in 8 workers (1). Philanthropy Ireland's network has supported over 40% of the circa 11,500 charities registered with the Charities Regulator. This reach is significant, yet it does not account for the full breadth of giving: private philanthropy and much of Ireland's overseas contributions remain outside of membership-based data.

The impact of philanthropy, both visible and less easily captured, demonstrates its essential role in strengthening communities, addressing inequality, and sustaining a vibrant civil society. With supportive policy, Ireland can harness philanthropy's full potential; deepening civic engagement, strengthening social cohesion, and building long-term resilience so that charities and communities can plan, innovate, and respond effectively to emerging challenges.

Supporting the implementation of the National Philanthropy Policy 2024 – 2028 is a commitment in the Programme for Government 2025 - Securing Irelands Future which states:

> *"This Government will progress Irelands first National Philanthropy Policy"*

Strengthening the culture and infrastructure of philanthropy is therefore a matter of public interest, ensuring that giving can reach its full potential as a catalyst for innovation, partnership, and sustainable social impact.

(1) Charities Regulator

SUMMARY OF PROPOSALS

To ensure the practical and sustainable implementation of the National Philanthropy Policy 2024 – 2028, and to strengthen Ireland's domestic philanthropy framework while maximising giving at scale, the following measures are recommended:

1. **Introduce a relief from CAT** provided directly to a Philanthropic Organisation (to be claimed in the Capital Acquisitions Tax (CAT) return filed by the giver) on donations given out of a bequest received (details set out below).
2. **Introduce a relief from CGT** provided directly to a Philanthropic Organisation (to be claimed in the Capital Gains Tax (CGT) return filed by the giver) on donations given out of large-scale capital gains (details set out below)
3. **Invest in Data and Research** providing an evidence base to map and fully inform philanthropy in Ireland to advance deeper engagement for social good.

For Budget 2026 Philanthropy Ireland is asking government to follow through on the commitments made in Budget 2024 and 2025, by advancing changes to unlock philanthropy for social good. We are making this submission to signpost simple measures to achieve this, in alignment with calls made by the Implementation and Monitoring Group for the National Philanthropy Policy.

DETAILS OF PROPOSALS

1. Capital Acquisitions Tax Relief

What is proposed:
CAT is charged at a rate of 33% on gifts and inheritances received which are in excess of prescribed thresholds that depend on the family relationship between the giver and the receiver. At present, if a person leaves an amount in their will to a philanthropic cause, then this bequest will not attract a charge to tax. This amounted to approximately €95m in 2023 (CRA 2023) and has the potential to grow substantially.

However, if the recipient of a gift or an inheritance wishes to pass on part or all of what they have received to a philanthropic cause, they must do so out of the net amount they receive after having paid any CAT due at the rate of 33%.

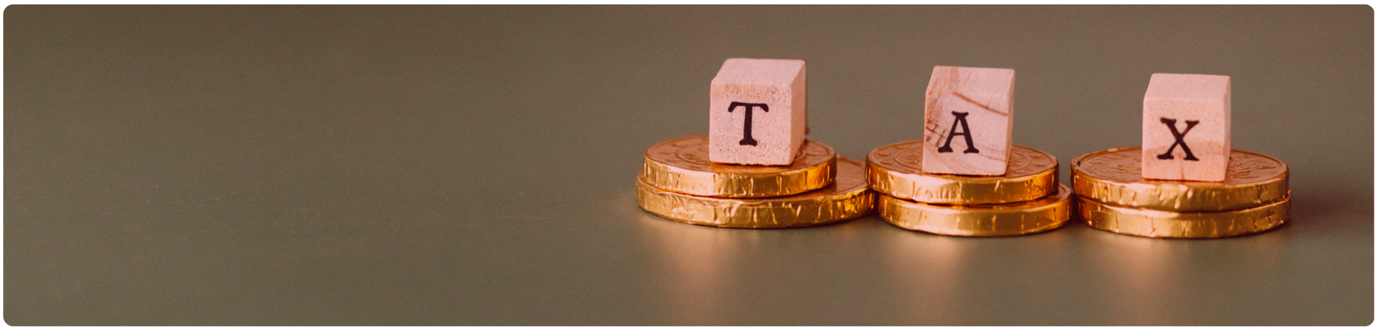
Full relief against CAT should be provided where the person receiving the gift or inheritance donates at least €1m of this to a qualifying philanthropic organisation. The intention to make such a donation and the intended amount should be declared in the relevant CAT return, thus providing a time limited window for discussion and decisions on the donation to be made prior to the making of the tax return. To avail of the relief, and a refund of any CAT paid, the donation should be completed to a qualifying philanthropic organisation within 4 years of the relevant CAT return filing date.

The mechanism by which the refund of CAT can be made could be on one of two models, each of which has the same outcome for the individual and for the Philanthropic Organisation:

1. The refund of CAT could be made directly to the philanthropic organisation rather than to the individual, and at current tax rates this would entail a donation by the individual of 67% (of the donation) out of the after-tax gift or inheritance, and a refund equating to 33% to the philanthropic organisation. The philanthropic organisation receives 100% and the after-tax cost to the individual is 67%; or,
2. The refund of CAT could be made directly to the individual, which would entail a donation by the individual of 100% (of the donation) out of the gross gift or inheritance, and a refund due to the individual of 33% of the donation. The philanthropic organisation receives 100% and the after-tax cost to the individual is 67%.

The relief should run for an initial phase of five years from 2025 to 2029, to cover the period of the National Philanthropy Policy, with its effectiveness reviewed in 2029. Data points on the deployment of philanthropic investing can be collected over that period which would aid the review and inform the subsequent decision-making process about improvements to the relief or how to maximise social impact out of the reliefs granted.

The financial investment is such that with a 33% tax rate, for every €1 of tax relief, €3 is invested in projects for the common good. Put another way, every €1 of tax expenditure is matched by €2 of private funding, and 100% of the resulting amount is invested in projects for the common good and public benefit. All tax relief goes back into the intended philanthropic causes. The cost of granting this relief will entirely be offset by the 200% private investment in philanthropic projects made at the same time.



Why this is important:
This relief is aimed at growing domestic philanthropy, such that funds are provided for long term strategic projects that benefit the common good. It is intended as a measure to effect behavioural change in the deployment of inherited wealth by creating a space and opportunity for consideration of the allocation of resources to philanthropic purposes.

The objective of the relief is to grow the scale of philanthropic giving by Irish individuals, families and organisations, such that there is an effective philanthropic environment that provides funds for projects that for one reason or another (including early stage and high-risk projects) fall outside the remit of direct Government financing either in part or in whole at the present time.
The impact of the relief would be to focus funding on areas of need or development by engaging private finance through philanthropy. The impact should be expected to be both financial and social.

Our Ask

Full relief against CAT should be provided where the person receiving the gift or inheritance donates at least €1m of this to a qualifying philanthropic organisation.

2. Capital Gains Tax Relief

CGT is generally charged at a rate of 33% on capital gains made on the disposal of assets, which could include, for example, shares in a company and real estate. In some circumstances such gains can constitute substantial windfalls arising out of a lifetime of work by the individual or individuals involved, or the result of long-term strategic investment by a company. There is evidence of an increasing presence of wealthy entrepreneurs, often younger, who want to give in an ambitious and meaningful way.

At present, if a person in receipt of such a gain donates part or all the gain to a philanthropic cause, then that person will not qualify for tax relief and only the net amount after tax may be donated.

Relief against CGT (or corporation tax on chargeable gains) should be provided where the person making the gain donates at least €1m of this to a qualifying philanthropic organisation. The intention to make such a donation and the intended amount should be declared in the relevant annual tax return in which the gain is declared, thus providing a time limited window for discussion and decisions on the donation to be made prior to the making of the tax return. To avail of the relief, and a refund of any CGT or Corporation Tax paid to the charity as necessary, the donation should be completed to a qualifying philanthropic organisation within 4 years of the relevant tax return filing date.

The mechanism by which the refund of CGT can be made could be on one of two models, each of which has the same outcome for the individual and for the Philanthropic Organisation:

1. The refund of CGT could be made directly to the philanthropic organisation rather than to the individual, and at current tax rates this would entail a donation by the individual of 67% (of the donation) out of the after-tax gain, and a refund equating to 33% to the philanthropic organisation. The philanthropic organisation receives 100% and the after-tax cost to the individual is 67%; or,
2. The refund of CGT could be made directly to the individual, which would entail a donation by the individual of 100% (of the donation) out of the gross gain, and a refund due to the individual of 33% of the donation. The philanthropic organisation receives 100% and the after-tax cost to the individual is 67%.

The relief should run for an initial phase of five years from 2025 to 2029, to cover the period of the National Philanthropy Policy, with its effectiveness reviewed in 2029 as part of the budgetary process for 2030. Data points on the deployment of philanthropic investing can be collected over that period which would aid the review and inform the subsequent decision-making process about improvements to the relief or how to maximise social impact out of the reliefs granted.

The financial investment is such that with a 33% tax rate, for every €1 of tax relief, €3 is invested in projects for the common good. Put another way, every €1 of tax expenditure is matched by €2 of private funding, and 100% of the resulting amount is invested in projects for the common good and public benefit. All tax relief goes back into the intended philanthropic causes. The cost of granting this relief will entirely be offset by the 200% private investment in philanthropic projects made at the same time.

Why is this important?

This relief is aimed at growing domestic philanthropy, such that funds are provided for long term strategic projects that benefit the common good. It is intended as a measure to effect behavioural change in the deployment of inherited wealth by creating a space and opportunity for consideration of the allocation of resources to philanthropic purposes.

The objective of the relief is to grow the scale of philanthropic giving by Irish individuals, families and organisations, such that there is an effective philanthropic environment that provides funds for projects that for one reason or another (including early stage and high-risk projects) fall outside the remit of direct Government financing either in part or in whole at the present time.

The impact of the relief would be to focus funding on areas of need or development by engaging private finance through philanthropy. The impact should be expected to be both financial and social.

Our Ask

Relief against CGT should be provided where the person making the gain donates at least €1m of this to a qualifying philanthropic organisation.

3. Invest in Data and Research

Data collection is fundamental for the operation, development, and growth of philanthropy in Ireland. Trusted data, research and analysis about philanthropy, the wider voluntary sector, and the individual organisations in it, is essential in supporting key decisions on allocation of philanthropic funds to ensure integrity in decision-making.

Activation of measures to undertake an annual or bi-annual comprehensive survey of the scale of philanthropic giving in Ireland by the Central Statistics Office would aid the sector. The census holds significant importance for philanthropy providing comprehensive demographic and socioeconomic understanding of populations to inform decisions supporting the ongoing development of philanthropy.

Ireland is an outlier in Europe in not having a centre of excellence for the development of data and research on philanthropy. As noted in the National Philanthropy Policy, research to inform and understand environmental and contextual issues is essential for the advancement of a culture of philanthropy in Ireland.

Why is this important?
A positive culture of philanthropy is dependent on trust and transparency with access to reliable information. International evidence points to credible publicly available data being a key factor in building the confidence of philanthropists to allocate funding and to increase their strategic contributions (2).

Trusted open data source(s), data that anyone can access, use and share, is key to providing crucial analytical insights fundamental to any policy planning. Trend data for improved policy making, and greater transparency and public accountability for government, philanthropies, and charities alike is an essential investment (3). Effective measurement is a vital element for driving positive change.

Robust data and research are essential for growing more and better philanthropy in practice. Research can strengthen the understanding and practice of philanthropy. An identifiable centre of excellence on research ensures a continuum of support to build sustainable models of philanthropy for social benefit.

Our Ask

Invest in data and research in line with international best practice to provide an evidence base to inform and guide the development of sustainable models of philanthropy in Ireland for social benefit.

Additional Calls to Action

In the lead-up to Budget 2025, many of our members have made individual submissions noting areas of interest, advocating for measures, and recommending additional ideas for change. We fully support these calls in partnership and collaboration with our member organisations.

[2] 'The Landscape of Philanthropic Giving', November 2021, Indecon
[3] 'Using Data for Action and for Impact Summer 2016', Stand Social Innovation Review

DEFINING A ‘PHILANTHROPIC ORGANISATION’

To support the implementation of the recommendations outlined above, it is recognised that steps need to be taken to establish an agreed framework of understanding of a ‘Philanthropic Organisation’. The following series of steps would be a reasonable approach capable of immediate adoption:

1. Agree a definition of a Philanthropic Organisation that is both specific and operable in a practical setting.
2. Introduce this definition of a Philanthropic Organisation into legislation in Ireland; such legislation should include the basic definition, along with provisos of what should be included and what should be excluded.
3. In this legislation, mandate a register of Philanthropic Organisations established in Ireland.
4. Provide for fiscal incentives and reliefs for any such Philanthropic Organisation.

The definition of Philanthropic Organisation requires careful consideration. Substantive work has been undertaken on the development of a paper outlining a definition which has been endorsed by the National Philanthropy Policy Implementation and Monitoring Group. The paper provides a reference point for developing a workable definition.

ABOUT PHILANTHROPY

Philanthropy refers to a form of private giving that is strategic, long-term in focus, and aimed at achieving sustainable change for public benefit. It is solution-driven, often evidence-based, and can take risks beyond what other actors, including government, may be able to assume. In essence, philanthropy is private giving for public good.

There are many examples of philanthropy positively impacting society, many of which are showcased on the Philanthropy Ireland Impact map. These examples provide clear insight into the tangible outcomes being achieved across Ireland. Philanthropy Ireland's vibrant community of members partners with over 5,000 voluntary and community initiatives both nationally and internationally.

Philanthropy takes many forms- including gifts, grants, legacies, social investment, and in-kind donations- providing vital resources to individuals and organisations. It is generally undertaken by families, individuals, companies, or a combination thereof, often via private and community foundations, family trusts, or philanthropic grant makers. Collaboration is central to philanthropy, which works in partnership with communities, stakeholders, and sometimes government, to achieve lasting change.

There is no single metric that fully captures the scale and scope of philanthropic giving. In 2022, total charitable giving to not-for-profit organisations in Ireland was estimated at €1.82 billion (3). Based on 2020 data, approximately 6% of this giving came from philanthropic organisations (4). Applying this proportion to 2022 suggests that around €108 million could be attributed to philanthropic organisations. This figure likely underestimates the true scale, as much philanthropic giving, particularly from individuals, families, and corporate donors, occurs privately or through structures not captured in official statistics. Accounting for these contributions would significantly increase the estimated impact of philanthropy on Irish society.

‘(4) Analysis and Insights on Funding of the Non-Profit Sector in 2022’, Giving Ireland 2024
(5] Philanthropic and Charitable Giving in Ireland 2021’, Benefacts 2021

The National Philanthropy Policy 2024–2028 (the National Policy) sets out a clear ambition to significantly expand domestically funded and organised philanthropy in Ireland. A central aim of the policy is to create an enabling environment that accelerates engagement with philanthropy to deliver social impact. By implementing supportive measures, including targeted fiscal incentives, this environment can stimulate and facilitate increased philanthropic giving, unlocking greater resources for the public good.

Philanthropy Ireland is the representative body for the philanthropic sector in Ireland, giving a collective voice to over 60 philanthropic entities and their diverse donors for more than 25 years. Committed to promoting diversity and engagement, we advocate for best practices, inform policy, and raise awareness of the transformative potential of strategic giving to drive social change. With our CEO serving on the Board of Directors, Philanthropy Ireland is an active member of Philea, the Philanthropy Europe Association, ensuring strong connections to international best practice in philanthropy.

Our mission is to advance philanthropy in Ireland by expanding the network of dedicated, strategic, and long-term donors who consistently support meaningful causes. The insights presented here draw on our own experience as well as the expertise of our members. While diverse in focus and scale, our members share a commitment to proactively fostering a more just, equitable, and inclusive society. They prioritise partnership and collaboration to maximise social impact and ensure that philanthropy delivers tangible benefits for all.

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