

Charity News

Autumn 2026

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Introduction

We are delighted to bring you our Autumn 2026 edition of Charity News, featuring timely updates and practical insights for charities and not-for-profit organisations.

We begin with an overview of key regulatory developments from the past 12 months, including recent guidance from the Charities Regulator. The article highlights the actions trustees and management teams should consider as they continue to assess compliance with the Charities Governance Code.

Our accounting update examines the changes arising from revised FRS 102 and the 2026 Charities SORP. It focuses on the areas likely to have the greatest impact, including lease accounting, revenue recognition and the expanded requirements for trustees' annual reports.

We also consider how small charities can make their risk registers more effective. The article sets out a proportionate approach to identifying priority risks, assessing whether controls are working and using risk information to support better board decisions.

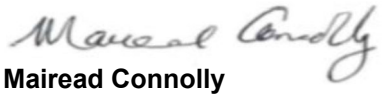
The EU Pay Transparency Directive will introduce important changes to recruitment, employee information rights and pay reporting. Our article outlines the developing requirements and the practical steps organisations can take now to strengthen the governance and transparency of pay decisions.

With Revenue compliance activity continuing at a significant pace, our tax article focuses on key areas of exposure for not-for-profit organisations. These include employment taxes, VAT and Relevant Contracts Tax, together with the value of periodic tax health checks and robust internal policies. A separate VAT update considers the increase in the VAT Compensation Scheme fund announced in Budget 2027. It also covers the 9% VAT rate for qualifying apartments and Ireland's planned implementation of VAT in the Digital Age and eInvoicing.

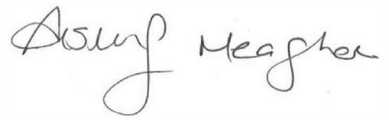
Our governance update examines the evolving charity regulatory environment and the phased implementation of the Charities (Amendment) Act 2024. It provides a detailed update on the key requirements in the newly commenced aspects of the Charities (Amendment) Act which came into force on 30 October 2026. It identifies practical priorities for boards, including trustee records, connected-person relationships, governance evidence and financial-reporting readiness.

Finally, we share an overview of PwC's social impact and the contribution of our people to charity, education and community partners, including the activities supported through One Firm One Day.

We hope this edition provides a clear and practical update on the issues shaping the sector. If you would like to discuss any of the matters covered, or any other challenges facing your organisation, please contact your regular PwC contact or any member of our not-for-profit team noted on page 23.



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Regulatory developments

Key developments in regulatory requirements for charities in Ireland in the last 12 months: the last year has been a very busy period in respect of changes to both charity regulatory and accounting requirements, most of which will really only start to impact on charities over the next few months as they finalise their 2026 financial statements and prepare for audit. This article provides an overview of the key guidance documents that you might find useful in relation to your Charity's compliance with the key regulatory changes, including your compliance with the second tranche of the Charities (Amendment) Act 2024, which came into effect on 30 October 2026. You will find an article later in this document which addresses the key changes in both tranche 1 and tranche 2 of the Charities (Amendment) Act 2024, while the next article addresses the key accounting changes for charities.



The Irish Charity Regulator has been active over the past year in relation to new regulatory pronouncements and various guidance being published for charities. In many cases while specific guidance is not mandatory in its own right, it is intended to be used by charities and charity trustees as a tool to assist them in relation to their compliance with various aspects of the Charities Governance Code. Charities that follow the guidance and advice in the guidance issued by the Regulator will generally find it easier to assert full compliance with the Charity Governance Code when they do their annual review and sign off of their Compliance Record Forms before confirming their annual compliance with the code.

For the purpose of this article, I would like to call out some of the guidance in particular as being of particular benefit to charities when they are either preparing for full compliance with the Charities Governance Code, or indeed seeking to enhance the evidence supporting their Compliance Record Form which is a core piece of documentation in support of compliance with the Charities Governance Code. If for example your charity was selected by the Charities Regulator for a review of its Charities Governance Code compliance, the reviewer would in the first instance request to see a copy of the Compliance record form. Having reviewed the compliance record form they may then look to see some of the documentary evidence supporting the Compliance Record Form. That evidence can include a range of things including various minutes of meetings, controls and procedures manuals, policy documents etc.

Every charity should have their controls and procedures documented. This can be a time-consuming exercise as it often involves the preparer meeting with a range of individuals in the organisation to walk through the current procedures and ensure that the policy document is a fair reflection of the actual process and controls that are operating in the organisation. The "Internal financial controls guidelines for charities" documents as noted in the table below provide a really useful tool for Charities seeking to document their controls, as they outline for both larger and simplified charities the types of standard controls and procedures that one would typically expect to see operating across a range of different areas of the business, including controls over Income and Cash receipts, controls over Expenditure, Controls over payroll processing and approval, Controls over fixed asset spend etc. By using the guidance from the Regulator as a base guide, it will allow the organisation to benchmark their own processes and controls against best practice, and will also act as a documentation tool for the preparer.

From time to time questions and queries arise in charities around whether or not it is appropriate to provide gift cards to Volunteers or what to do when fraud is encountered in a charity, or indeed it could be just a simple case of a new Charity Trustee asking management for a list of their duties as charity trustee. Having access to the Charity Regulator's guidance on a range of useful topics such as these is a huge help to individual charities, because it means they can very quickly look up what best practice is, rather than needing to go out and get professional help or advice to address these questions.

The table below provides a high level summary of the key pieces of guidance issued by the Regulator over the past 12 months or so from 1 September 2025 to date. Full copies of the relevant guidance documents are available on the Charity Regulator's website.

Date	Guidance or resource	Status	What the source explicitly says
Oct 2025	**Checklist supporting the internal financial-controls guidance**	New practical tool	A checklist designed to support charities in applying the 2025 financial-controls guidance and its practical checks and processes.
Updated Nov 2025	**Internal financial controls guidelines for charities**	Substantially updated guidance	Updated practical guidance on controls that protect charities, prevent misuse of funds and maintain public trust. Updates the original guidance issued in 2017.
Updated Nov 2025	**Internal financial controls: a practical guide for small charities**	New simplified guidance	A separate, simplified version of the financial-controls guidance for small charities.
Nov 2025	**Guidance: Providing Gifts**	New guidance	Addresses whether charities may provide vouchers or similar small gifts. Trustees must consider charitable purpose, the charity's best interests, private benefit and risks to funds or reputation.
Nov 2025	**Dominant behaviour within a charity**	New Information note	Addresses the governance risk arising when one person or a small group holds excessive influence within a charity and undermines collective decision-making.
Nov 2025	**New research from Charities Regulator on Charity Trustees**	Press release	Notes that 82% of Charity trustees recommend being a charity trustee. Contains 5 top tips/Questions to ask before taking on role of charity trustee.
Nov 2025	**Being a Charity Trustee**	Updated guidance	Updated Guidance. Explains who charity trustees are, their role and their key responsibilities in managing a charity, with links to other useful guidance. The launch was announced for Charity Trustees' Week and the publication was confirmed in December.
Feb 2026	**Consultative Panel established on the advancement of human rights as a charitable purpose**	Public announcement	Deals with the establishment of a panel which will consider the advancement of human rights as a charitable purpose. The work and outputs of the panel will inform the Regulator's approach to assessing applications made under this new charitable purpose.
Apr 2026	**Updates to: The role of the secretary of a charity**	Updated explanatory guidance	Updates to compliance guidance to reflect that **a company secretary is no longer automatically considered a charity trustee** unless they are an elected member of the board following changes in the Charities (Amendment) Act 2024.
July 2026	**Charities Regulator's Annual Report highlights pattern of trustees not in control of their charity**	Press release	Provides an overview of the most common concerns being raised by Charities, touching in particular on "dominant behaviour by CEO or Chair" and "Trustees not being provided with the necessary information to carry out their duties".
Sep 2026	**Winding up or merging a charity**	Updated guidance	Updates and re-releases of guidance covering the legal process trustees must follow to ensure that the charity's assets, liabilities and obligations are properly dealt with when closing or merging.
Nov 2026	**Easy Explainer: Charities (Amendment) Act 2024 – Second Commencement**	Commencement of second set of changes in 2024 Act	Provides an overview of the key changes being commenced as part of the 2nd commencement order relating to the 2024 Charities (Amendment) Act. These changes take effect from 30 October 2026.*

* Please see further details on this later in our newsletter.

Related publications not classified here as trustee guidance

Date	Publication	Classification
4 Nov 2025	**Important tax changes for charities from 1 January 2025**	Tax information rather than standalone charity-governance guidance. It notes the removal of the two-year waiting period for newly registered charities claiming donation tax relief and a five-year period for applying tax-exempt income to charitable purposes.
23 Apr 2026	**Regulatory Strategy and Regulatory Approach**	Regulatory publications explaining how the Regulator regulates charities, rather than operational guidance for trustees.

How we can help

We have a team of experts in PwC who are happy to work with your boards or management teams to interpret any aspects of charity legislation or guidance. We also have experts available to provide you with board induction or update training sessions on key charity regulatory matters. This may be of particular interest to boards with new trustees who are not familiar with the Charity Regulator environment and would like a succinct briefing on these matters.



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Accounting developments

Key accounting developments impacting on charities: 2026 is an important year from an accounting perspective for charities with significant changes coming into effect in respect of both FRS 102 (the core accounting framework in Ireland) as well as the Charities SORP (which is an additional accounting framework specific to charities which many charities in Ireland comply with). These changes will only start to impact on charities over the next few months as they finalise their 2026 financial statements and prepare for audit. The most significant changes will be for charities who have early adopted the Charities SORP, as these charities will need to transition over to the new 2026 SORP for their December 2026 year ends. For charities who have not early adopted the SORP, it is important to note that Charities SORP is still not yet mandatory in Ireland, however the process to make it mandatory is underway, and it is very much considered to be best practice by various stakeholders in the intervening period.



The second commencement order relating to the Charities (Amendment) Act 2024 was signed into law on 30 October 2026. The commencement order makes reference to the financial reporting changes, including the introduction of Charities SORP, that are coming and also notes that the Minister for Rural and Community Development must first introduce financial regulations for these sections to take effect. The key financial change in the second commencement order is that it introduces a threshold of €1m gross income or total expenditure as the minimum threshold above which a charity must have an audit conducted. This is higher than thresholds previously mentioned so will provide some level of comfort to the smaller charities that a fully fledged audit of their financial statements will not be required. It also notes that: “where an organisation that is unincorporated has a gross income that does not exceed €250k (up from €100k) the trustees can prepare an income and expenditure account rather than an annual statement. Where a charity is incorporated it must report in line with the Companies Act 2014.” We expect further clarification in relation to the threshold for SORP application when the accounting and reporting regulations are finalised.

There are 3 key messages here in relation to SORP. Firstly, if you early adopted SORP over the past number of years, you will need to transition over to the new 2026 Charities SORP for your financial year end 31 December 2026 onwards.

Secondly, even if you have not early adopted SORP but do comply with FRS102, which is required at a minimum in order for your financial statements to give a true and fair view, there are a number of changes to FRS102 which are also effective for periods ending on or after 31 December 2026. These changes have been embedded in the new SORP. In circumstances where you are not adopting the SORP, you will still need to take note of these changes for your FRS102 financial statements. The main changes here which are likely to impact on charities relate to the accounting for leases and changes in relation to revenue recognition.

The third key message is that if you have not early adopted Charities SORP, and your gross income/total expenditure is > €1m, then it is coming. The Charity Regulator is currently working with the Department of Rural and Community Development to finalise the “Accounting and Reporting Regulations for Charities” which will give effect to the Charities SORP in Ireland. While there is no specific timeline on the table in relation to the final publication of these regulations and the mandating of SORP, with a new SORP now in play for 2026, this is an opportune time for Charities who had not adopted the earlier version of SORP to make this important transition.

While there have been a number of substantive changes in the new 2026 Charities SORP, we understand that further clarification guidance on the new SORP is due to issue over the next month or so from the Charities SORP making body. We understand that the purpose of this additional guidance is to provide clarification in relation to certain requirements in the new SORP which have given rise to substantial debate and discussion as various organisations prepare to implement them. So please watch out for this guidance, as it should be helpful particularly in relation to the area of lease accounting and the determination of the interest rate implicit in the lease.

The table below aims to provide a high level overview of some of the key changes between Charities SORP 2019 and Charities SORP 2026, and the likely significance of the impact of each change:

Area	Key change	Likely significance
1. Three-tier reporting model	New Tier 1 / Tier 2 / Tier 3 framework	**High**
2. Lease accounting	New Module 10B, with right-of-use assets and lease liabilities for lessees to align with new FRS102 lease requirements	**Very high**
3. Revenue recognition	New five-step model for exchange transactions / contract income	**Very high**
4. Trustees' Annual Report	Significantly expanded, including changes to impact reporting, risks, reserves, going concern and sustainability	**High**
5. Cash flow statements	SORP threshold moves from €500k to €15m, subject to FRS 102 small-entity conditions	**High**
6. Social investments / other accounting changes	Revised classifications, disclosures and several new / restructured modules	**Medium-High**



Major change to lease accounting under revised FRS102 and 2026 SORP

This is probably one of the largest accounting changes in both the new FRS102 and the 2026 Charities SORP. The 2026 SORP introduces an entirely new Module 10B: Lease Accounting.

Under the previous SORP, charities generally treated most rental arrangements as operating leases, with an annual charge reflected in the Income & Expenditure statement to reflect the annual lease charge. The 2026 rules reflect revised Section 20 of FRS 102.



For a **lessee**, the distinction between operating and finance leases is removed and a single accounting model generally applies. At commencement, the lessee recognises:

- a **right-of-use asset**; and
- a **lease liability** representing the present value of relevant lease payments.

There are recognition exemptions for:

- short-term leases; and
- leases of low-value assets.

The new SORP also contains significant guidance around:

- determining whether an arrangement contains a lease;
- lease term and break clauses;
- determining the discount rate;
- reassessment and lease modifications;
- peppercorn arrangements;
- social donation leases;
- below-market leases;
- lease incentives;
- dilapidations; and
- lessee and lessor disclosures.

The new guidance will be most relevant for the lessee rather than the lessor. **The lessor** distinction between operating and finance leases remains. Charities with property, vehicle or equipment leases could see potentially significant new balance-sheet assets and liabilities and changes to the pattern / classification of expenditure.

How we can help

First time SORP adoption

- Non-audit clients – we can work hand in hand with you on your transition and assist with a pro-forma set of SORP accounts.
- Audit and non-audit clients – we can assist with an impact assessment and review of key disclosures.

Update to new SORP / FRS102

- We can assist you with revised disclosure requirements.

Assistance with lease calculation tool

- Advice on measurement differences for revenue recognition
- Pro-forma accounts preparation



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From annual exercise to better decisions: making risk registers useful for small charities

In many charities, the risk register gets dusted off once a year, updated in time for the annual review, and filed away until the next one. That is understandable when trustees are volunteers and time is scarce, but a register used this way does little to protect the charity.

A risk register is only useful if it helps trustees see what could stop the charity delivering for its beneficiaries, and then decide what to do about it.



What the Charities Governance Code expects

The Charities Regulator's Charities Governance Code sets out six principles of good governance. Principle 4: Exercising control sets out expectation for trustees to identify the major risks facing the charity and decide how to manage them, alongside maintaining appropriate internal controls.

Many charities record their compliance with the Code each year. The Code focuses on substance as well as form. A register that is only reviewed to tick a box may technically exist, but it is unlikely to show that trustees are genuinely **exercising control**. The test is whether risk information shapes the board's decisions.

It is also worth noting the link to Principle 1: Advancing charitable purpose. Risks matter because of their potential effect on what the charity is there to do.

1 Start with purpose, not categories

Broad headings such as "financial risk" or "IT risk" give trustees little to act on. Describe instead what could happen and what it would mean for the charity's work:

"If our main grant is not renewed by June, we could not maintain our core service beyond September."

This prompts useful questions. How likely is it? When would we know? What could we do now: diversify funding, build reserves, or prepare a contingency plan?

2 Keep it short and proportionate

The Code recognises that governance should be proportionate to a charity's size and complexity. A small charity does not need 60 risks. Eight to twelve well-described risks that trustees actually discuss are far more valuable than a long list nobody reads.

For each priority risk, record:

- what could happen (the event), how it could happen (the cause) and the consequence (why it matters);
- existing controls and whether they are working;
- an owner, a named person rather than "the board";
- further actions, with deadlines; and
- a trigger: the warning sign that should bring it back to the board.

Triggers are often the missing piece. For example: "cash reserves fall below three months' running costs" or "a key volunteer signals they are stepping down." They turn the register from a static record into an early-warning tool.

3 Make risk a standing Board agenda item

Rather than one annual review, add a short risk item to every board meeting. Three questions are enough:

1. What has changed? Consider new risks, increased risks, and triggers reached.

2. Are our controls working? Look for evidence, not assumption.

3. Do we need to make a decision?

The third question is what links risk to decision-making. The answer might be to approve spending, change a plan, seek professional advice, or accept a risk knowingly. Accepting a risk is a legitimate decision, provided it is a conscious one and recorded in the minutes.

4 Connect risks to the controls that address them

Take a common example. In many small charities, one person both sets up and approves payments. Writing "fraud risk" on the register achieves little. A useful entry identifies the specific gap (no independent check on payments or changes to supplier bank details) and agrees a proportionate control, such as dual authorisation for online payments and verbal verification of any bank detail changes. At the next review, trustees check whether the control is actually being followed.

The Charities Regulator's guidance on internal financial controls is a helpful reference here.

5 Bring risk into everyday decisions

The register should inform decisions as they arise, not only during the risk agenda item. When the board considers a new project, premises, partnership or funding application, ask: **How does this change our risk profile?** A new service may bring safeguarding, data protection or financial sustainability risks that belong on the register from the start.

6 Use the annual review to step back

The annual review still matters, but its role changes. Instead of being the only time risk is discussed, it becomes a chance to check the process itself:

- Are we focusing on the right risks?
- Did anything happen this year that the register missed?
- Are owners and controls still appropriate?

Lessons from near misses and real incidents are particularly valuable at this stage.

In summary

A risk register earns its place when it helps trustees ask better questions, notice problems early and make clear, recorded decisions. Kept short, reviewed regularly and tied to the charity's purpose, it moves from compliance paperwork to a practical governance tool and the kind of active oversight the Charities Governance Code is designed to encourage.

How we can help

We have a team of experts in PwC who are happy to work with your boards or management teams on any risk management or internal control matter including support with identification and management of risk, the review, challenge or update of your risk management policies and practices and provision of risk training.



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EU Pay Transparency Directive

Why it matters for Irish not-for-profits and charities

Fairness and equality sit at the heart of the work of many not-for-profit organisations and charities. The EU Pay Transparency Directive offers an opportunity to reflect those values in how people are recruited, rewarded and supported at work.

The Directive aims to strengthen equal pay between women and men by making pay practices more transparent and helping employers identify and address unjustified pay differences. It will introduce new requirements covering recruitment, employee information rights, gender pay gap reporting and the handling of equal-pay concerns.

Ireland did not fully transpose the Directive by the 7 June 2026 deadline, and further legislation and guidance are expected. While the detail of the Irish requirements is still developing, organisations can take practical steps now to prepare.

What will change?

Greater transparency in recruitment

Applicants will be entitled to information about the initial pay level or pay range for a role. Employers will not be permitted to ask about an applicant's current or previous pay, and recruitment processes will need to be gender-neutral and non-discriminatory.

These changes can help organisations build trust with candidates from the outset and demonstrate that pay decisions are fair and consistent.

More information for employees

Employees will have greater rights to information about their own pay and average pay levels for comparable categories of workers, broken down by gender.

Employers will also need to explain the objective, gender-neutral criteria used to determine pay and pay progression. Clear criteria can give employees greater confidence in how decisions are made and help managers communicate those decisions consistently.

Gender pay gap reporting

The Directive will extend gender pay gap reporting requirements, with obligations being introduced in phases according to workforce size. The precise Irish timetable and the interaction with the existing Irish reporting regime will depend on the final implementing legislation. However, organisations should expect a greater focus on identifying and explaining pay differences within comparable groups of employees.

Addressing unjustified pay differences

Where a significant pay difference, 5% or more, within a category of worker cannot be explained by objective, gender-neutral factors, an employer may need to take corrective action or carry out a joint pay assessment with employee representatives.

The Directive will also strengthen employees' rights to compensation and protection where pay discrimination occurs.

The burden of proof will also shift to the employer. Where an employee presents facts suggesting pay discrimination – or where the employer has not met its pay transparency obligations – the employer may need to demonstrate that no discrimination occurred. This makes clear, well-documented pay decisions particularly important.

Why is this particularly important for the sector?

Not-for-profits and charities often have a strong public commitment to equality, inclusion and social impact. Employees, funders, donors, volunteers and the communities they serve may therefore expect employment practices to reflect those same principles.

Transparent and well-governed pay practices can help organisations:

- demonstrate that their values are reflected internally as well as externally;
- build trust with employees and other stakeholders;
- support diversity, inclusion and a sense of belonging;
- strengthen recruitment and retention;
- make consistent and evidence-based pay decisions; and
- identify potential equal-pay risks before they become more difficult to address.



For organisations operating with limited resources, transparency does not have to mean introducing complex new systems. Clearly documenting how starting salaries, pay increases and progression decisions are made can be an effective first step.

How can organisations prepare?

Not-for-profits and charities may wish to:

- review whether pay decisions are based on clear, objective and gender-neutral criteria;
- assess job grading and evaluation arrangements;
- check pay data for unexplained differences;
- review recruitment and pay progression processes;
- improve the documentation and governance of pay decisions;
- assess whether HR and payroll systems can support future requirements; and
- prepare managers and HR teams to explain pay decisions clearly and consistently.

Looking ahead

Preparing for the Directive is more than a compliance exercise. It is an opportunity for not-for-profits and charities to reinforce their commitment to fairness, improve confidence in pay practices and ensure that their approach to rewarding employees aligns with their wider mission and values.

Organisations that start preparing now will be better placed to respond to the final Irish requirements – and to demonstrate that fairness and transparency are embedded in how they work.

If you would like further information on the EU Pay Transparency Directive or pay governance, please get in touch.



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Revenue activity is increasing: are not-for-profit organisations prepared?

Revenue's compliance activity continues at a significant pace, and not-for-profit boards and management teams should ensure that tax compliance remains firmly on the agenda.

For charities, educational bodies, sporting organisations and other not-for-profit entities, this is a reminder that charitable tax exemption has a limited scope. While the charitable tax exemption typically encompasses corporation tax and capital gains tax, it does not exempt an organisation from VAT, employment taxes or Relevant Contracts Tax ("RCT"). These obligations must be considered separately and apply notwithstanding an organisation's charitable tax-exempt status for Corporation Tax and Capital Gains Tax.

According to Revenue's 2025 Annual Report, Revenue completed approximately 237,550 audit and compliance interventions during the year, with a yield of €734 million. Revenue's increasing use of data analytics, real-time reporting and third-party information means that potential tax risks are more likely to crystallise than ever before.

Revenue's evolving approach

Revenue's Compliance Intervention Framework has shifted the focus towards targeted, data-driven interventions. Reviews may begin with compliance checks or risk reviews before escalating to a full audit where concerns are identified. Revenue avails of the use of extensive data holdings, third-party information and advanced analytics to identify non-compliance and quantify risk.

Importantly, tax exposures do not necessarily always arise from deliberate non-compliance. They often result from complex rules, changes in activities, legacy practices or processes that have not been reviewed for several years. We have outlined below some of the key risk areas which not-for-profit organisations should review and consider.

Employment taxes under increased scrutiny

Charitable tax exemption does not remove an organisation's employment tax obligations. Where a charity has employees, makes taxable payments or provides benefits, PAYE, USC and PRSI rules continue to apply. Real-time PAYE reporting and Enhanced Reporting Requirements give Revenue greater visibility over these payments and benefits.

Areas requiring regular review include travel and subsistence, remote-working allowances, gift vouchers and benefits, payment of professional subscriptions on behalf of staff, along with any termination payments. Employment status of contractors is a recurring risk: where an individual is incorrectly treated as self-employed, liabilities for PAYE, USC and PRSI may arise, together with interest and penalties.

VAT remains a key risk area

The VAT Compensation Scheme provides partial relief for eligible VAT costs incurred by charities, with refunds calculated by reference to the level of non-public funding received. Budget 2027 announced increased funding for the scheme, making this a timely opportunity for charities to review their eligibility, supporting records and the VAT costs included in their annual claims.

VAT on property is a particularly important risk area for not-for-profit organisations. Organisations that acquire, sell, lease, develop or substantially refurbish property must consider the VAT treatment and potential VAT recovery entitlement for each transaction.

Before entering a property transaction or capital project, organisations should review whether VAT is chargeable, the extent to which VAT incurred on acquisition / disposal costs or development costs are recoverable, and how the use of the property may impact VAT recovery.



Particular care is needed with leases, landlord's option to tax, disposals, construction / refurbishment work, and any subsequent changes in use of property. The Capital Goods Scheme can require VAT adjustments over the VAT life of a developed property if its use changes. Appropriate VAT records outlining the basis for VAT recovery should be retained and reviewed throughout the relevant adjustment period.

More detailed additional information on recent changes in the VAT landscape, which should be considered by charities, are set out in the article below.

Do not overlook Relevant Contracts Tax ("RCT")

Charitable tax exemption does not provide an exemption from RCT. Although RCT is frequently associated with construction businesses, not-for-profit organisations can have RCT obligations when undertaking building projects, renovations, maintenance works or facility upgrades. The RCT obligations will depend on the nature of the transaction, status of the organisation and nature of the works.

Organisations should confirm whether construction-related contracts fall within RCT, whether they are principal contractors for RCT purposes, and whether the works constitute relevant operations. Where RCT applies, contracts and payments must be notified correctly to Revenue and appropriate RCT procedures must be followed. Significant penalties can arise for failures to comply with the RCT rules, including in circumstances where the subcontractor would otherwise have qualified for a 0% RCT deduction rate. Therefore, all capital projects should be considered from both a VAT and RCT perspective.

A good time for a tax health check and policy reviews

Identifying and correcting issues proactively is significantly less costly and disruptive than responding to a Revenue intervention, as well as reducing the risk of publication of areas of non-compliance (which is highly damaging reputationally, for any organisation but particularly those like charities relying on donations or public funding). It is worth investing time in ensuring that internal policies are appropriate to eliminate or mitigate possible tax risks.

Organisations should also carry out periodic tax health checks covering employment taxes, VAT and RCT, to identify gaps and identify additional controls and appropriate training for finance, HR and operational teams. A proactive review can provide assurance to boards, protect valuable resources and support the organisation's long-term sustainability and mission into the future.

How we can help

We have a team of experts in PwC who are happy to work with your boards or management teams to interpret any aspects of tax legislation or guidance as applicable to charities. Don't hesitate to reach out if you would like to discuss.



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VAT Compensation Scheme: Budget 2027 increases the fund to €15 million

The VAT Compensation Scheme (the "Scheme") goes some way towards addressing the cost burden of VAT for charities in Ireland. It allows qualifying charities to reclaim a proportion of the VAT incurred on expenditure related to their charitable purposes, by reference to the share of their income from non-public sources.

Budget 2027: What has changed

In his Budget 2027 speech, the Minister announced that the annual fund will increase from €10 million to €15 million from 1 January 2027. This is a welcome development, although the €15 million is a capped fund rather than a guaranteed entitlement. It is allocated pro-rata, so where valid claims exceed the fund, each claim is reduced by the same percentage. The increase should therefore improve that percentage.

Who qualifies

A charity must hold a charitable tax exemption from Revenue (a CHY number) and be registered with the Charities Regulatory Authority, both on the date of the claim and when the qualifying expenditure was incurred. Newly established charities, and charities whose registration was pending for part of the year, should confirm their position before submitting a claim.

How the claim is calculated

Compensation is available on VAT on goods or services used for charitable purposes, but not on VAT recoverable under any other provision or scheme, or on non-charitable activities. Qualifying income is non-public income, such as donations and fundraising; funding from the State and public bodies is excluded. Public funding received through intermediary bodies, and the terms of certain funding agreements, can affect whether an amount is treated as public or non-public income.

Making the claim

Claims are made through the Revenue Online Service (ROS) between 1 January and 30 June for VAT incurred in the previous calendar year, subject to a minimum of €500 and a maximum of €1,000,000, and can be amended up to 30 June. Charities must retain supporting documentation, including VAT invoices and financial statements, and provide it to Revenue on request. Recording irrecoverable VAT as a separate cost centre makes claims easier to prepare and support.

9% Rate for Qualifying Apartments

As noted above, where VAT is irrecoverable, it is an absolute cost on a construction or acquisition project and so the reduction in the VAT rate on apartments in Budget 2026 deserves attention. From 8 October 2025, the 9% rate applied to the supply of qualifying apartments. From 26 November 2025, following Finance Act 2025, it was extended to their supply and construction, to apartment blocks and to qualifying sites, and Revenue has published a Tax and Duty Manual. This measure may interest not-for-profits developing or acquiring social and affordable housing or converting buildings to residential use.

What qualifies

An "apartment block" means a multi-storey building of at least three apartments with grouped or common access, used, or intended to be used, for residential purposes. Smaller configurations, such as one apartment above a shop or below a duplex, do not qualify and remain at 13.5% where taxable. Studios, basement, penthouse and duplex apartments, and from 26 November 2025 student accommodation, can qualify. Internal and external common areas, and car parking for the exclusive use of residents, also benefit, but gyms, work hubs, swimming pools and aparthotels do not.

Mixed-use developments

Where a development includes commercial units, areas shared by the apartments and the commercial units (such as an entrance or lobby) must be apportioned between the two VAT rates, and Revenue indicates this can be done on the basis of floor area. This should be considered at the outset and reflected in the building contract and the contractor's invoicing, rather than after the costs have been incurred.

Construction services and timing

For not-for-profits commissioning projects, the extension to construction services is likely to matter most. The 9% rate applies to construction services up to completion of a qualifying apartment or apartment block, including conversions of existing buildings; later work reverts to 13.5%. The rate applies until 31 December 2030, so expected completion dates should be mapped against that deadline.

VAT in the Digital Age ("ViDA") and eInvoicing in Ireland

From 1 November 2028, all businesses in Ireland must be able to receive structured e-invoices, whether or not they are obliged to issue them.

Some not-for-profits carry on exempt or non-business activities, are not registered for VAT, and may never need to issue e-invoices. However, as Revenue's guidance refers to all businesses being obliged to be able to receive e-invoices by November 2028 (not only those registered for VAT) unregistered not-for-profits should assume they are within scope unless guidance indicates otherwise.

An e-invoice is one that is issued, transmitted and received in a structured electronic format allowing automated processing, compliant with European Standard EN 16931. A PDF emailed to your inbox, or a scanned paper invoice, does not meet the requirement.

What is ViDA?

ViDA is the EU's package of reforms to modernise VAT, approved by the Council of the EU on 11 March 2025. It is built on three pillars.

1. **Digital reporting and e-invoicing**

   From 1 July 2030, businesses trading cross-border with other EU businesses must use e-invoicing and real-time reporting, with intra-EU B2B invoices issued within 10 days of the chargeable event. EC Sales Listings (or VIES returns) will be replaced by a near real-time Digital Reporting Requirement.

2. **Single VAT registration**

   From 1 July 2028, the One Stop Shop will be extended, together with a wider mandatory reverse charge, to reduce the need for multiple VAT registrations across the EU.

3. **The platform economy**

   Between 1 July 2028 and 1 January 2030, certain platforms facilitating short-term accommodation and passenger road transport will be treated as the supplier for VAT purposes.

How will Ireland implement ViDA?

Ireland is not waiting for the EU deadline. Revenue describes its VAT Modernisation programme as the most significant change to Irish VAT in over 50 years. It will be introduced in three phases, from November 2028, as set out below.

Ireland's path to ViDA

Phase 1



November 2028

Mandatory eInvoicing and real-time reporting for VAT-registered large corporates on domestic B2B. All businesses must be able to receive e-invoices from November 2028

Phase 2



November 2029

Extension of domestic B2B eInvoicing and real-time reporting to all VAT-registered businesses engaged in cross-border EU B2B

Phase 3



July 2030

Mandatory eInvoicing and real-time reporting for all cross-border EU B2B transactions



What these timelines mean for not-for-profits:

- **Phase 1 (1 November 2028)** – VAT-registered large corporates (businesses managed by Revenue's Large Corporates Division and established, or with a fixed establishment, in Ireland) must issue e-invoices for domestic B2B transactions and report a subset of invoice data to Revenue. In practice this is the starting point for every not-for-profit, as larger suppliers may begin sending structured e-invoices from November 2028.

- **Phase 2 (November 2029)** – The obligation extends to VAT-registered businesses engaged in cross-border EU B2B trade, which must also e-invoice domestic B2B customers. Organisations trading only within Ireland appear to fall outside this phase, although Revenue has said the requirements will eventually cover all VAT-registered businesses.

- **Phase 3 (July 2030)** – Ireland moves into line with the EU-wide ViDA requirements, and eInvoicing and real-time reporting become mandatory for all cross-border EU B2B transactions.

Revenue expects to publish technical specifications in late 2026, with a testing environment available for several months before November 2028. Guidance is also expected in 2027 on evidence of business status where a customer has no VAT number, which will be particularly relevant to unregistered not-for-profits.

What should not-for-profits do now?

First, map how supplier invoices are received, approved and recorded, whether VAT registered, and whether you trade with EU business customers. Data quality can be tackled now as fragmented supplier and customer records are one of the biggest practical risks. Cleansing supplier data is time well spent. Check too that your ROS access is active and your contact details are current, as Revenue's rollout communications are issued through ROS.

For most not-for-profits, systems work centres on accounts payable and the storage of structured invoices. Revenue recommends engaging early with software providers, but we would caution against committing to a solution before specifications are published. Treat implementation as a project with testing and training (aiming to test from early 2028).

If you would like to discuss any of these matters and how they may affect your organisation, please contact your regular PwC contact or any of our not-for-profit team.



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Update on Charity Regulatory Environment and Governance

The regulatory environment for charities in Ireland continues to evolve. The Charities (Amendment) Act 2024 ('The Charities Act') is now law and is being implemented in stages, with the most recent changes coming into effect from 30 October 2026. As outlined in our "Accounting Developments" article earlier in this newsletter, there are various accounting changes which will take place in 2026. While the most recent changes order has introduced accounting and reporting changes to the Charities Act, these will not take effect until the Minister introduces the relevant financial regulations. In this update, we highlight the key changes and the practical governance areas that charities should be considering in response to the evolving regulatory environment.

Background

Governance in the charity sector remains under close scrutiny. The Charities Regulator's ('the Regulator') Annual Report 2025 recorded 681 total concerns in 2025, marking a 38% rise in concerns raised about charities in 2025 from 493 concerns in 2024. Public trust also appears under increasing pressure. The Regulator's public-attitudes research also indicates that donors continue to place significant weight on trust, transparency, and clarity about how donations are used.

Fundraising conditions remain challenging. The Regulator's 2025 Public Attitudes towards Ireland's Charity Sector report found that the number of people giving money to charity has continued to fall, and donations of goods have also declined. Nearly one in two donors now actively prioritise local community organisations over large, international entities.

Against that background, good governance is not simply a compliance exercise. It supports public confidence, protects charitable assets, and provides trustees with a clear basis for demonstrating how decisions are made and resources are applied.

The Charities Governance Code

The Charities Governance Code ('the Code') remains the central governance framework for registered charities in Ireland. It is organised around six principles: advancing charitable purpose; behaving with integrity; leading people; exercising control; working effectively; and being accountable and transparent. In line with the Code, charities should maintain a record of their compliance with the Code, including the actions taken and supporting evidence.

For Boards, the practical point is that compliance with the Code should be ongoing rather than treated as a once-off exercise. The Regulator stresses that trustees remain responsible for their charity even when individual tasks are delegated to employees, committees, or professional advisers. "Tasks can be delegated, responsibility cannot."

The Charities (Amendment) Act 2024: where things stand

The Charities Act is being implemented on a phased basis through commencement orders. The first provisions came into effect on 27 January 2025 and were primarily focused on strengthening regulatory oversight, clarifying governance responsibilities, and improving transparency within the sector. The second commencement order, signed by Minister Buttimer, introduces additional changes to strengthen the existing regulatory framework. Changes to financial reporting and audit requirements have been legislated for, but will only take effect once further ministerial regulations are made.



Boards should be aware of the following key changes under the first commencement order:

- **Who counts as a charity trustee:** The Act clarifies the definition of a charity trustee and confirms that a company secretary (or a person performing only secretarial functions) is not automatically regarded as a charity trustee. The revised definition also captures certain individuals who may exercise significant influence over a Board, even if they are not formally appointed trustees. Boards should ensure that trustee registers and governance documentation accurately reflect these revised definitions.

- **Connected persons:** The amended definition provides that a person is connected with an individual if they are a child, step-child, parent, step-parent, sibling, spouse, civil partner, cohabitant, grandparent or grandchild of that individual, or a child of their civil partner or cohabitant. Boards should review conflict-of-interest policies and ensure that connected person relationships are identified, declared, and appropriately managed.

- **Information requests from the Regulator:** The Regulator now has enhanced powers to request information and documentation from charities. These powers are designed to support more effective supervision and investigation where concerns arise. Boards should ensure that trustee records, minutes, policies, financial records, and regulatory filings are complete, accurate, and readily available if requested.

- **Broader High Court powers:** The commenced provisions broaden the circumstances in which protective court orders may be sought in relation to a charity or its property. This reinforces the need for trustees to be able to show active oversight of charitable assets, risks, and significant decisions.

- **Information sharing between authorities:** The Act expands the framework for the Regulator to disclose and exchange information with relevant bodies, including An Garda Síochána and the Revenue Commissioners. Compliance issues should not be viewed in isolation, as matters identified by one authority may be shared with another where the statutory conditions are met.

Boards should also be aware of the following key changes introduced under the second commencement order:

- **Duties of charity trustees:** The principal duties of a charity trustee are now explicitly listed in the Charities Act, and all decisions and actions of trustees should be informed by these duties. Charities should review their Code of Conduct for charity trustees and update it if necessary.

- **Board composition:** A charity must have a minimum of three trustees. A majority of the trustees must be resident in the State, the EEA or the UK and must not be a connected relative of another trustee. A charitable trust may have only one body corporate as a trustee. “Connected relative” is now defined in the Charities Act. The Regulator has indicated it will work with charities and give them time to come into line with these requirements.

- **Trustee disqualification:** An individual who is currently bankrupt or is party to an insolvency arrangement is automatically disqualified, with the disqualification ending once the bankruptcy is resolved or the insolvency ends. Trustees are also automatically disqualified if convicted of certain summary offences under the Charities Act. Charities must confirm that new trustees are qualified before appointment.

- **Notification and registration obligations:** Charities must notify the Regulator in writing of:

  - any inaccuracy on the Charities Register,
  - a proposal to wind up or cease operations,
  - any resignation or appointment of a trustee,
  - or a failure to comply with any registration conditions.

  Failure to notify is an offence for trustees.

  Charities are now also required to provide the following:

  - On winding up, a statement of assets and liabilities and particulars of any proposed asset transfer.
  - New trustee details (full name, residential address, personal email and telephone, proof of address and a written declaration of non-disqualification) are required for registration applicants and where an existing charity changes its trustees.
  - Information requested by the Regulator must be provided within defined periods: 21 days for registration applicants (or the application is deemed withdrawn) and 14 days for section 40 charities.

It is also an offence to carry out charitable activities in the State without applying for registration, or to knowingly or recklessly provide false or misleading information to the Regulator, which now extends to section 40 charities.

- **Charitable status and RCN:** A charity must include on all its public documents and other publications: that it is registered with the Charities Regulator, its registered name (which may differ from its trading name) and its RCN (registration number). This applies to advertisements, fundraising and promotional materials, websites, social media profiles, and stationery.

- **Charity constitutions and register of members:** The Regulator may now publish a charity's constitution on the public Register, a feature to be introduced with its new digital platform in 2027. Charities are also required to maintain a register of members recording each legal member's name and address and the dates on which they became, and ceased to be, a member.

What's coming

The second commencement order has also amended the sections of the Charities Act dealing with the preparation of financial statements, but as mentioned these changes will only take effect once the Minister introduces required regulations. No timeframe has yet been given for those regulations, although the Regulator has confirmed there will be a lead-in time to allow charities to comply. In the meantime, incorporated charities must continue to report in line with the Companies Act 2014. The Regulator has also indicated that the new-look public Register, including published constitutions, will launch in 2027.

Key focus areas for Board consideration

- Are charity trustees under the amended definition accurately reflected in trustee registers and governance documentation?
- Are connected relationships as amended identified, declared, and appropriately managed?
- Are records complete, accurate, and readily available if requested by the Regulator?
- Can compliance with the Code be demonstrated?
- Is the Board meeting its current financial reporting obligations and preparing appropriately for the future legislative requirements?
- Does the charity have at least three trustees meeting the residency and connected relative requirements, and are all trustees qualified and listed on the Charities Register?
- Has the Code of Conduct for trustees been reviewed against the statutory trustee duties?
- Are notification requirements and response timelines for Regulator requests embedded in internal processes?
- Do all public materials display the charity's registered status, registered name, and RCN?
- Is a register of members maintained, and are trustees familiar with the charity's constitution ahead of its publication on the Register?



Conclusion

The direction of travel for Charity governance is clear: greater transparency, stronger records, and more visible accountability. With the second commencement order now signed, many of the changes are no longer prospective and will require action for many charities. Boards should now assess what these changes mean for their charity, identify the specific actions required and put a clear, timetabled plan in place for implementing them.



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Our social impact

Social impact is a key part of how we bring our purpose and values to life at PwC. Through volunteering, fundraising, community partnerships and education initiatives, we work together to support more inclusive, equitable and connected communities across Ireland.

This includes our charity partners, Focus Ireland and Simon Community Northern Ireland, our many long-standing community partners, and our bespoke education programmes Empowering Futures, supporting students from Dublin's North East Inner City (NEIC) through education, and Access Pathways, working with students through university Access programmes.

By combining the skills, time and passion of our people, we continue to make a positive impact both within our firm and beyond.

Learn more about Social Impact at PwC Ireland.

Our charity partners

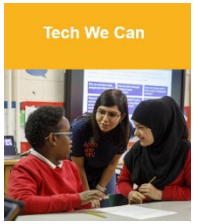
FOCUS Ireland

simon community
Ending Homelessness





Our education and community partners



Junior Achievement Ireland

career LEAP

NCI
Coláiste Náisiúnta hÉireann | National College of Ireland





One Firm One Day

- On 3 July 2026, more than **1,400 of our people**, from across all 8 PwC offices, came together for One Firm One Day, supporting over **60 charity and community organisations** through **75 projects.**
- Teams took part in painting, gardening, children's sports days, career development activities, spending time with older people, and much more.
- Together, we donated **€25,000** to our two charity partners Focus Ireland and Simon Community from OFOD fundraising.

See some highlights from the day.











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