



Charity deductions on your “IRS” return

Tax Credits for all charitable gifts from individuals are based on the “*Estatuto de Mecenato*” (Patronage Statutes), allocating contributions according to the nature of the receiving entity. Many taxpayers easily overlook these deductions when completing their “IRS” declaration. The following guidelines clarify what you can deduct and how you should proceed.

Approved charities

The first thing to know is that not all contributions can be taken off your “IRS”. Donations can only be made to *recognised* entities with social, environmental, cultural, technological, sports and scientific interest. You can consult the list of approved charity organisations on the following website:

http://www.seg-social.pt/documents/10152/13140219/Lista_gem_ipss/8371faa4-dea5-4c03-a47f-3446f1f4c6c3

Only gifts to Portuguese registered institutions qualify for a tax credit. International organisations must have a registered office in Portugal to be eligible. Certain entities, such as the State and associations of local parishes and municipalities, need no formal approval.

It is possible to deduct 25% of the amount donated to social institutions, up to 15% of your total “IRS” tax due. With donations to the State, there is no upper limit. Depending upon the type of charitable institution, your gift will also be enhanced by between 10% - 40%. This attribution is made automatically, based on the recorded nature of each charity.

The institution receiving your donation must issue a receipt containing the following information: the name of the institution, its fiscal number (“NIF”), the amount received along with the name and “NIF” of the donor.



At the end of the fiscal year, the charity declares donations received to the “AT” (*Autoridade Tributária*) to be registered in your favour. You should keep the receipt(s) as proof of your gift.

Registering donations

To receive a tax credit corresponding to your donation(s), find Table 6B on Annex H of the “IRS” return and use the correct code indicated in the instructions. There are several codes, so be sure to read them carefully.

Solidarity Assignment

Deducting charitable gifts on your “IRS” declaration is not the only way to be supportive. The *assignment* of a small part of your tax due is based on donating 0.5% of your total assessment due which goes to your chosen charity. This gift comes at no additional expense to you, the taxpayer. The half-a-per-cent can go to one of the many authorised entities which can be found through the following link:

http://info.portaldasfinancas.gov.pt/pt/apoio_contribuinte/IRS/Pages/IRS_entidades_beneficiarias_consignacao.aspx

To select a given institution, you must use table 11 of your *Modelo 3* declaration, identifying the receiving institution by its Fiscal Number (“NIF”), and marking “X” in the box that says “IRS” and the type of institution.

By following the correct procedures, you can maximise the contribution advantages to your favourite charity while locking in valuable tax credits for yourself: indeed a win-win solution.