

GIVING to good causes can lighten your tax bill.

Up to 75% of the amount donated in 2018 is available as a tax reduction - which still applies despite the 2018 *année blanche* (we explain below).

Causes do not have to be in France but you do need to pick the right cause.

This arrangement has been in place for a number of years and strictly speaking the amount is a tax reduction, not a credit - the difference being that a reduction reduces actual tax that is payable, whereas with a credit you receive a payment if you owe no tax or to make up the difference if the available reduction is greater than your tax liability.

It concerns bodies deemed to be *d'intérêt général* (of general interest).

This year the way the reduction works is different so as to take into account the *année blanche* and the start of at-source taxation - Prélèvement à la Source (PAS).

If you are entitled to a reduction then it will be given either as money off actual tax owed on incomes in 2018 that are outside the *année blanche* rules (eg. one-off or investment) or the amount will be given to you as a payment.

In order to help with cash-flow in accordance with the start of PAS payments this year, the government decided to give everyone a 60% instalment payment in January 2019, based on the reductions you had for gifts to good causes in 2017.

The remainder will be regularised in September this year (ie. with an extra payment or money off tax, if applicable).

If you did not make any such gifts in 2017 but did in 2018, then you must wait until this September to benefit.

If you made a donation in 2017, but not in 2018, you may have to pay something back in September instead.

A good cause may be suitable for these purposes if it is: non-profit-making, socially useful, run without self-interest and not for a highly 'restricted circle' of people. Qualifying bodies may involve such activities as cultural and sporting clubs and organisations with scientific, educational or humanitarian goals.

If in doubt check websites or ask the organisation directly.

The reduction also concerns organisations officially designated *association d'utilité publique* (useful to the general public) which refers to some 2,000 (often large) charities with humanitarian activities and minimum levels of membership and funds (for example the food



## Donations to good causes

bank charity Les Restaurants du Coeur or La Croix Rouge Française).

There is a similar category of *fondations d'utilité publique* (which do not offer memberships and are set up with a founding gift) which includes Fondation Abbé Pierre for the homeless or 30 Millions d'Amis, for pets.

In France, eligible associations include some linked to the English-speaking community. For example, Cancer Support France meets the criteria for 'general interest' of being not-for-profit, meeting a need in society, and not catering for a closely-restricted group, as do the French branches of the Royal British Legion.

The tax authorities say you can also give to bodies in other EU (or EEA) countries if they have accredited them or you can justify, if asked, that they meet the same conditions as those operating in France. They have in the past listed Missing Children Europe, a charity for missing or sexually exploited minors, as 'accredited'.

Most British charities (while the UK is in the EU) are likely to qualify, but they are, obviously, not so likely to be familiar with the requirements of the French scheme as French ones are.

Otherwise, one way to make sure non-French bodies meet French rules and to also make sure you receive a proper receipt, in French, for the gift, is to give via the Transnational Giving Europe (TGE) network ([transnationalgiving.eu](http://transnationalgiving.eu)) for which the French contact is the Fondation de France (fdf.org 01 44 21 31 00). This can link up with counterparts in other EU countries so as to recognise a non-French body as meeting the French criteria.

If you choose a body TGE has vetted you may then give your gift to the FDF, which transmits it to the body and the FDF

provides a receipt for your records.

A standard 66% of your charitable donations is available as a reduction, within a ceiling of 20% of your taxable income. If a group's main activity involves 'helping people in difficulty' (giving food, health-care or shelter), 75% of the donation is deductible up to €537 (a maximum reduction of €403). Check with the charity if in doubt as to its status (as it affects how you declare the income). After this amount the reduction reverts to 66%.

Charities in France will give a receipt (in the case of regular donations they often supply one for the year) which will explain which level of deduction you can make. (If donating in the EU/EEA use the above definitions as a rule of thumb).

If you volunteer for an eligible charity it is possible to 'donate' your expenses to the organisation by renouncing them in writing to the charity.

You should retain slips from charities for your records for three years in case of a tax office check.

The reduction is claimed by inserting the amount of qualifying donations into boxes on the last page of the main form.

If you exceed the 20% ceiling, the excess may be carried forward and deducted from future tax bills for up to five years. This does not happen automatically - you should look on the *avis d'imposition* for the amount to be carried over (*reporté*), which needs to be placed in the appropriate box in the tax reductions section (7) of the **2042 RIC1**, under *report de l'excédent de dons des années antérieures*.

The line for declaring these is just after the box for declaring gifts to bodies elsewhere in the EU/EEA.

The ordinary boxes for declaring gifts in 2018 can also be found in the **2042 RIC1**.