



# How to protect your donation income

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# Today's Session

- Why we need to protect our donation income
- How HMRC define business benefits
- How we can use brand licensing to protect our income

How they work



# Why is VAT a problem for Charities?

£90,000 trading income

Then should be registered for VAT

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Corporate Partnership income can  
class as trading income

# Why are they a Partner?

Good will?

Altruism?

VS

Recognised support

Conditions

Something in Return

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Supply or Benefit

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**If yes, then Supply or Benefit and VATable**

# Some examples

Is the income :

- Staff fundraising?
- Charity of the Year?
- Match funding?
- Encouraged to be donated freely (professional fundraiser)?

If yes, then class as a donation – NO VAT

# Some examples

VATable income:

- Commercial participation royalty income
- Licence Fee – purchasing IP rights
- Sponsorship (except fundraising event sponsorship – quirky one!)
- Anything ‘transactional’ – business club membership
  - buying access to your database

**BREAD THAT TASTES GOOD. DOES GOOD.**

We support young people's mental health by donating 5p from every Farmhouse loaf.

M&S | **YOUNGMINDS**  
Together, we've got this

Supporting young people's mental health. M&S | YOUNGMINDS. 5p from the purchase of this bread will be donated to YoungMinds.

M&S SOFT WHITE FARMHOUSE BREAD

30p from this bar goes to **Sage UK**

Donate your words



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For example:

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Even if it is **DONATION INCOME**

# How can we protect our Donation Income?

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Through Brand Licensing

# Brand Licensing



# What is a Brand Licence?

We grant the right for another organisation to use our charity brand/intellectual property

Usually a corporate

Usually in exchange for a fee

# What is Brand Licence?

Brand licence is within a written agreement where we:

- Define the parties – licensor and licensee
- Why we are granting the licence
- Scope of use
- Fee

# What are the benefits of linking brands?

- Build trust and credibility
- Brand building and recognition
- Revenue generation

**Charge a  
Brand Licence Fee for each  
corporate partnership**

# How?

- Value vs price
- Charge what you wish
- Can be carved out of what they are raising
- Not going to charge each corporate the same price

# Why?

- Grant licence is return for a financial consideration
- Binding contract
  
- Protection of our brand
- Gives control
- Can protect our donation income

# How can it protect our donation income?

Within the brand licence terms,  
we define how we are each going to talk about the other.

# In Summary

- We want to talk about our partners as much as possible
- Brand licence puts legal framework in place
- By charging a fee we can protect our donation income from HMRC

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