

RELIEFS FOR CHARITIES: DIGITAL ADVERTISING

Charities are able to benefit from zero or reduced rating on certain purchases and these are usually subject to conditions. Any charity that intends to make use of any of these reliefs will need to make a declaration to certify that these conditions have been met.

DIGITAL ADVERTISING

The supply of advertising services by a third party to a charity is zero rated. This covers any kind of advertising by any method e.g. TV adverts, billboards, newspapers. HMRC have accepted that advertisements supplied by digital methods can also fall within the zero rate, but there are some exceptions.

Where digital advertising includes a level of targeted selection to a particular audience, this would not fall within the zero rating and is standard rated. HMRC released Revenue and Customs Brief 13/2020 which updated their policy on digital advertising and provided some clarity on what digital advertising can still be zero rated.

The following can be zero rated:

- Audience targeting – using demographic, behavioural, third party data to identify a target audience
- Behavioural targeting – using cookies to identify people who have visited certain websites
- Channel targeting – selection of a specific section of a website to place an advertisement
- Content targeting – selection of specific content for the advertisement to appear next to
- Demographic targeting – use of data from various sources to identify target audiences
- Device targeting – advertisements reach certain devices
- Direct placements on third party websites – advertisements placed on specific websites
- Location targeting – using data provided by individuals who confirm location
- Pay-per click advertising – encouraging individuals to click on organisations link in precedence to other links

Specifically excluded from zero rating:

- Email advertising – these are targeted to the individual
- Natural hits – listing of the charity in results of a search engine
- Social media and subscription website accounts – advertisements placed on individuals personal pages

Any charities that have incurred VAT on advertising services that is eligible for zero rating, should inform their suppliers and request a refund of the VAT. The third party suppliers are able to make a claim to HMRC for any overpaid VAT going back 4 years. HW Fisher will be happy to assist any charity who is facing issues in this regard.

For more information, please get in touch with [Gerry Myton](#)

