Charity Tax Group

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Charities invited to help build case for reform of VAT on social media advertising

Charities are being invited to help build the case for reform of VAT rules on social media advertising after the issue was raised twice in Parliament and Treasury ministers called for further evidence.

Charity Tax Group (CTG) has launched a sector-wide survey to better understand the impact of VAT on social media advertising and gather evidence from charities about the growing costs of reaching beneficiaries and supporters online.

Charities are increasingly reliant on social media platforms to raise funds, reach people in need, promote services and raise awareness of important issues. However, unlike many other forms of charity advertising, social media advertising remains subject to VAT, creating additional costs for charities at a time when many charities are facing significant financial pressures.

The survey comes in response to growing concerns from CTG members and charities across the UK about the increasing VAT burden associated with digital advertising.

Charities are reporting that a growing proportion of their advertising budgets are now directed towards social media and that the VAT costs are becoming increasingly significant and directly affecting the impact of their campaigns.

CTG has been actively raising the issue with Ministers, MPs and policymakers in recent months, both to highlight the growing impact of the current rules and collaboratively explore the potential solutions.

This builds on CTG's previous work with HMRC to modernise the VAT treatment of charity advertising and secure improvements to the VAT treatment of digital advertising.

Following engagement with MPs, the issue has also been raised in Parliament on two occasions in recent months, reflecting increasing political awareness of the issue as advertising activity continues to shift towards digital channels.

The survey will help CTG build the evidence base around the issue to better inform conversations with HM Treasury, HMRC and MPs. Treasury Minister Dan Tomlinson MP recently indicated that the Treasury would welcome further evidence on the issue, underlining the importance of charities sharing their experiences and the impact of the current rules.

CTG will use the survey findings to strengthen its engagement with HM Treasury, HMRC, MPs and peers as it continues to make the case for reform. The evidence gathered will help demonstrate the impact of the current rules on charities' ability to reach beneficiaries, engage supporters and deliver public benefit.

Luke Hall, Chief Executive of Charity Tax Group, said:

"Charities are increasingly operating in a digital first world, and social media is often one of the most effective ways to reach vulnerable people, engage supporters and raise awareness of important issues.

Yet social media advertising continues to attract VAT, creating additional costs that reduce the resources available for charitable purposes. As more charities shift their advertising activity online, we need to better understand the scale and impact of these costs across the sector. The evidence gathered through this survey will play an important role in informing our ongoing discussions with HM Treasury, HMRC and Parliament.

If your charity uses social media advertising take a few minutes to complete the survey and help us build the case for change."

Charities can complete the survey here:
https://forms.cloud.microsoft/pages/responsepage.aspx?id=7wQXOfa4V0StQObj_QZs8F4WKTjfZ7xMqw4sVahV11JUQ0g3MTYzN0xPVVk5RFA1N0ZPT0xQSTFFVC4u&route=shorturl

Notes to editors

The Charity Tax Group was formally registered as a charity with the Charity Commission on 4 December 2024 (charity number 1211253), following confirmation of its charitable status announced at its annual conference on 5 December 2024.

ENDS – For further information or interview requests, please contact: info@charitytaxgroup.org