



VAT waived on charity text message donations

The Mobile Data Association delivers dedicated Charity SMS Short Codes and introduces a framework for managing donations through mobile network operators

London, United Kingdom – July 27th 2009 - The Mobile Data Association, the not-for-profit mobile trade association, has today announced a major breakthrough for the UK charity sector for donations via mobile. The move means charitable donations sent to a dedicated short code will have the VAT waived for registered charities.

The new framework means charities of all sizes will be able to receive the entire donation sent via text message. In the past this has only been set up for large national charitable events such as Comic Relief.

Mobile users can donate up to £10.00 by either sending a text message to a Short Code or by using Payforit, the UK cross-network billing standard.

Central to the new framework is an allocation of a dedicated range of numeric Short Codes to be used for charity donations only. Any five-digit SMS Text Message Short Code beginning with the number 7 (seven) is now automatically considered a charity code which can be allocated to charities eligible under the rules of Her Majesty's Revenue and Customs.

The framework has been approved by UK MNOs (mobile network operators), Hutchison 3G, Orange, T-Mobile, Telefónica O2 and Vodafone. It enables VAT usually charged by mobile network operators to be passed directly on to the charitable organisation.

Martin Ballard, Operations Director of the MDA, who has driven the initiative, said: "This is a really fantastic development both for the UK charitable sector and a great example of the mobile industry collaborating for a good cause. Mobile is a powerful way for people to support and donate to charities and this development makes the

whole process clearer for all parties.”

“Sending an SMS message is known to have mass appeal because of the simple user experience across devices. Our hope is that reducing consumer barriers will benefit a range of charities in need of a new, modern and instant fundraising channel. It should also provide welcome benefits and price transparency for those involved across the mobile industry.”

Judging the eligibility of charities will be the responsibility of service providers, using the HMRC Charity Search facility presently found at <http://www.HMRC.gov.uk/charities/charities-search.htm>. Organisations can register with HMRC directly for inclusion. Charity Short Codes will be allocated initially by the relevant MNO.

Mobile Network Operators and Mobile Data Aggregators, which have also been involved in the Framework’s development, will offer a normal commercial service which attracts VAT. Only the donation proportion of a payment is VAT-free.

“Each operator had its own set of issues to tackle with processes and billing systems. This is an excellent result and a good starting point to move forwards.” Ballard concluded.

The full document, *The Mobile Data Association Framework for Charitable Donations*, can be downloaded from the MDA website: <http://www.themda.org/>

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Notes to editors About The Framework for Charitable Donations

All donations to charities that qualify under HMRC rules will use shortcodes in the 7xxxx range which have been set aside for charity use only.

- Qualification of donation under HMRC rules means nothing given in return (e.g. ringtone or wallpaper, with the exception of an acknowledgement text message)
- Charities must be listed on the HMRC website
- Existing qualifying donation schemes will need to migrate to these new codes
- The scheme is NOT a free-to-use scheme - the MNOs and aggregators are offering a normal commercial service which attracts VAT. The donation element is the VAT-free element of this. Each MNO / Aggregator will negotiate their own terms in the normal way and they have the absolute right to refuse to provide a service (e.g. if they consider it might not be in the best public interest etc)
- Short Codes will be allocated by the holding MNO - see table in the document.

- The scheme will be reviewed and updated in the light of experience
- The scheme covers future technologies and other payment mechanisms.

About The Mobile Data Association

The MDA reflects the common voice of the mobile data industry. The oldest dedicated Mobile trade association in the UK promotes the use and benefits of mobile data throughout industry and business. Press, regular industry conferences and seminars, and the operation of websites (www.themda.org and www.text.it) help promote a high level of awareness amongst users and advisers, directly influencing operational management.

In addition, the Association provides a forum for members of the industry to meet and share information on technical and business issues.

Further information

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