

GIVING TO CHARITY

Gift Aid

Gift Aid is the main vehicle for tax efficient giving to charities. It applies to any donation whether large or small, regular or one-off.

Simply by confirming that they are taxpayers, donors can ensure that their chosen charities can reclaim the basic rate of income tax on all their donations, equal to 28% of the amount donated.

This confirmation has only to be completed once for each charity (it can even be done by telephone or internet) and remains valid for as long as the donor remains a taxpayer.

As an added boost for donors, higher rate taxpayers can claim for themselves the difference between basic and higher rates of tax (18% for 2002-03) against their own income tax or capital gains tax liabilities, reducing further the net cost of the donation.

Example

You give to charity	£1,000.00
Charity reclaims tax	£ 282.05
Total value of your gift	£1,282.05
Reduced tax for higher rate taxpayer	£230.77

So a gift worth £1,282.05 to the charity could cost you as little as £769.23

CharityCard Account

This is a very flexible scheme organised by CAF (Charities Aid Foundation). You can open an account with as little as £10 a month by direct debit or with a single payment of £100.

The card is in effect a 'charity chequebook' and can be used to make donations easily – spontaneously or regularly – by phone, by post or online to your favourite charities.

Tax is recovered at the basic rate and added to your account. As with Gift Aid, higher rate taxpayers can reclaim the difference between the basic and higher rates of tax.

Payroll Giving

This scheme allows you to make gross donations to charity (deducted from your salary before tax is calculated). There is no statutory minimum or maximum limit, although individual schemes may impose a lower monthly donation limit.

Giving shares

Gifts of certain shares and securities to a charity attract a new income tax relief in addition to any existing capital gains tax (CGT) relief.

Example

You give shares valued at		£1,000
Income tax saving	basic rate taxpayer	£ 220
	higher rate taxpayer	£ 400
Potential CGT saving	basic rate taxpayer	£ 220
	Higher rate taxpayer	£ 400

Updated: March 2006
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