

Giving to charity through Gift Aid

Gift Aid increases the value of donations to charities and Community Amateur Sports Clubs (CASCs) by allowing them to reclaim basic rate tax on your gift. If you pay higher rate tax you can claim extra relief on your donations. If you claim age related allowances or tax credits, Gift Aid donations can sometimes increase your entitlement.

How Gift Aid works

The Gift Aid Scheme is for gifts of money by individuals who pay UK tax. Gift Aid donations are regarded as having basic rate tax deducted by the donor. Charities or CASCs take your donation – which is money you have already paid tax on – and reclaim the basic rate tax from HM Revenue & Customs (HMRC) on its 'gross' equivalent – the amount before basic rate tax was deducted.

Basic rate tax is 20 per cent, so this means that if you give £10 using Gift Aid, it is then worth £12.50 to the charity. For donations between 6th April 2008 and 5th April 2011 the charity or CASC will also get a separate government supplement of three pence on every pound you give.

How to make a donation using Gift Aid

In order to make a Gift Aid donation you will need to make a Gift declaration. The charity will normally ask you to complete a simple form – one form can cover every gift made to the same charity or CASC for whatever period you choose, and can cover gifts you have already made and/or gifts you make in the future.

A Gift Aid declaration must include:

- Your full name
- Your home address
- The name of the charity
- Details of your donation, and it should state that it is a Gift Aid donation

Useful Links

www.hmrc.gov.uk/charities/gift_aid

www.tax-effective-giving.org.uk