

# Tax Efficient Giving

Encouraging your supporters to give to your Charity or Community Amateur Sports Club (CASC) in a tax efficient manner can increase your income and help your group to become more sustainable. This paper isn't intended as a how to guide but gives an overview of the ways to encourage your supporters to give in a more tax efficient way.

The information provided in this Factsheet is intended as a guide only and you should further research the implications and take advice from a Tax Advisor when necessary.

## **Gift Aid**

Supporters donating through Gift Aid means your charity or CASC can claim an extra 25p for every £1 given.

To be eligible to claim Gift Aid you must be recognised as a charity or CASC for tax purposes.

Charities can claim Gift Aid on most donations, but some payments do not qualify.

In order to claim the gift aid your donor must make a declaration that they have paid enough tax to cover the value of the claim. You can claim for donation from the last 4 years.

## **Gift Aid Small Donations Scheme**

The Gift Aid Small Donations Scheme (GASDS) allows you to claim Gift Aid on small donations without the need for a Gift Aid declaration. This covers:

- cash donations of £20 or less
- contactless card donations of £20 or less collected on or after 6 April 2017

From 6 April 2016, you can claim up to £2,000 in a tax year or £1,250 for earlier years.

You must have claimed standard Gift Aid in the same tax year in order to be eligible for GASDS.

The Government website gives more details on the process [www.gov.uk/donating-to-charity/gift-aid](http://www.gov.uk/donating-to-charity/gift-aid)

Gift Aid Made Simple from Sayer Vincent provides further advice [www.sayervincent.co.uk/wp-content/uploads/2018/10/SV-MS-GiftAid-Aug2018.pdf](http://www.sayervincent.co.uk/wp-content/uploads/2018/10/SV-MS-GiftAid-Aug2018.pdf)

## **Payroll Giving**

Payroll giving allows PAYE employees to give to charity from their salary before tax is deducted. It can help charities to receive a regular amount of income especially if you can get large employers on board.

In order to set up Payroll giving employers must have a contract with a Payroll Giving Agency (PGAs), these are registered charities that transfer donations from employers to charities. The PGAs usually charge a fee of around 5%

Information is available on the Government Website [www.gov.uk/payroll-giving](http://www.gov.uk/payroll-giving)

## **Donating land, property or shares**

Individuals do not have to pay tax on land, property or shares that they donate to charity (this does not include CASCs), including selling them for less than their market value.

Tax relief is given on Income Tax and Capital Gains Tax.

Individuals must keep records of the donation to show that they made the gift or sale and that the charity has accepted it.

More information is available on the Government Website [www.gov.uk/donating-to-charity/donating-land-property-or-shares](http://www.gov.uk/donating-to-charity/donating-land-property-or-shares)

## **Business giving**

Businesses can support charities in a number of ways and can claim tax-relief on some of the donations.

All companies can get tax relief when they give money to a Charity or CASC. Unlike the individual Gift Aid Scheme the donation is paid to the Charity or CASC as a gross payment, it is up to the company to reclaim the tax. The donation must be used for a charitable purpose by the Charity or qualifying purpose by the CASC.

There are some restrictions on what is a qualifying donations, the main issues for charities and CASCs to be aware of are:

- Donations should not have any repayment conditions attached to them
- The company or connected people must not receive a benefit exceeding a certain value. This value varies depending on the donation and there are some specific exclusions but generally this is:

Donations up to £100; maximum benefit is 25% of the donation.

Donations from £101 to £1000; maximum benefit is £25.

Donation of £1001+; maximum benefit is 5% to a max of £2,500.

In addition to tax-relief on monetary donations companies can claim corporation tax relief for gifts of recognised shares (other than those in their own company), land and property made to your charity. They can also claim relief if the gift is sold to your charity at less than the market value.

The Sayer Vincent guide on Tax Efficient Giving provides advice on this and other methods of tax efficient giving. [www.sayervincent.co.uk/wp-content/uploads/2015/07/Tax-effectiveGivingMadeSimple-SayerVincent-July2015.pdf](http://www.sayervincent.co.uk/wp-content/uploads/2015/07/Tax-effectiveGivingMadeSimple-SayerVincent-July2015.pdf)