

A PRECIOUS GIFT

A gift to a charity or community amateur sports club (CASC) is precious in many ways. It expresses your appreciation in a beneficial way and potentially helps the charity/CASC continue doing what they do into the future. If you decide to gift aid your donation it also allows them to reclaim basic rate tax on your gift, effectively giving even more without any extra cost to you. If you already gift money or are thinking of doing so, read on, there are a few things to consider before you tick the gift aid box.

How gift aid works

If you are a UK taxpayer and you gift money to a charity or CASC you can use the gift aid scheme. All you need to do is tick the gift aid box on the declaration form given to you by your chosen organisation. The organisation will then reclaim the tax you have already paid from HM Revenue & Customs (HMRC). Keep in mind, if you don't pay tax you should not use this scheme.

An example will better explain. In July 2014 Mrs. Kind gives £100 and ticks the gift aid box. She has already paid tax of £25 on her income so the charity using the gift aid scheme can reclaim the £25 from HMRC.

Have I paid enough tax?

To check that you have paid enough tax to cover your donation, divide the amount you have given by four (in the example above $£100/4=£25$). If you've paid that much tax or more during the year (income tax and/or capital gains tax) you can use the gift aid scheme.

If you haven't paid enough tax this year, but did in the previous year you can ask for your gift aid donations to be treated as being paid in the previous tax year.

What's in it for me?

For most basic rate taxpayers there is nothing to gain; however if you were born before 6th April 1948 and receive the higher age related allowance, or are in receipt of the married couples allowance, or claim tax credits it's important to let HMRC know about any gift aid donations. HMRC will subtract the amount you donate plus the tax you have already paid (your gross donation) from your total income before working out the value of your allowances or tax credits.

If you pay higher rate tax, you can claim the difference between the higher rate of tax (40 and/or 45 per cent) and the basic rate of tax 20 per cent on your gross donation to the charity or CASC.

Tell HMRC about your Gift Aid donations

If the above scenarios apply or you want to carry back a gift aid donation it's important to keep a record of the total amount of your gift aid donations for each tax year. If you normally complete a self-assessment you can inform HMRC this way. If not, either contact HMRC via the main helpline 0300 200 3300 and ask for a P810 tax review or write to HM Revenue & Customs, PO Box 4000, Cardiff, CF14 8HR.

This article is by [Tax Help for Older People](#) (operated by registered charity No. 1102276), offering free tax advice to older people on lower incomes. The Helpline number is 0845 601 3321 or 01308 488066.