

Tax Effective Giving

Giving Can Be Receiving

As a registered charity, giving to the Community Foundation for Surrey can result in highly attractive tax relief on donations. The government gives tax incentives for giving to charity; it is not considered tax avoidance but it could result in considerable tax savings for you.

Lifetime Gifts

Gift Aid is the most well-known form of tax relief. Gift Aid means that if you are a UK taxpayer, HMRC will contribute an additional 25% to your charitable gifts. Gifts can be made from either income or capital, but for every £1,000 you give as a charitable donation, the Foundation will receive a total of £1,250 at absolutely no additional cost to you. Please note that a UK taxpayer must be paying at least as much tax as is equal to the projected gift aid relief in order to qualify.

You are entitled to further tax relief on charitable donations if you are a higher rate or additional rate taxpayer, as you are able to reclaim the difference between your tax rate (40% or 45%) and the basic rate (20%).

This can result in considerable tax relief for you, and when combined with Gift Aid it can also boost your gift to the Foundation.

In order to maximise your tax relief, a donation can be backdated to the previous tax year as long as the payment is made prior to submitting your tax return.

Did you know?

Gifts to charities can also consist of assets and there are specific tax reliefs on quoted shares and property. In addition to full income tax relief as described above, any latent capital gain is also fully exempt from capital gains tax; currently 20% on quoted shares and 28% on property.

It is also an option to “give the gain” on an investment to charity, relieving you of capital gains tax, whilst retaining the original cost value yourself.

Whilst you may be aware that inheritance tax becomes due on gifts you leave to individuals within the seven years prior to your death, this is not the case for gifts made to charity. You can make a gift to charity at any point during your lifetime and it will always be exempt from inheritance tax.

