

Share and Share Alike

No Pain, We Both Gain When You Donate Assets To St Nicholas Hospice Care



I am A Higher Rate Income Tax Payer, How Can I Benefit?

If you are a higher rate tax payer you can claim back extra Gift Aid. If you have completed a gift aid declaration when you make a donation to St Nicholas Hospice Care we are allowed to claim a further 25% in tax relief.

If you are a higher rate tax payer, you can claim the difference between the higher rate of 40% tax, and the basic rate of 20% tax, on the total (gross) value of your donation to the Hospice.

Example:

If you donate £100, the total value of your donation to the charity is £125 - so you can claim back $40\% - 20\% = 20\% = £25$ for yourself or to give to St Nicholas Hospice Care.

Your Gift Aid Declaration can be backdated for four years so any donations to St Nicholas Hospice Care in previous years can have the basic rate rebate. But you can only claim the higher rate tax rebate for the previous tax year through your tax return.

How Do I Claim This Rebate For Myself?

You can claim back this tax through your Self Assessment tax return, if you are sent one, by completing the correct section. Only half of higher rate tax payers are aware that they can claim this tax relief and only one third of these, around 16%, have actually done so. So this means that some 84% of all higher rate tax payers have not claimed this tax relief in the past.

You can ask for Gift Aid donations to be treated as being paid in the previous tax year, but you must have paid enough tax in that year to cover any Gift Aid donations you have already made **plus** the ones you want to backdate.

Example

Adam makes a Gift Aid donation of £1,000 on 1 June 2010. He can either treat the donation as being for this tax year (2010-11) or carry back the relief to the last tax year (2009-2010). As he paid enough tax last year to cover both last year's donations and this one, he chooses to carry the relief back. He hasn't yet completed a tax return for 2009-10 so he makes his claim on that return and files it online before 31 January 2011.

But if Adam has already sent back his tax return for 2009-10, he will only be able to ask for the donation to be treated as Gift Aid for the year 2010-2011. You can't change a tax return in order to carry back a donation.

Your request to carry back the donation must be made before (or at the same time as) you complete your Self Assessment tax return for the previous year and no later than the filing deadline for the tax return. This is 31 October if you file a paper tax return, or 31 January if you file online.

If you don't complete a tax return you can ask your Tax Office for form P810 Tax Review – to be sent by no later than 31 January after the end of the tax year to which you wish to backdate your gift.

How Do I Claim This Rebate For St Nicholas Hospice Care?

You can instruct the Inland Revenue, by way of a tick box on the tax return, to send all or some of any tax rebate direct to the charity of your choice - provided they are registered to receive donations in this way. St Nicholas Hospice Care is registered with Her Majesty's Revenue and Customs and the registration number is MAJ76EG.

How Else Can I Reduce My Tax Liability By Donating To St Nicholas Hospice Care?

Whether you are an individual or a business you can reduce your Income Tax, Corporation Tax and Capital Gains Tax by donating assets to the Hospice, providing they are qualifying investments.

What is a Qualifying Investment?

Here is a list of assets that can be donated to qualify for tax relief:

Shares and securities listed or dealt in on the UK or another recognised stock exchange

Units in an authorised unit trust (AUT)

Shares in a UK open-ended investment company (OEIC)

Holdings in certain foreign collective investment schemes – broadly, schemes established outside the UK that are similar to unit trusts and OEICs

A qualifying interest in land and buildings in the UK

Please Note: A company cannot get relief for a gift of its own shares.

How Can Donating Shares Benefit Me And Benefit St Nicholas Hospice Care?

When you sell shares which have increased in value since you first had them, the shares make a capital gain. If this gain is above a certain limit each year, they may be liable for Capital Gains Tax (CGT). If you donate the shares to the Hospice, or sell them for less than you originally paid, the position is different; you will not be taxed on any rise in the share value.

Example:

Kevin is a higher-rate tax payer and decides to give St Nicholas Hospice Care shares worth £10,000 that cost him nothing. If he sells the shares himself he will receive £10,000 but pay £1,800 capital gains tax (at 18% assuming no annual exemption), for a net gain of £8,200.

By giving shares to the Hospice he receives the following tax reliefs:

Capital gains tax 18% of £10,000 = £1,800

Income tax 40% of £10,000 = £4,000

Total Tax Relief = £1,800 + £4,000 = £5,800

So, in this case, the total saving is worth £5,800 (ignoring broker's fees). This means that a gift with an after-tax cost to Kevin of £4,200 would be worth £10,000 to the charity, and that is the size of the gift that we will recognise.

Example:

Kim is a higher-rate tax payer and gives us shares worth £10,000 that cost her £5,000.

By giving shares to the Hospice she receives the following tax reliefs:

Capital gains tax 18% of £5,000 = £900

Income tax 40% of £10,000 = £4,000

Total tax relief is = £900 + £4,000 = £4,900

So the net cost to Kim of a £10,000 gift is only £5,100.

For some donors giving shares rather than cash can allow you to be more generous because of the higher tax relief. You may have shares in a company or sector that is no longer part of your main portfolio but you are happy to donate them to us or you may want to support the Hospice but your cash flow is poor.

How Do I Donate Shares To St Nicholas Hospice Care?

First you should contact us to confirm that we can accept your gift and for us to thank you. In rare instances there may be reasons we will not be able to accept the gift; for example if they are shares in a tobacco company. We will then tell you the best way the shares can be transferred to the Hospice. There are no special tax forms for you to complete but we will tell you what records you should keep about the transaction.

As with all schemes involving income tax relief, your yearly income tax and capital gains tax must be at least as much as the value of the gift to obtain the full income tax benefit. Every donor's situation is different and we strongly recommend that you consult your accountant or financial advisor.

How Can Donating A Property Benefit Me And Benefit St Nicholas Hospice Care?

To give land or property, you must transfer the whole of your interest in the asset to the charity. This means that you cannot give a building to a charity and continue to live in it. The amount of tax relief will be calculated by taking the market value of the property at the donation date plus the costs incurred in making the donation, less any benefit given by the charity.

Example:

Lesley owns a holiday home and decides to give it to the Hospice. A qualified agent values the property at £250,000 and charges £500 for the valuation. As a token of appreciation, we give Lesley a painting worth £1,500.

To calculate the tax relief, you add together the value of the property and any incidental costs (the agent's fees), and subtract the value of any benefit received (the painting).

Market value of the property	= £250,000
Add the cost of valuation fees	= £500
Total Gift	= £250,500

Minus value of the painting	= £1,500
Total Deduction	= £249,000

So Lesley can deduct £249,000 from her total taxable income for the tax year in which she makes the gift.

How Can Donating Land Benefit Me And Benefit St Nicholas Hospice Care?

To give land or property, you must transfer the whole of your interest in the asset to the charity. You cannot give land to the Hospice and continue to have access to it.

Example:

Simon, A Higher Rate Tax Payer, agrees to transfer land, valued at £100,000, to the Hospice. The transfer is arranged and Simon pays the costs. He receives tickets for a charity ball, worth £500, as a 'thank you' from us. The tax deduction is calculated as follows:

Market value of the land	= £100,000
Add the costs of transfer	= £3,000
Total Gift	= £103,000
Minus ball tickets	= £500
Total Deduction against income	= £102,500
His Income Tax bill will be reduced by	£41,000 (£102,500 @ 40%)
If Simon is paying Income Tax at the highest rate of 50%, his Income Tax bill will be reduced by	£51,250 (£102,500 @ 50%)

How Do I Donate Property or Land To St Nicholas Hospice Care?

Transferring property or land to the Hospice should not be attempted without legal advice from a qualified solicitor or appropriate legal practitioner. The legal costs in transferring the assets are added to the market value of the donation. Every donor's situation is different and we strongly recommend that you consult your accountant or financial advisor.

Are There Any Other Tax Saving Ways Companies and Businesses Can Donate to St Nicholas Hospice Care?

To be eligible, the business must be a trading company, a sole trader, or a trading partnership. The tax relief is given on the cost of manufacture or purchase of the items manufactured or sold. They are **not** given on their usual sale price.

So if you donate goods that your business makes or sells - your 'trading stock' - to the Hospice you can claim the cost of these goods in your business accounts. You don't have to include anything in your sales income for the value of the gift. So you can reduce your business's taxable profits by the full cost of the goods.

Example:

Fred is a photocopier manufacturer. He decides to donate a photocopier to the Hospice. The sale price of the photocopier is £25,000 but the production cost is £10,000. The Hospice gets a piece of machinery worth £25,000 and Fred can reduce his tax liability by £10,000.

In the case of machinery or plant used in the course of your trade, treat it as having been disposed of at nil value for capital allowances purposes (rather than at market value, as would otherwise be the case). The total capital allowances given to you in respect of the article will be equal to its cost.

Individuals can get tax relief, in addition to the capital gains tax relief on gifts donated to charity. Visit the charities section of [Her Majesty's Revenue and Customs \(HMRC\)](#) for further information.

You might find it helpful to look at:

IR 295 Relief for gifts and similar transactions

IR 64 Giving to charity by businesses

IR 65 Giving to charity by individuals

Any information we give is for general guidance only and **should not be relied on as legal or financial advice. We strongly recommend **that** all our patients, families and supporters seek professional assistance from a qualified legal or financial practitioner.**