

# Gift Aid Guidelines

## How Gift Aid works

The Gift Aid scheme is for gifts of money by UK taxpayers. Gift Aid increases the value of your donation by allowing the School to reclaim basic rate tax on your gift.

The School can reclaim the basic rate of tax on Gift Aid donations – this has been 20 per cent since 6 April 2008. You can work out the amount of tax you can reclaim by dividing the amount donated by four. This means that for every £1 donated, you can claim an extra 25 pence.

In addition, HMRC will automatically pay the School a further three pence for every pound donated. This ‘transitional relief’ – to adjust to the fall in basic rate tax (from 22 per cent to 20 per cent) – is available from 6 April 2008 until 5 April 2011.

This means for every £1 donated, the School can receive 28 pence, so the total value of the donation is £1.28.

In order to make a Gift Aid donation all you need to do is complete a simple form from the School- one form can cover every gift made to the same charity for whatever period you choose and can cover gifts you have already made and/or gifts you may make in the future.

## Making sure you’ve paid enough tax to use Gift Aid

You can use Gift Aid if the amount of Income Tax and/or Capital Gains Tax you’ve paid in any tax year (6 April one year to 5 April the next) is at least equal to the amount of basic rate tax the School is reclaiming on your gift.

You don’t necessarily have to be working to be paying tax. Apart from tax on income from a job or self-employment, the tax you’ve paid could include:

- tax deducted at source from savings interest
- tax on State Pension and/or other pensions
- tax on investment or rental income
- Capital Gains Tax on gains

*But only UK tax counts, so if you only pay tax outside the UK you won’t be able to use Gift Aid.*

## How to check if you’ve paid enough tax

To work out if you’ve paid enough tax to cover your donations, divide the donation value by four. For example, if you give £100 in a particular tax year you will need to have paid £25 tax over that period. ( $£100/4 = £25$ ). (Note that this calculation is based on the basic rate tax of 20 per cent).

## Claiming back higher rate tax

If you pay higher rate tax, you can claim the difference between the higher rate of tax (40 per cent) and the basic rate of tax (20 per cent) on the total (gross) value of your donation to the School.

For example, if you donate £100, the total value of your donation to the charity is £125 - so you can claim back 20 per cent of this (£25) for yourself. You can make this claim on your Self Assessment tax return if you were sent one.

It's important to keep a record of the total amount of your Gift Aid donations for each tax year. You'll need to let HMRC know about your Gift Aid donations if:

- you claim age-related Personal Allowance, Married Couple's Allowance or tax credits
- you pay higher rate tax
- you want to backdate a Gift Aid donation

If you normally complete a tax return you can tell HMRC about your Gift Aid donations by completing the section on Gift Aid payments.

If you don't complete a return, you can give the details on form P810 Tax Review - available from your Tax Office, or telephone your Tax Office and ask them to make a change to your tax code.