

# Tax effective giving

**You can make a real difference to the lives of vulnerable people, both internationally and in the UK, by making your gift to the British Red Cross tax effective.**

There are a number of different ways in which you can maximise your gift to the British Red Cross at no extra cost to yourself. There are certain tax benefits which can increase the value of your donation and at the same time allow you to claim a certain percentage of your Income Tax back.

## Gift Aid

Gift Aid is one of the simplest and most effective ways of giving to charity. Her Majesty's Revenue and Customs (HMRC) treats donations as if the donor has already deducted basic rate tax from them, allowing the British Red Cross to reclaim this tax and increase the value of a donation. As the current basic rate of income tax is 20%, this means that we can claim 25p for every £1 donated\*.

To be eligible for Gift Aid you must be a UK taxpayer. They must also pay enough Income Tax or Capital Gains Tax in the same year to at least equal the amount of tax reclaimed by the charity.

\*20% of gross is equal to 25% of net

If you are unsure whether you are eligible for Gift Aid, or simply want more information, contact the HMRC directly by calling their Charities Helpline on 0845 302 0203 or by visiting

<http://www.hmrc.gov.uk/fid/rse.htm>.

## How to Gift Aid your donation

You can either call our Major Donor Team on 020 7877 7105, or you can complete the postal [Gift Aid Declaration Form](#) and send it back to the Major Donor Team at, UK Office, 44 Moorfields. London EC2Y 9AL

## Make your gift go further

If you are a higher rate taxpayer (40%) we can still only claim the basic rate of tax on your donation. However, you are also able to reclaim the additional difference yourself through your tax return (20% of your gross donation), or you may choose to donate it back to the British Red Cross. All you have to do is remember to include details of your charitable gifts on your tax form.

As of 2010, government changes to personal allowances may make Gift Aid donations even more attractive. If you are a taxpayer whose adjusted net income is between £100,000 and £112,950, you will lose part or all of your personal allowance. However by making a donation with Gift Aid that reduces your taxable adjusted net income to £100,000 or less, you will be able to receive your personal allowance in full.

	Your gift (net)	Charity claims basic rate income tax on gross gift (at 25% on net/ 20% on gross)	Cost to you	Value to the Red Cross (including gift aid transitional relief)
Basic rate taxpayer	£5,000	£1,250	£5,000	£6,400
Higher rate taxpayer	£5,000	£1,250	£3,750	£6,400
Basic rate taxpayer	£10,000	£2,500	£10,000	£12,800
Higher rate taxpayer	£10,000	£2,500	£7,500	£12,800

The examples provided are for illustrative purposes only. The tax benefits you may be entitled to will depend on your personal circumstances.

## Gifts of land or buildings

Individuals who donate land or buildings to charity benefit from Income Tax relief and exemption from Capital Gains Tax. However it is important for you to be able to show that the charity has agreed to accept the gift.

Tax relief is given for the market value of the property as a deduction from the donor's income tax liability for the tax year when the gift is made. The income tax is in addition to exemption from Capital Gains Tax. The amount deducted is the market value of the property, plus any associated costs of transferring the property, less any proceeds of the sale, or the value of any benefits received when making the gift. Any land and buildings are eligible for relief provided the whole of the donor's interest in the property are given to charity.

A higher rate tax payer agrees to give a property, valued at £100,000, to charity. The transfer is arranged and the donor pays the costs. He receives tickets for a charity ball worth £500 as a thank you.	
Market value of the property	£100,000
plus the costs of transfer	+ £3,000
less benefit received from charity	- £500
<b>Total deduction against income tax</b>	<b>£102,500</b>
Equivalent to tax saving of	£41,000

The examples provided are for illustrative purposes only. The tax benefits you may be entitled to will depend on your personal circumstances.

**If you wish to donate a gift of land or a building to the British Red Cross please contact the Major Donor Team on 020 7877 7105.**

## Leaving money in a will

Money or property left to your charity in your will is not liable for inheritance tax, but the money and assets left to others may be if they add up to more than the tax threshold set by the Chancellor. Therefore gifting to charity may be a way of reducing your tax burden.

There are two forms in which a gift can be left:

- As a pecuniary legacy – a gift of a fixed amount of money.
- As a residuary legacy – a share of what is left of your estate, once you have provided for your loved ones.

For more information on this please contact our Legacy Team directly on 020 7877 7021 or visit our [Leave a Legacy](#) web page.

## Multi-year Giving

Multi-year funding is very valuable to us, as it gives us the opportunity to plan for the future and ensure money is available where it is needed most. It also means we are able to make long-term commitments to fund projects. By having a consistent and predictable income we can plan and budget more effectively. Some supporters choose to set up a pledge with the British Red Cross, sending us a cheque at an agreed time each year. A standing order from a nominated bank account can also be arranged.

**If you wish to give to the British Red Cross on a multi-year basis please contact the Major Donor Team on 020 7877 7105.**

Example:	Each year	Total three years
NET Annual donation	<b>£10,000</b>	<b>£30,000</b>
Less 20% tax reclaimed by you (if a higher rate taxpayer)	<b>£2,500</b>	<b>£7,500</b>
Cost to you	<b>£7,500</b>	<b>£22,500</b>
Value to BRC with Gift Aid (28%)	<b>£12,800</b>	<b>£38,400</b>

The examples provided are for illustrative purposes only. The tax benefits you may be entitled to will depend on your personal circumstances.

## Where to get further information

We are happy to answer any questions regarding the procedures of transfers; however the British Red Cross is not registered to give financial advice. We would advise that all donors seek independent advice when making major decisions relating to personal financial and tax situation. For further information, please see the following:

- HMRC: [www.hmrc.gov.uk/charities](http://www.hmrc.gov.uk/charities)
- Charities Aid Foundation: [www.cafonline.org](http://www.cafonline.org)
- Legacy Promotion Campaign: [www.rememberacharity.org.uk](http://www.rememberacharity.org.uk)
- Will Aid: [www.willaid.org.uk](http://www.willaid.org.uk)