

GIFT AID

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What is Gift Aid?

In the UK, charities can claim back the tax paid by a donor. As a registered charity the National Spiritual Assembly is able to take your donation – which is money you've already paid tax on – and reclaim the basic rate tax from HM Revenue & Customs (HMRC) on its 'gross' equivalent – the amount before basic rate tax was deducted.

For example: The basic rate tax is currently 20%, so a donation of £10 is worth £12.50 to the National Spiritual Assembly. (This is because if you subtract 20% from £12.50, £10 is left.)

What do I need to do to make my donations by Gift Aid?

You will need to complete the National Assembly's Gift Aid form. This needs to be done once only and tax can then be claimed back by the NSA on all donations you make.

If you have a change in circumstances and you stop paying tax or the tax you are paying drops below the amount that the NSA is going to claim, **you must tell the Treasury Office immediately**.

Can I donate to all the Funds of the Faith using Gift Aid?

Yes. You can donate to any Fund using Gift Aid, the International Fund and your local Fund, **provided that the donations are sent to the National Office for processing**. You can also pay your Huqúqu'lláh using Gift Aid. If your donation is for your local Fund then then the National Office will return the donation to your local treasurer but will retain the tax for the National Fund.

I don't pay tax. Can my donations be Gift Aided?

No. The National Assembly is unable to reclaim tax that hasn't been paid.

I don't work but I have taxable income. Can my donations be Gift Aided?

Yes. 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:

1. *tax deducted at source from savings interest;*
2. *tax on State Pension and/or other pensions;*
3. *tax on investment or rental income (including tax credits on UK dividends);*
4. *Capital Gains Tax on gains.*

Other taxes such as VAT and Council tax do not qualify, nor does any non-UK tax.

Have I 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 for the tax year in which you make your donation(s) is at least equal to the amount of basic rate

tax the National Spiritual Assembly and any other charities you donate to will reclaim on your gift(s). A tax year runs from 6 April one year to 5 April the next. If you make a number of Gift Aid donations in a year, you will need to add them all together (including those to other charities) to check that you have paid enough tax.

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%)

If you don't think you've paid enough tax this year, you may be able to carry back your donation to the previous tax year. See the later section 'Carrying back Gift Aid donations to the previous tax year'.

I am a higher rate tax payer. Can I claim any more tax back?

If you pay higher rate tax, you can claim the difference between the higher rate tax of 40 and/or 50 per cent and the basic rate of 20 per cent tax on the total 'gross' value of your donation(s).

For example, if you donate £100, the total value of your donation to the National Assembly is £125 – so you can claim back:

1. £25 - if you pay tax at 40 per cent ($£125 \times 20\%$);
2. £37.50 - if you pay tax at 50 per cent ($£125 \times 20\%$) **plus** ($£125 \times 10\%$).

You can make this claim on your Self-Assessment tax return, if you were sent one. For more information see section below 'Telling HMRC about your Gift Aid donations'.

I'm not earning much this year. Can my Gift Aid donations be claimed from last year?

You can ask for Gift Aid donations to be treated as being paid in the previous tax year if you paid enough tax that year to cover both Gift Aid gifts you made that year and the ones from the current year you want to backdate.

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 but no later than the filing deadline for the tax return, which 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 to send you a form P810 Tax Review – you must send this by no later than 31 January after the end of the tax year to which you wish to carry back your gift.

Gift Aid – effect on age-related Personal Allowance, age-related Married Couple's Allowance or tax credit claims

If you claim the age-related Personal Allowance or Married Couple's Allowance or tax credits, it's important to let HMRC know about any Gift Aid donations. They will subtract the amount you donate plus the basic rate tax (that is, the 'grossed' up donation) from your total income and use the reduced figure to work out the value of your allowances or tax credits. This may have the effect of increasing these allowances or credits if your income was above the relevant 'income limit' that applies.

What happens if my spouse and I send a donation together?

You can use Gift Aid for gifts you make jointly if you tell the National Assembly how much each of you is giving and if you each make a Gift Aid declaration.

Do I need to tell HMRC about my Gift Aid donations?

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:

- 1. you claim age-related Personal Allowance, Married Couple's Allowance or tax credits;*
- 2. you pay higher rate tax;*
- 3. you want to carry back 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.

Where do I get more information?

H M Revenue and Customs has more information about Gift Aid on its website at

<http://www.hmrc.gov.uk/individuals/giving/gift-aid.htm#1>