

ATT Welcome, December 2016

Welcomes

01 December 2016

Christmas special

Kia ora tatou! I'm still jetlagged from my bucket list trip to New Zealand – but I wish you a warm welcome to the Christmas edition of the ATT welcome page.

Christmas is, of course a time for giving, not only that special something for the one you love but also to charity. As a nation we have a long history of giving to charity and for once it is something that the tax system actively encourages. Gift Aid is probably the most generous tax relief for money gifts to charities anywhere in the world. By completing a simple gift aid declaration you can receive higher rate tax relief on all qualifying money donations. With the top rate of income tax now 45% this can substantially reduce the cost of your gift or, indeed, allow you to give a little extra for the same cost. You will, of course, need to keep records of your Gift Aid donations in order to claim relief via your tax return but these are quite simple; the date, the amount and the name of the charity. Most of this information will be on the Gift Aid declaration that the charity will ask you to complete.

Making a Gift Aid declaration means that the charity can reclaim basic rate income tax on your donation, currently 25% of the amount you donate. A little over £1.2 billion was reclaimed by charities in this way last year. It is, though, important that you have paid sufficient income tax or capital gains tax to cover the amount that will be reclaimed on your donation since HMRC will come to you for any shortfall.

Surprisingly it is not just donations to UK charities that qualify. From April 2010 charities in the rest of the EU, Norway, Iceland and Lichtenstein (EUNICE charities) have been allowed to register for gift aid with HMRC but surprisingly few have done so. Nonetheless, if you make a donation to a EUNICE charity it is worthwhile checking if they have registered.

Although Gift Aid donations have to be in the form of a sum of money there are other generous tax reliefs available for certain non-cash gifts. It is possible to give land and buildings or qualifying shares (basically quoted and AIM listed shares or units in an authorised unit trust) to a charity and get tax relief. There is some important paperwork to complete, but get this right and there is no capital gains tax to pay and income tax relief, normally on the market value of the gift can also be claimed. Unlike Gift Aid there is no tax repayment for the charity.

Many charities need to raise large sums of money in order to deliver the services that mean so much to the most disadvantaged in society. Regular giving is, therefore, of immense immediate help but legacies, while not immediate, are also an important source of funds for charities. Amounts left to charity in your will are free from inheritance tax and if you leave at least 10% of your net estate to charity the inheritance tax payable on the rest of your estate will drop from 40% to 36%. You can, therefore, leave more to good causes without reducing the amount received by your family. As advisers you also need to remember that if someone has left just under 10% of their estate to charity the reduction in inheritance tax payable as a result of increasing this to 10% can mean that the net amount available for other beneficiaries is also increased.

Although the ATT is a charity we are not dependent on donations to fund our activities, unlike Tax Aid and Tax Help for Older People. These two charities, which provide free help to people on low incomes who need professional help with their tax affairs but cannot afford it, are almost entirely dependent on donations. Both ATT and CIOT are supporting the Bridge the Gap fundraising campaign run by these charities. However, it is the season for giving so if each ATT member were to give just £10 (less than the price of a couple of drinks) under Gift Aid to the Bridge the Gap campaign that would raise an additional £100,000 for these worthwhile charities. To read more about the work undertaken by these charities, see [*Change a life this Christmas*](#).

And finally, to the ATT welcome page Christmas quiz:

- What is the name of the haka performed by the All Blacks before each match?
- What traditionally are the names of Santa's eight reindeer?
- In which year was the ATT founded? and
- On which page are we advertising for a technical officer?

A bottle of champagne from the Deputy Presidential wine cellar goes to the first correct answer drawn. Entries to the email address below by Friday 6 January 2017.

Have a very happy Christmas!