

# Tax relief for charitable donations

**The events in Eastern Europe in recent days have focussed our attention on the plight of displaced persons in Ukraine and how we might donate to ease their suffering.**

**This update sets out the tax relief you can claim should you donate.** Providing the agency, you are donating to is a charity the following rules will apply:

## Donations from your limited company

As your company is not subject to income tax the gift aid regulations do not apply. Accordingly, any donation from your company is treated as a business expense that reduces your profits and therefore reduces your corporation tax bill. Donations to all UK registered charities are tax deductible.

## Donations from individuals

If you make a personal donation to a charity, that offers gift aid options, the amount you give is treated as received by the charity after 20% tax has been deducted. As long as you have paid enough tax on your earnings to cover the deemed tax deducted, the charity can recover the 20% tax from HMRC.

This turns a net donation from you of say £80 into £100 received by the charity (£80 from you and £20 from HMRC).

If you pay income tax at 40% or 45% you can claim the excess over the 20% basic rate (20% or 25%) by making a claim on your self-assessment tax return or by contacting HMRC and making a claim.

To secure the claim to HMRC, the charity will ask you to make a gift aid declaration when you make your donation.

Note – regional variations may apply when there are differences in local income tax rates, Scotland for example.

## Government supported appeal - DEC

Certain appeals may draw matching funding from the UK government; this is the case with an appeal launched by the Disaster Emergency Committee to secure funding for humanitarian relief in Ukraine.

The government will match donations £ for £ up to a £20m ceiling.

14 March 2022

To view more information on this appeal, go to <https://www.dec.org.uk/appeal/ukraine-humanitarian-appeal>.

### Tax planning note 2021-22

Charitable donations can also be used to reduce an individual's net income below certain break points. For example, below £50,000 to avoid repayment of Child Benefits and below £100,000 to avoid loss of the income tax personal allowance.

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