

QEGS DEVELOPMENT FUND

(Registered Charity No. 277055)

DONATIONS made as GIFT AID

An explanation of the Tax situation

From 6 April 2000 any donation you make to a Charity is treated as Gift Aid provided you have made a Gift Aid Declaration to that Charity.

Under the present Tax Legislation the Charity receiving the Gift Aid donation (in this case, QEGS Development Fund) can reclaim from the Inland Revenue, at the basic rate of 20%, money which you have paid in Income Tax.

Two examples will show how this works.

For the donor who pays tax at the basic rate (20%).

A total annual donation of £120 "net" (e.g. £10 per month) represents a "gross" sum of £150 before tax at 20%.

Thus for each £120 paid by the donor each year, the Charity can claim £30.00 each year from the Inland Revenue.

The School benefits by £150.00 at a cost to the donor of £120.
--

For the donor who pays tax at the higher rate (40%).

A total annual donation of £156 "net" (e.g. £13 per month) represents a "gross" sum of £195 before tax at 20%.

Thus for each £156 paid by the donor each year the Charity can claim £39 each year from the Inland Revenue.

However, the donor can reclaim 20% of the "gross" payment, (i.e. 40% minus the basic rate) namely £39, from the Inland Revenue when he/she includes the annual covenant (Gift Aid) payment in his/her annual Tax Return. The recovery would probably come through an adjustment of Tax Coding.

The School benefits by £195 at a cost to the donor of £117.

GIFT AID DECLARATION

Note

Item 2) of the Gift Aid Declaration can be understood by reference to the above examples.

Thus,

a donor giving £120 per Tax Year would need to pay £30.00 or more in Income Tax per Tax Year if the Charity is to reclaim that sum.