



INFORMATION SHEET SERIES:

## INFORMATION ON TAX EFFICIENT GIVING

The following information is intended to help guide donors who wish to give in an income tax efficient manner. For further information you should consult the documentation available from the Inland Revenue at:

[http://www.direct.gov.uk/MoneyTaxAndBenefits/ManagingMoney/GivingMoneyToCharity/GivingMoneyToCharityArticles/fs/en?CONTENT\\_ID=10015097&chk=UroMb5](http://www.direct.gov.uk/MoneyTaxAndBenefits/ManagingMoney/GivingMoneyToCharity/GivingMoneyToCharityArticles/fs/en?CONTENT_ID=10015097&chk=UroMb5)

### INCOME TAX IN THE UK:

- First part of an individual's income, which is £5,035, is tax-free.
- The next part of their income, another £2,150 is taxed at 10%.
- The following part of their income, another £28,999 (in total £31,149 with tax-free and 10% part), is taxed at 22%; this is Basic Rate tax
- What an individual earns above £31,149 is taxed at 40%, this is Top Rate tax

### GIFT AID DECLARATIONS :

To claim gift aid on donations you must pay UK Income Tax and/or Capital Gains Tax equal to the tax the charity reclaims on your donation in the tax year. On gift aided donations, a charity can reclaim the basic rate income tax which you have paid. This would bring Magdalene an extra 28% at no additional cost to you. In addition, if a donor pays at a higher tax rate, they can reclaim from the Inland Revenue, the difference between the basic and higher rate of tax on the gift (i.e. 18%).

IF YOU GIVE (£s)	THE COLLEGE RECEIVES (£s)	AS A HIGHER TAX RATE PAYER YOU CAN CLAIM (£s)
250	321	58
500	641	115
1,000	1,282	231
5,000	6,410	1,154
10,000	12,821	2,308

When signing a Gift Aid Declaration you must include your home address and postcode. If your Gift Aid declaration covers donations in the future, then you must notify the Development Office if you change your name and/or address while the declaration is in force. You can cancel the declaration at any time by notifying the Development Office - it will then not apply to donations you make on or after the date of cancellation



OTHER FORMS OF TAX EFFICIENT GIVING:

- **Legacies:** gifts to charities in legacies are exempt from Inheritance Tax, which cuts in at 40% on assets exceeding £242,000. For more information ask the Development Office to send you a copy of our legacy brochure.
- **Shares:** If the value of investments you own has risen (except for your principle residence and its contents), you are taxed at up to 40% on this rise when you sell them (subject to an exemption of around £8,200 in aggregate in a year). If shares are donated to charity, not only is this Capital Gains Tax avoided, but you may also deduct the value of the shares from your taxable income. For more information please ask the Development Office for a copy of our information on Share Giving
- **From overseas:** Tax efficient gifts can be made by American Tax payers through Cambridge in America and by Canadian tax payers by donating via the University. Please ask the Development Office for more information regarding how to go about this.