



INFORMATION SHEET SERIES:

INFORMATION ON GIVING SHARES

Giving shares is one of the most attractive methods for maximising the value of a gift to College whilst minimising income and Capital Gains Tax liability to the donor. Donated shares are free of Capital Gains Tax and the value of the shares at the time of transfer can be offset against Income Tax liability.

The following are eligible:

- Shares listed or dealt on a recognised stock exchange (UK or foreign)
- Units in authorised unit trusts (and similar foreign collective investments)
- Shares in OEICs

PROCEDURES FOR TRANSFERRING SHARES TO COLLEGE:

A donor's broker should contact the College's broker directly to arrange the share transfer:

Contact name: Andrew Wauchope, Investment Director
Postal address: UBS Wealth Mangement
1 Curzon Street
London W1J 5UB
Telephone: 0207 567 0166
Fax number: 0207 567 5656
Website: www.ubs.com
E-mail: andrew.wauchope@ubs.com

Magdalene's Inland Revenue Number is X59426

You are also kindly requested to notify the Fellow for Development, Dr Mark Billinge, of your intention to transfer shares and to send him details of the number of shares or units, the name of the company and the date of the transfer.

TAX EFFICIENT GIVING:

If the value of your shares rises during the time you hold them, you will be liable, to pay tax at 40% on the value of this increase when you sell them. (This tax – Capital Gains Tax – is subject only to an exemption of up to around £7,500 per year). If instead these shares are donated to charity then the whole of this Capital Gains Tax is avoided and the whole value of the shares (the market value at the date of transfer) may be deducted from your taxable income for the tax year in which



the disposal takes place. Tax relief can be claimed via your Inland Revenue Tax Self-Assessment Form. As the donor, you should keep a record of the date and market value of the shares you have transferred at close of business on the day of transfer.

Please see the examples below, which highlight the benefits of share transfer:

Example one:

Donating shares originally purchased for £10,000 which are now worth £25,000 will bring £25,000 to the College but higher-rate taxpayers will receive income tax relief of 40% x £25,000. In addition, by donating them to Magdalene rather than selling them to fund a donation, a donor will save 40% x £15,000 (a Capital Gains Tax saving of £6,000). The true cost of a £25,000 donation in this example would therefore be just £9,000.

Example two:

Shares on a start up business are now worth £1million. If an amount of shares worth £100,000 were donated to Magdalene this would save £40,000 in Capital Gains Tax. If the income of the donor in that year is £250 they would be taxed on £150,000 (250K minus the value of the 100K gift). So the individual would only be taxed on an income of £150,000 which would save £40,000 in income tax. The net cost of a £100,000 gift in this example would therefore be £20,000.

Please note: *We strongly recommend that those wishing to donate shares consult their tax adviser before doing so, as the exact benefits depend on the capital growth of the shares and an individual's tax situation.*