

What is Gift aid?

The charity can claim 28p for every £1 donated, provided that it is a personal donation and the donor is a UK taxpayer. Gift Aid is a system administered by the Inland Revenue to promote charitable giving. It is important you understand it as it could boost the amount you raise by 28%.

For example, if you are a basic rate tax payer (i.e. 22%), for every £1.28 you earn you only take home £1.00. If you give that £1.00 to charity with a Gift Aid declaration, the charity can claim back the tax you paid to make your £1.00 back up to £1.28.

Your sponsors don't have to pay 22% basic rate income tax to qualify for Gift Aid – lower rate or 10% tax payers and even people who only pay tax on their bank interest at 20% qualify too. The Inland Revenue will still make the rebate up to 28% regardless of the rate at which the tax was originally paid.

For sponsors who pay tax at 40%, the rules are slightly different. If they have income or capital gain of £1.28, they only take home 77p. If they give £1 to the charity we can still claim 28p from the Inland Revenue, but if we give them receipts, the individual can claim back the other 23p on their tax returns. If you are wondering about Gift Aid from companies, the rules have now changed. Companies can now give to charities from their gross income before tax, so sadly there is nothing left for the charity to reclaim.

It is very important that you make the following clear to all your sponsors:

It costs you absolutely nothing to Gift Aid your sponsorship pledge and because charities have computer systems designed to handle the claims, it costs them next to nothing to make their claim.

A Gift Aid declaration is simply a statement that the donor is a UK taxpayer who wishes the charity to claim back the tax on the donation. It doesn't even require a signature. The charities simply need to have the home address and postcode of the donor in case their tax inspector wants to check out their claims. This information is not put on to our mailing database.