



Tax efficient charitable giving

As a donor you may be able to take advantage of generous tax reliefs which could further benefit us or give you a little something back in return for your generosity.

gift aid

Gift Aid is open to any individual UK taxpayer, including those resident abroad, to apply to any payment or series of payments to a UK charity, regardless of the amounts involved. The payments are treated as if they were made after the deduction of basic rate tax (currently 20%). The charity is then able to recover this from HM Revenue and Customs.

example

If you give the Story Museum £100 and fill in a Gift Aid form, we can claim £25 from HM Revenue and Customs, making your donation to us worth £125.

If you are a higher rate taxpayer you can claim, for yourself, relief equal to the difference between the higher (whether 40% or 50%) and basic tax rates applied to the grossed up equivalent of the amount paid as in this example.

example

During the 2011/12 tax year, you give a total of £400 to the Story Museum under the Gift Aid scheme. The Story Museum can reclaim tax totalling £100, thus your gift is worth £500.

As a 40% higher rate tax payer you can claim further relief of: $£500 \times (40\% - 20\%) = £100$. In other words it costs a 40% higher tax rate payer £300 to make a gift worth £500 to the Story Museum.

As a 50% higher rate tax payer you can claim further relief of: $£500 \times (50\% - 20\%) = £150$. In other words it costs a 50% higher tax rate

payer £250 to make a gift worth £500 to the Story Museum.

Gift Aid is subject to certain conditions. Donors must:

- pay enough UK income tax and/or capital gains tax to cover the amount of tax the charity will reclaim.
- give the charity a gift aid declaration, which should include:
 - their name
 - their home address
 - the charity's name
 - details of the donation - saying that it is a Gift Aid donation
 - confirmation that they have paid sufficient UK tax

We will either enclose a Gift Aid form for you to complete and return with your donation or you can download one from our website.

www.storymuseum.org.uk/makeadonation

A declaration can cover one donation, a series of donations, donations during a specified period or all future donations. It can also be backdated for up to six years.

gifts of tax repayments

If you complete a Self Assessment Tax Return and are due a tax repayment you can now nominate a charity to receive all or part of this repayment. The resulting donation is treated as within Gift Aid and the charity automatically receives the basic rate tax mentioned above.

If you are due higher rate relief you can claim

this in the year during which the return is filed. The Story Museum has registered to take part in this scheme. Our identification code to be quoted on your tax return is FAT87MG.

payroll giving

If you are in employment or currently receiving a pension from an ex-employer and would like to make regular donations to one or more charities, it is worth checking whether your employer has in place – or would consider setting up – a Payroll Giving (or ‘Give as you Earn’ Scheme). Deductions are made directly from your pay according to your instructions and paid over to the charity concerned via an approved Payroll Giving agency. Tax relief is given at source but, unlike Gift Aid, the benefit of the relief passes wholly to you.

example for a 40% higher rate tax payer

During the course of the 2011/12 tax year, you give a total of £400 to charities under your employer's Payroll Giving Scheme.

You receive via your pay packet tax relief totalling £160.00 [$£400.00 \times 40\%$], so that the net cost of your donation is £240.00

example for a 50% higher rate tax payer

During the course of the 2011/12 tax year, you give a total of £400 to charities under your employer's Payroll giving Scheme.

You receive via your pay packet tax relief of £200, making the net cost of your donation £200.

Donations can be of any amount and to any UK charity. They can be stopped at any point and can be kept confidential from your employer.

The Payroll Giving agency will typically deduct a small administrative charge from donations, although employers may choose to meet the overheads themselves. Any costs incurred by the employer are tax deductible and many see the operation of such a scheme as a major asset in building relationships with both staff and the community.

gifts of land, property, shares and

securities

Gifts to charities of assets are generally free of Capital Gains Tax. In addition there is an Income Tax relief available for gifts and sales at less than the market value of listed shares and securities, units in certain collective investment schemes (including authorised unit trusts) and interests in leasehold or freehold land in the UK. The relief is given as a deduction from the taxable income on the total market value of the asset concerned, adjusted for any incidental costs of the transfer, proceeds or benefits received as a consequence.

This relief can be very attractive but we advise you to get detailed advice from your financial adviser before committing to a transaction.

legacy giving

Gifts to charity – whether during lifetime or in a will - are exempt from Inheritance Tax and can be a key source of funding for many charities. Gifts under wills are popular but, given the generous reliefs for lifetime giving outlined above, you may wish to consider whether you can afford to bring forward a gift that you had intended as a legacy.

If you benefit from a will, it is worth remembering that you can vary that Will (or an intestacy) by Deed of Variation to benefit one or more charities. Not only does this allow a donation ‘In Memoriam’ of the deceased – or the bringing forward of a donation that you might have in mind anyway – but it will also generate a repayment of any attributable Inheritance Tax.

Again, we recommend that you take professional advice on the detailed tax consequences.

gifts by businesses

Donations under Gift Aid by partnerships are treated as being made by the partners. Each partner should show their share (calculated in whatever manner they agree) on their Self Assessment Tax Return.

Companies (including those that are non-resident but within the UK corporation tax regime) can also make Gift Aid donations but using a different mechanism. No Gift Aid

declaration is required and there is no deduction of Income Tax so the Story Museum cannot claim. The company obtains relief via a deduction of the amount of the payment against profits chargeable in its Corporation Tax Self Assessment return.

Relief is also available in certain circumstances for gifts by businesses of land, property, shares and securities, gifts of equipment and trading stock, the secondment of employees and the sponsorship of charitable activity. Given the conditions that have to be fulfilled to guarantee a tax deduction we recommend taking professional advice before committing a significant sum.

US donors

We are currently in the process of establishing ourselves as a 501(c)3 in the USA. In the meantime please do not hesitate to contact Sally Yeomans with any USA donation enquiries. sally@storymuseum.org.uk

talk to us

If you are kind enough to decide to give to The Story Museum we will work with you to make sure you are completely clear about any tax relief and how to claim it and to answer any other questions you may have.

We can also advise on the most suitable means

of giving for you. You might find it easier to pledge a capital sum over a number of years or give at a certain time of year once you have taken all your finances into consideration. Just talk to us and we hope to help.

In these uncertain times, every penny you give to The Story Museum is even more important and we appreciate your support.

Thank you.

more information

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