



The Gift Aid scheme allows the charity to reclaim 25p for every £1 that you donate. In addition, you are able benefit from tax relief on your donation at your marginal rate of tax. You can opt to carry back relief on donations made in the current year to the previous tax year.

## Key dates

If you want to claim gift relief in the previous tax year on donations made in the current tax year, you can do this in your tax return. Where the return is filed online, it must be filed by 31 January after the end of the tax year.

This note explains the relief available on Gift Aid donations and how to carry the relief back.

## The Gift Aid scheme

Where a donation is made under Gift Aid, the donation is treated as if it is made net of basic rate of tax. The charity is able to claim back 25p for every £1 donated – the equivalent of the basic rate of tax of 20% on the gross donation. If you pay tax at the higher or the additional rate, you can clam back the different between the relief given at the basic rate when making your donation and the higher or additional rate that you pay. You can make the claim in your tax return.

The donor must complete a Gift Aid declaration.

## Example

Andrew makes a donation of £100 to a charity under Gift Aid. The donation is treated as made net of the basic rate of tax. The gross donation is equivalent to £125 ( $£100 \times 100/80$ ).

The charity reclaims £25 (20% of £125) from HMRC. Consequently, Andrew's donation of £100 is worth £125 to the charity.

Andrew is a higher rate taxpayer and as such he is entitled to tax relief of £50 on his gross donation of £125 (£125 @ 40%). He has received basic rate relief by making the donation net of basic rate tax. This is worth £25. He is able to claim the balance of the relief of £25 (£150 @ (40% -20%)) through his Self Assessment tax return. Claiming higher rate relief reduces the cost of the donation to Andrew to £75.

Non-taxpayers cannot make Gift Aid donations as the tax reclaimed by the charity is funded by the tax paid by the donor. Non-taxpayers should be careful not to donate under Gift Aid as HMRC may look to recover the tax claimed by the charity from them.

## Carrying back relief

It can be beneficial to carry back a Gift Aid payment to the previous tax year when this will allow relief to be obtained at a higher rate. The claim must be made on the Self-Assessment tax return.

The 2022/23 tax return must be filed online by 31 January 2024. The relief is claimed by completing the relevant boxes in the Charitable Giving part of the Tax Reliefs section of the return.

If you made a Gift Aid donation in 2022/23 but you want to carry it back and for it to be treated as made in 2021/22, you will need to complete box 7 and enter the amount that you wish to carry back. Likewise, if you have already made a donation in 2023/24 and you want it to be treated as having been made in 2022/23, you will need to complete box 8. Alternatively, you can make the claim in box 7 of the 2023/24 return. You will need to do this to carry back any donations made after the 2022/23 return was filed.

The claim must be made in the original return; you cannot file an amended return to carry the donation back.

If you do not need to complete a self-assessment tax return, you can make the claim to carry back a Gift Aid donation on form P180.

## We can help

If you have any questions in relation to the issues raised in this Broadcast, please call us on **01753 888 211** or email [info@nhllp.com](mailto:info@nhllp.com)