

GIFT AID FOR DONATIONS

What is it?

- Tax relief on donations made to a charity by an individual.
- There is no upper or lower limit for donations.
- Cash gifts include payments made by cheque, bank transfer and credit card. Rainbow can accept either cheque or bank transfer currently.
- There is no limit to the number of gifts that can be made via the Gift Aid scheme.

How does it work?

The donor, who must be a taxpayer, makes a donation to the charity which is treated as a gift net of tax. The charity then reclaims the tax on the donation increasing the value as follows:

<u>Donation</u>	<u>Tax Rate</u>	<u>Total received</u>
£250	22%	£320.50
		£320.50

If the donor pays higher rate tax there is no extra benefit to the charity, but the donor can claim 18% tax relief on the donation (i.e. 40% higher rate tax – 22% standard rate).

Unlike Deed of Covenant, making a donation no longer involves a long-term commitment. However rainbow must keep good records of payments as we will be expected to show an audit trail from the donation to the donor.

Before Rainbow can reclaim tax on a donation we must have received a Gift Aid declaration from the donor containing certain information and confirming that the donation is to be treated as a Gift Aid donation. The declaration can be written or oral and written declarations can include those received by fax, email or via a Website. (A sample written declaration is attached).

An Oral declaration must contain:

- The donor's name
- The donor's address
- The charity's name
- A description of the donations to which the declaration relates
- A declaration that donations are to be treated as Gift Aid donations



If Rainbow receives an oral declaration we must send the donor a written record of the declaration showing:

- All the details provided by the donor in his or her declaration
- A note explaining the requirement that the donor must pay an amount of income tax or capital gains tax equal to the tax deducted from his or her donations
- A note explaining the donor's entitlement to cancel the declaration retrospectively
- The date on which the donor gave you the declaration
- The date on which Rainbow sent the written record to the donor

If Rainbow do not send the donor a written record of their oral declaration, the declaration will not be valid.

When can declarations be made?

Donors will be able to make a declaration:

- In advance of a donation being made
- At the time a donation is made
- Or any time after receipt of the donation (only for payments received after 6 April 2000)

Tax reclaims must be made within six years of receipt of payment.

Donations from companies

The previous Gift Aid scheme allowed for tax to be reclaimed on donations from companies. However this is no longer the case, as from 1 April companies will make donations gross (ie inclusive of tax) and they will claim tax relief when calculating their profits or corporation tax. Therefore if a company has made the donation net of tax Rainbow should make them aware of the changes and ask them to make a gross donation.



GIFT AID DECLARATION



Rainbow Children's Nursery Ltd



Title _____ Forename(s) _____ Surname _____

Address _____

_____ Postcode _____



I want the Rainbow Nursery to treat

**all payments I make on or after the 6th of April 2000 in respect of
donations to the Group**

as Gift Aid donation.

Date _____



Notes

1. You must pay an amount of income tax or capital gains tax at least equal to the tax we reclaim on the payments (currently 28 p for every £1 you give).
2. You can cancel this declaration at any time by notifying Rainbow Children's Nursery Ltd.
3. Please notify Rainbow Children's Nursery Ltd if you change your name or address