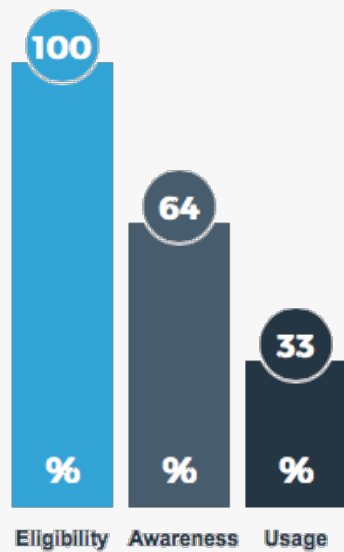


## UNDERSTANDING Gift Aid



**100%** Subscription based payments

**64%** People aware of Gift Aid

**33%** People use Gift Aid

### What is Gift Aid?

Gift Aid allows UK charities to claim back the basic rate of tax already paid on donations by the donor, which means 25p for every £1 donated, can be claimed back from the government, boosting the value of a donation by 25%.

### How does Gift Aid work?

When a UK taxpayer gives a gift of money to a charity, tax has already been paid on that money. Because a donation is exempt from tax, charities can claim this money back from HM Revenue & Customs (HMRC) and give it to a worthy cause.

Read more about how Gift Aid works at [www.gov.uk/claim-gift-aid](http://www.gov.uk/claim-gift-aid)

### How is Gift Aid calculated?

Under HMRC's Gift Aid scheme, charities can reclaim an amount equal to basic rate tax (20%) on the amount of the donation, plus basic rate tax already paid by that taxpayer on that donation. To do this, you need to use a 'grossing up' fraction.

Taking a £100 donation as an example:

The fraction applied to calculate Gift Aid is  $100 \times 20/80$ . This is 25% of £100 which equals £25.



### Why are some donations not eligible for Gift Aid?

Donations from non-UK taxpayers are not eligible for Gift Aid.

HMRC regulations also mean that Gift Aid can't be reclaimed on a donation if:

- the donation was on behalf of someone else or a group of people
- the donation was on behalf of a company
- the donation was to a family member or friend doing an event where the charity is contributing to their costs
- the donation was made in return for goods, rights or services.