



TAX INCENTIVES – DONATIONS FROM INDIVIDUALS

If you are a UK taxpayer, with sufficient taxable income, your gift is eligible for Gift Aid at the basic rate of tax and transitional relief meaning that Warrington Council for Voluntary Service will be able to add an additional 28.2% to the Warrington Grassroots Endowment Fund.

If you are a higher taxpayer you may claim tax relief at your marginal higher rate on the gross gift, including Gift Aid. This means at current rates of tax the cost to you of a £1000 donation is £744. With Gift Aid and the one to one match a **net gift of £750 will equate to £2,500***. **Over three times the original gift.**

(*please refer to the enclosed table for individual donation examples, taking into account Gift Aid and the 5% set up commission fee.)

For a higher rate taxpayer **an actual donation of £10,000 would have a net cost of £7,500, which would produce a fund worth £24,999.** There has never been a better and more cost effective time to give to an Endowment Fund with the Warrington Council for Voluntary Service.

Gift of Shares:

In April 2000 a significant new tax incentive was introduced to encourage people to give shares to charity. In most cases, when donors give certain shares to a UK charity they can now gain relief against their personal income tax bill. This is in addition to **exemption from capital gains tax** on the gains that may have been made on the shares.

Many donors will never have considered giving shares to charity and could be unaware of the personal tax relief available if they do so. **Within the present financial climate, giving shares rather than cash could be more than an act of generosity; it could also be a shrewd financial decision.**

Individual Example:

The Office of the Third Sector (part of the Cabinet Office) is providing incentives to individuals and businesses to build endowments that will benefit small community groups, through the Grassroots Grants programme. The programme will run from July 2008 to March 2011 and will provide match funding to new community endowments during this time.

Actual Cash Donation	Tax relief to higher rate tax payer only	Gift Aid	Gross Donation inc. Gift Aid	Grassroots 1 : 1 ratio	Total	Less 5% commission	Total Fund
1,000	250	282	1,282	1,282	2,564	64	2,500
5,000	1,250	1,410	6,410	6,410	12,820	320	12,500
10,000	2,500	2,820	12,820	12,820	25,640	641	24,999
25,000	6,250	7,050	32,050	32,050	64,100	1,602	62,499
50,000	12,500	14,100	64,100	64,100	128,200	3,205	124,995
100,000	25,000	28,200	128,200	128,200	256,400	6,410	249,990

Donations are increased by **2.5 times** the original gift for basic rate tax payers.

Donations are increased by **3.36 times** the original gift for higher rate tax payers.

