



Foundation and Development

Tax-efficient giving

Eastbourne College has charitable status, which allows both individual and corporate supporters to make tax-efficient gifts, either as a lump sum or spread over a number of years.

Gifts of cash by Gift Aid

Making a gift of any size using the Gift Aid scheme enables the College to reclaim from the government the basic rate of tax on a gift (currently 20%) which will already have been paid by the donor.

The government announced at the March 2008 budget a transitional relief for charities using the Gift Aid scheme meaning the Foundation and Development office will continue to receive a total of 28p per pound donated for the next three years despite the reduction in the basic rate of tax from 22% to 20%. Ultimately, this will mean that income from Gift Aid will drop in line from 28p per pound to 25p per pound. However, this period of transition will help us to prepare for this change. Until April 2011 the government will make up the difference (3p in every pound) in 'transitional relief'. This means that your gift of £500 will continue to be worth £641 to the College until 2011.

What about higher rate tax payers?

Donors who are liable to the higher rate of income tax can, additionally, claim tax relief for the difference between the higher rate and the basic rate of income tax via their self assessment tax return. For Gift Aid

donations made on or after 6 April 2008, higher rate donors can claim an extra 20% (the difference between the basic rate of 20% and the higher rate of 40%), thus reducing the cost to the donor of making a gift. After the announcement in the April 2009 budget of a 50% rate for those earning over £150,000, donors who fall into this category can claim an extra 30% tax relief from April 2010 when the new rate will apply.

Gifts of appreciated shares and securities

Here it is the donor, and not the recipient, who can achieve large tax savings; savings not only on capital gains tax, but on income tax as well.

All donations of shares to charity now receive income tax relief of 100% of their market value. This means that if you give shares worth £100,000 to the College, you will receive income tax relief based on this in full, ie £40,000 at the higher rate of tax. This relief applies whether it is an individual or a company disposing of the shares.

In addition to the income tax saving, donors making gifts of shares will not attract any capital gains liability. If a tax payer makes a gift with £100,000 worth of capital gains (after indexation, taper relief and the annual exempt amount) to charity, there will be no capital gains tax on this gift, a potential saving of £40,000.

While we endeavour to ensure all information is correct, we advise you to consult your tax adviser/accountant when considering changes to your financial affairs. You may also like to refer to the HM Revenue and Customs website (www.hmrc.gov.uk) for the latest information on tax-efficient giving.

On the basis that ‘every little helps’ please join in and support this campaign. Regular affordable monthly giving with Gift Aid, over time, becomes a substantial contribution.

Examples of various levels of giving calculated on 25% Gift Aid (see notes below)

Regular support				Single donations	
Monthly	Yearly	With Gift Aid	Over 10 years	Lump sum	With Gift Aid
£	£	£	£	£	£
10	120	150	1,500	500	625
20	240	300	3,000	1,000	1,250
25	300	375	3,750	2,500	3,125
40	480	600	6,000	5,000	6,250
50	600	750	7,500	10,000	12,500
80	960	1,200	12,000	50,000	62,500
100	1,200	1,500	15,000	100,000	125,000

As a registered charity, the College (charity number 307071) can claim 25p Gift Aid on every £1 donated. In addition until 5 April 2011, the Inland Revenue will add a further 3p in every £1 in transitional tax relief making a total of 28p for every £1 donated.

Higher rate tax payers can claim the difference between basic rate and higher rate on their tax return. A £1,000 donation attracts Gift Aid of £250 and a higher rate taxpayer can claim 20% of £1,250

eg £250 provided they have paid sufficient tax to cover this. With the recent budget announcement of a 50% tax for those that earn over £150,000, 30% can be claimed which equals £375 in tax relief (with effect from April 2010).

Therefore a donation of £1,000 for the 40% tax payer is worth £1,250 to the College; the cost to the donor is £750 (or only £625 if you earn over £150,000).