

Gift Aid FAQs

What is Gift Aid?

Gift Aid is a government scheme that allows charities to reclaim the tax that you have already paid on your donations through income tax or capital gains tax.

Most donations from individuals made in the last four years are eligible for the scheme, unless made using an alternative tax effective scheme such as Payroll Giving, or via the Charities Aid Foundation or similar agency.

Regular gifts such as standing orders and direct debits can certainly be included in Gift Aid claims made by charities.

Why do I need to make a declaration?

The declaration gives Reach Dem UK Limited authority to reclaim tax from the Inland Revenue on your gift. By making the declaration, you are confirming that you understand this.

How do I know if I am a UK taxpayer?

You ARE a UK income tax payer if:

- Tax is taken from your wages or pension before you receive them;
- You have to fill in a self-assessment form;
- You have any taxable savings (in a building society, for instance), or a pension plan, or investment income;
- You have recently paid any capital gains tax, or expect to pay it in the near future. This could be on the sale of a property or some shares, for example.

If any of these apply to you, please complete and submit your declaration today.

What if I was a taxpayer last year, but am not this year (or vice-versa)?

Please email us and we will be able to record details of this change.

How can Reach Dem UK Limited reclaim 28% when the basic rate of tax is currently 20%?

This is because the basic rate of tax is calculated on the gross amount of the donation. This means we can reclaim 20% of the amount you earned before tax was deducted, which works out to be 25% of the amount that we receive.

To find out the exact amount of tax that Reach Dem UK Limited can reclaim, multiply the amount of your donation by 20 and then divide it by 80. In addition to this, the Government are supplementing Gift Aid with an additional 3% until April 2011, making your donation worth an extra 28% in total to Reach Dem UK Limited.

What if I pay tax at the higher rate?

Charities can only claim back tax at the basic rate, but that is still worth 28% to us, so please complete and return the declaration anyway.

As a higher-rate taxpayer you have the right to reclaim tax on your donations. All you have to do is remember to include details of your charitable gifts on your self-assessment tax form to claim your additional personal tax relief of 20%. Furthermore, since April 2003, higher-rate taxpayers have been able to reclaim tax relief from donations paid to charity both during the previous tax year and during the current tax year, which means that the relief is paid that much more quickly.

If you would like a receipt for eligible donations that you have made, then please contact our Supporter Helpdesk on 0300 330 1234.

An example of the calculation:

Mrs Smith has made a donation of £100 and Reach Dem UK Limited reclaims the tax on her donation - £25 (a further £3 top up is added to this by the government). However, Mrs Smith is a higher-rate taxpayer at 40%, so she is able to claim tax relief on this gift too. She is eligible to claim the difference between the higher rate of tax (40%) she has paid on her salary, and the basic rate of tax (20%) reclaimed by Reach Dem UK Limited ($40\% - 20\% = 20\%$).

So a donation of £125 (gross, minus the top-up) will generate £25 tax relief (20% of £125).

To put it simply, the donation has cost Mrs Smith £75, but Reach Dem UK Limited has received £128 towards its vital work.

What if I am a pensioner?

You may still be paying tax on a private pension plan or a savings account, or pay capital gains tax if you sell either a property or shares. You are still eligible if you have paid enough tax during the year to cover your donations (i.e. 25% of the value of your gifts).

I am not a taxpayer but my partner is, and our donations are made jointly. Are our gifts still eligible?

Yes, your gifts are still eligible for Gift Aid, but we need your personal details separately for our records. Please contact our Supporter Helpdesk on 0300 330 1234. They will either confirm these details with you or send you a special form to fill in.

What about money paid under my existing deed of covenant?

If you had a covenant in existence on 5 April 2000, you can continue to make the payments due under that deed of covenant until it expires without having to complete a Gift Aid declaration. But if you make additional gifts or change the value of your gift, you must complete a declaration to cover those gifts if you want us to be able to recover the tax on them.

Can I use Charities Aid Foundation vouchers to make Gift Aid donations?

Reach Dem UK Limited cannot reclaim tax on donations made through the Charities Aid Foundation as the tax has already been reclaimed for you. However, we would be grateful if you could complete and return the declaration form anyway so that any donations that you have not made from your CAF account or might make directly to us can be tax-effective as well.

What if I have agreed to Gift Aid to another charity?

You can support as many UK charities as you like through Gift Aid. All you need to do is to return a declaration to each charity that you support and

ensure that you are paying enough tax during the year to cover your total annual donations.

What's the catch?

There's no catch. It really is that easy. Just tick the declaration and return it to Reach Dem UK Limited to enable us to make your donation worth more without costing you a penny.

Do I have to make a declaration with every gift?

No. You just need to tick the box on the declaration once and it will cover gifts you have already made to Reach Dem UK Limited in the last four years and gifts you make in the future.

Can I withdraw a declaration on a particular gift?

If, for any reason, you decide that your gift should not be included in Gift Aid - for example, if you think that you will not pay enough tax to cover the tax reclaimed by us - then simply call email us and ask for the declaration to be withdrawn.

Can I stop giving?

Completing a Gift Aid declaration does not put you under any obligation to give again - it merely ensures that we can reclaim tax on the donations that you have already made and any you may make in the future, so that your gifts go further at no extra cost to you.

If you have any further questions about Gift Aid or think you might not be eligible, please contact us at info@reachdem.org.uk