



The Craigmyle Guide to

CHARITABLE GIVING AND TAXATION

The indispensable aid to maximising your fundraising income

The UK's only one-volume, fully-comprehensive, professional handbook on all elements of charitable donations and taxation: a one-stop guide to tax-efficient giving, including Gift Aid, gifts of shares, accounting standards – and much more.

It combines sound and accurate advice, up-to-date information on charitable giving, sample HMRC forms and straightforward examples to help you ensure your fundraising is as tax efficient as possible.

Written by practitioners, this is the essential technical reference book for

- Fundraising professionals
- Charity managers or administrators
- Advisers to private or business clients on charitable donations
- Professional advisers to charities, trusts or foundations
- Anyone receiving periodic charity or donation enquiries

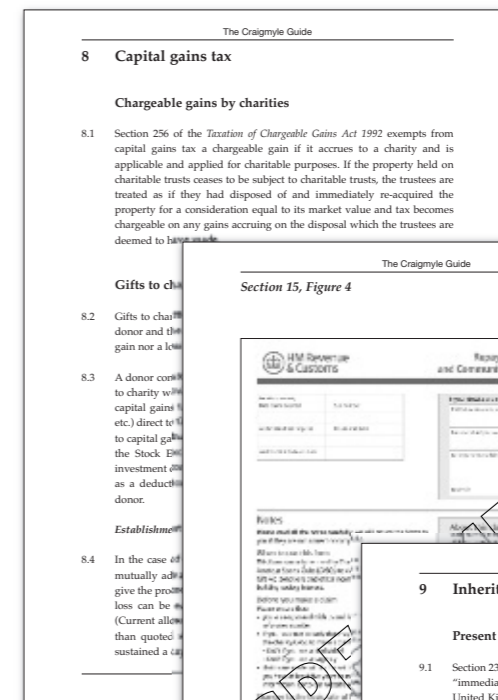
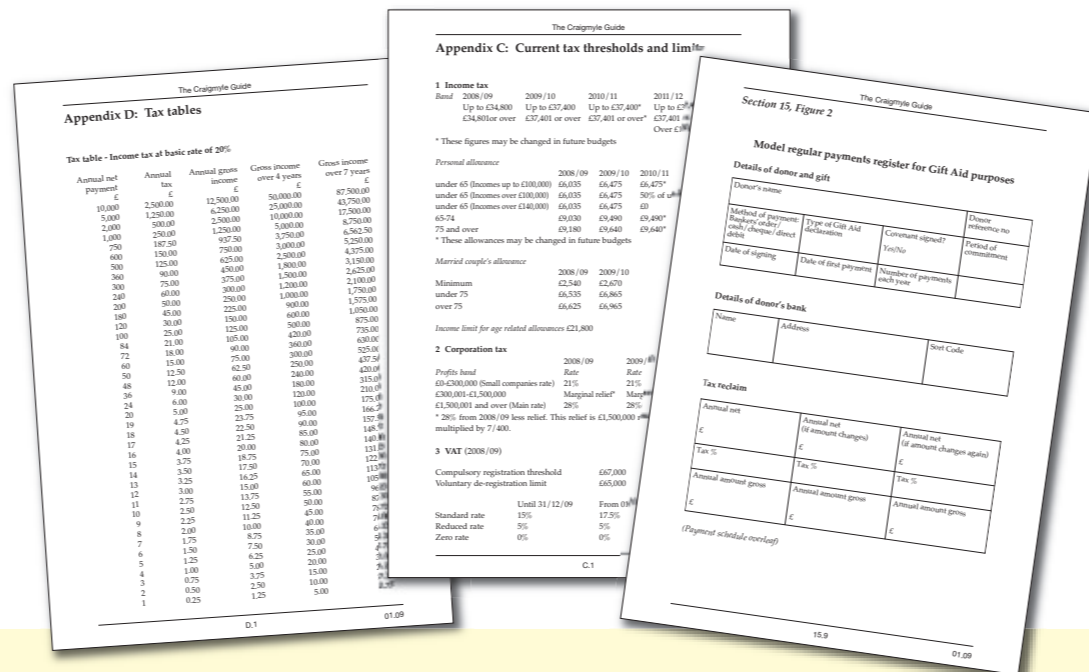
Published and continuously revised since 1964, the *Craigmyle Guide to Charitable Giving and Taxation* is

- Updated regularly to keep subscribers abreast of the latest developments in charitable giving and taxation
- Produced in a handy loose-leaf format to allow for updates and pre- and post-budget commentaries, ensuring that all information is current
- **Great value for money:** the main *Guide* plus the first year's updates and bulletins costs just **£45.00**, with all subsequent bulletins and updates provided for an annual subscription of **£19.50**

If you need to know in detail

- The tax implications of running a major event
- How gifts of shares benefit both donors and charities
- If admission to museums and other attractions can be Gift Aided
- What forms and records to keep for an HMRC charity audit
- The best way for a higher-rate taxpayer to make a net donation

the *Guide* will tell you



8 Capital gains tax

Chargeable gains by charities

8.1 Section 256 of the *Taxation of Chargeable Gains Act 1992* exempts from capital gains tax a chargeable gain if it accrues to a charity and is applicable and applied for charitable purposes. If the property held on charitable trusts ceases to be subject to charitable trusts, the trustees are treated as if they had disposed of and immediately re-acquired the property for a consideration equal to its market value and tax becomes chargeable on any gains accruing on the disposal which the trustees are deemed to have made.

Gifts to charities

8.2 Gifts to charities by donors are exempt from capital gains tax if the donor and the charity are both registered for Gift Aid.

8.3 A donor can claim Gift Aid relief on gifts of capital gains tax (CGT) to charities (e.g. direct to the charity or to the Stock Exchange Investment Centre) as a deductible gift to the charity.

Establishment

8.4 In the case of a gift to a charity, the donor must give the property to the charity (or to a trustee of the charity) and the charity must have sustained a chargeable gain.

Section 15, Figure 4



9 Inheritance tax

Present position

9.1 Section 23 of the *Inheritance Tax Act 1984* exempts from inheritance tax all "immediate and unconditional" gifts to charities established in the United Kingdom: outright legacies and bequests to charities are exempt from inheritance tax. However, see below.

9.2 There are still some important limitations in connection with gifts (or legacies) which are not made outright, e.g. where conditions must be satisfied or the property is liable to revert to non-charitable beneficiaries.

General

10.1 Donors, both individual and corporate, can gain additional tax benefits through donating shares, land and buildings to a charity. They can claim income or corporation tax relief on the total value of the gift.

10.2 For example, if a private donor were to sell £10,000-worth of shares he had bought for £5,000, he would have been liable to pay up to £2,000 in capital gains tax to HMRC. By donating the shares to a charity, he will not have to pay this amount. In addition he will be able to claim tax relief of £4,000 (40% of the total value of the gift as a higher rate taxpayer). For donors with significant capital gains exposure, this is clearly an extremely tax effective way of giving.

Eligible investments and determination of market value

10.3 The following investments qualify for the tax relief and the chart below shows the method of assessing market value. Broadly, the market value on the date of sale of investments is the amount they would fetch if sold on the open market during that particular trading day.

Type of investment	Determining market value
Shares and securities listed or dealt in on the UK Stock Exchange (including the Alternative Investment Market)	Donors and charities will base this valuation on the value of shares as shown in the financial sections of appropriate newspapers, such as the <i>Financial Times</i> . Where the market value varies over the course of a day, the shares should be valued at whichever is the lower sum of these two calculations: <ul style="list-style-type: none"> • where two amounts are quoted, the lower price plus one quarter of the difference between the two amounts quoted; • the mid point between the highest and lowest prices on which bargains were done on the particular day (excepting bargains at special prices, which are now rare, but should not be included in calculations).

With its clear layout, comprehensive coverage and numerous practical examples, the *Guide* is informative and easy to use.