

Tax relief for charitable donations

Many of us chose to donate charities close to our hearts. Our article explains how you can claim for tax relief on these, and any other charitable donations made this year.

Donations made personally generally qualify for Gift Aid. This is of great benefit to the charities and means they can claim an extra 25p for every £1 you give. It will not cost you any extra.

So that the donations you have made qualify for Gift Aid you will need to make a Gift Aid declaration. You usually do this by filling in a form or checking the appropriate box if donating online. You must give a declaration to each charity you want to donate to through Gift Aid. Your donations will qualify as long as they are not more than four times what you have paid in income tax and capital gains tax in the relevant tax year.

If you pay income tax above the basic rate, you can claim the difference between the rate you pay and basic rate on your donation. You can do this either through your Self-Assessment tax return or by asking HMRC to amend your tax code. For example, if you donate £100 to charity – they claim Gift Aid to make your donation £125. You pay 40% tax so you can personally claim back £25.00 (£125 x 20%).

On your Self-Assessment tax return, you normally only report things from the

previous tax year, but for Gift Aid, you can also claim tax relief on donations you make in the current tax year against earnings in the previous tax year.

This is a useful way to speed up tax relief or reduce liability in a previous year when your income – and therefore tax paid – was higher than the current tax year.



You cannot do this if you miss the filing deadline or if your donations do not qualify for Gift Aid. Also, your donations from both tax years together must not be more than four times what you paid in tax in the previous year.

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