

# Budget 2008



HM Revenue  
& Customs

BN52

12 March 2008

---

## GIFT AID: TRANSITIONAL RELIEF

---

### Who is likely to be affected?

1. UK Charities and Community Amateur Sports Clubs (CASCs) that claim repayments of tax in respect of qualifying Gift Aid donations, and charitable intermediaries making claims on their behalf.

### General description of the measure

2. Charities and CASCs making Gift Aid repayment claims will be entitled to a transitional relief relating to qualifying Gift Aid donations made in the tax years 2008-09 to 2010-11. The transitional relief will be paid by HM Revenue & Customs (HMRC) when a claim for repayment of tax made within specific timescales is allowed.

### Operative date

3. The relief will have effect for Gift Aid repayment claims that relate to qualifying donations made on and after 6 April 2008 until 5 April 2011.
4. Gift Aid claims for donations made on and after 6 April 2008 will continue to be processed as previously but using the new 20 per cent basic rate of income tax.
5. For Gift Aid claims allowed on or after the date that both the Finance Bill 2008 and the Appropriation Bill 2008 receive Royal Assent, HMRC will pay the transitional relief at the same time as the related Gift Aid repayment. For claims allowed before both these pieces of legislation receive Royal Assent, HMRC will pay the Gift Aid repayment as usual, and will pay the transitional relief after Royal Assent.

### Current law and proposed revisions

6. Legislation will be introduced in Finance Bill 2008 to supplement current Gift Aid legislation for charities and CASCs, as a consequence of the reduction of the basic rate of income tax from 6 April 2008.
7. This legislation will require HMRC to pay a transitional relief supplement to charities and CASCs based on qualifying Gift Aid donations shown on claim form R68, if the claim is allowed. The relief for claims made before

the date of Royal Assent of the Finance Bill and Appropriation Bill will be paid separately by HMRC without the need for an additional claim by charities or CASCs.

8. The rate of the transitional relief supplement will be 2 per cent and will be applied to qualifying donations made in the years 2008-09, 2009-10 and 2010-11.
9. The relief will be calculated by grossing up the donation by the sum of the basic rate and the rate of supplement. The amount of relief due will be the difference between that figure and the amount of the donation grossed up at the basic rate of tax.
10. Charities and CASCs will be eligible to receive payments of the Gift Aid transitional relief in respect of Gift Aid repayment claims allowed by HMRC providing that the claim on form R68 is made:
  - for charitable trusts, up to two years after the end of the tax year to which the claim relates; and
  - for charitable companies or CASCs, up to two years from the end of the accounting period to which it relates.
11. The amount of the transitional relief will be limited by the amount of qualifying donations, so will increase or decrease as levels of qualifying Gift Aid donations received by a charity increase or decrease.
12. Information about responses to the recent Gift Aid consultation is available on the HM Treasury website at [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk).

#### **Further advice**

13. If you have any questions about this change, please contact John Neale on 0207 147 2704 (email: [john.neale@hmrc.gsi.gov.uk](mailto:john.neale@hmrc.gsi.gov.uk)). Information about Budget measures is available on the HM Revenue & Customs website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)