

Charities and Non-Profit Update - The 2011 Budget



Charitable Bequests

The 2011 Budget was announced on 23 March 2011 and included the following key changes for charities:

Gift Aid Donor Benefits increase

Charitable Bequests

It is proposed that if bequests totaling at least 10% of an individual's net estate are left to charity on death after 5 April 2012, the rate of inheritance tax will be reduced from 40% to 36%. For this purpose the "net estate" is the estate otherwise chargeable at 40%. Thus it is the estate after deducting any exemptions (such as a bequest to a surviving spouse, business property relief, agricultural relief and the nil rate band). The effect can never be to increase the amount otherwise payable to the heirs.

Gift Aid: Small donations

Gift Aid: Online

Gifts of Art

'In Year' Tax Repayments to Charities

Self Assessment Donate

Gift Aid Donor Benefits increase

Where an individual or company makes a donation of more than £10,000 to a charity, the maximum value of benefits they can receive from making the Gift Aid Donation will increase from £500 to £2,500.

The donation will still be subject to the existing rule that the benefit must not exceed 5% of the gift.

This will apply from 6 April 2011 for individuals and for corporate donors whose accounting period ends on or after 1 April 2011.

Gift Aid: Small donations

From April 2013 charities (and community amateur sports clubs) that receive small donations of £10 or less will be able to apply for a gift aid style repayment without

the need to obtain gift aid declarations. The amount of small donations on which the new repayment can be claimed will be capped at £5,000 a year per charity. The Government will be consulting on the details of the new scheme over the summer.

Gift Aid: Online

From 6 April 2012, HMRC are considering the introduction of an online system for charities to make Gift Aid claims.

Gifts of Art

The Government is considering introducing a tax reduction for taxpayers who give a work of art or historical object of national importance to the State. A consultation on the proposal will take place over the summer.

'In Year' Tax Repayments to Charities

Draft Finance Bill clauses will be published in the autumn that will give statutory effect to an existing extra-statutory concession under which HMRC currently makes repayments of tax to charitable companies and trusts that claim repayment of tax outside a tax return.

Self Assessment Donate

The current system that allows individual taxpayers to direct their tax refund to a charity of their choice is being withdrawn.

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