

Charities and Lump sum donations

When a single donation of £100 or more is made to a local charity by an individual or a company the charity the company may reclaim the tax applicable to the donation.

Up to £500,000 may be donated in this way each tax year (calendar year).

This tax relief is intended for outright gifts. The gift must have no strings attached and no benefits must be receivable by the donor, or anyone connected with the donor, in return for the gift.

QUESTIONS AND ANSWERS

How does the scheme work?

You make a payment to the charity (in cash, by cheque, bank transfer or credit card) after deducting tax at the standard rate of 20p in the £. Then you give the charity a certificate so that it can claim the tax from the Comptroller of Income Tax. That's all there is to it.

Example

You give £800 to a local charity. This is treated as a gross payment of £1,000 less £200 tax (at 20p in the £). The charity, being exempt from income tax, can claim the tax of £200 so your donation of £800 is worth £1,000 to the charity.

You should be aware that if you pay less than £200 tax on your income for that year the Comptroller will ask you to make up the difference.

I do not pay tax. What's my position?

If you do not pay tax there is no advantage to you. This is because you will be asked to pay the £200 tax to the Comptroller. So if you wish to give £1,000 to a charity it is simpler just to make a straightforward payment of that sum.

What kind of certificate do I give the charity?

The certificate is called R10(LSD). Click one of the following links to view or download as a [Word](#) or [PDF](#) document. The certificate asks you to give details of the payment and certify

- that it meets all the conditions for relief set out on the certificate; and
- that you have paid or will pay at least as much income tax as the charity will claim back on the gift.

Do I send the certificate with my payment?

It will make things simpler for the charity if you do. The charity cannot claim repayment until you supply the certificate.

Where can I get a blank certificate?

The charity should be able to give you a certificate. You can also collect one from the Income Tax Help Desk at Cyril Le Marquand House, The Parade, St.Helier. Alternatively, a form will be put in the post if you telephone the Tax Office on 440300.

If I make several small gifts to a charity, can I supply a certificate when the total reaches £100?

No. Each separate payment must be at least £100 to qualify for tax relief.

If I organise a fund-raising event can I pay the proceeds to a charity as a net payment after "deducting tax"?

No. If you are passing on money from other people, that is not your gift and it does not qualify.

My company sponsors fundraising events organised by local charities. Can we use the scheme if our contribution is £100 or more?

It depends on the circumstances. If your firm benefits from the publicity, or in other ways, the payment will not qualify.

Does a joint gift qualify?

Yes. Provided your share is at least £100. If any one of the joint donors gives less than £100, that part of the gift does not qualify. Each person who has made a gift of at least £100 has to supply a certificate for his or her share of the total.

What about husband and wife?

The rule is the same. If husband and wife want to make a qualifying payment to a charity, either jointly or separately, the minimum each must pay in a lump is £100.

Say I make a loan to the charity and later write I it off. Does that count?

No. Writing off a debt is not a qualifying payment. The answer may be for the charity to repay the loan, leaving you in a position to make a gift that will qualify for tax relief.

What if my gift is repaid to me?

If that happens the charity will have to pay back the tax to the Comptroller.

Can I get anything in return for my gift?

No. If there is any arrangement whereby you, or any person connected with you, benefit from the gift, the payment will not qualify for tax relief.

A "person connected with you" includes, for example, your wife, husband, parents, children, grandchildren, brothers, sisters and their spouses; your business partners and their families; companies controlled by you or by persons connected with you.

If I give a work of art or other valuable item, does that qualify?

No. Gifts must be in the form of money.

What about if I give the charity money so it can buy something from me?

The payment does not qualify in that event.

Can I make more than one gift in a year?

Yes. You can make as many donations as you like. But to qualify, each payment must be at least £100 and the aggregate in any one year must not exceed £500,000 (per individual or married couple).

Is it possible to get round the £500,000 limit by arranging for several donations to be made by, for example, a number of associated companies?

No. The £500,000 limit applies to the donor and those connected with the donor.

Can I give to any local charity?

Yes, as long as the charity is established in Jersey. Under this scheme gifts may also be made to the States (for example to purchase specialist equipment for the Hospital) or to a Parish charitable fund for, say, building an adventure playground or to a church (for example to help fix the roof).

Can I give to an overseas charity?

No. The charity must be established in Jersey.

Can I make a gift under this scheme even though I do not live in Jersey?

No. In order to qualify for tax relief the payment must be made by a donor who has been resident in Jersey for tax purposes for at least three years. If you are not so resident, you can of course make a one-off gift to charity but it will not qualify for tax relief.

Can trustees/executors make payments under this scheme?

No.

INFORMATION FOR CHARITIES

1. This relief is available to a charity that has received written confirmation from the Comptroller of Income Tax that its Income is exempt from tax under the provisions of Article 115(a) of the Income Tax (Jersey) Law, 1961. Most local charities already hold such a letter.
2. Those not holding written confirmation should be aware that exemption from tax is only granted under Article 115(a) if the charity is **established in the Island**. Whether a charity is so established will be obvious in most instances. In less clear-cut cases the charity will have to make a case to show that it is established in the Island before exemption can be granted under Article 115(a).
3. Claiming repayment of the tax is simply a matter of sending the certificate, supplied by the donor, to the Tax Office. The staff there will check that it is in order and arrange for the repayment cheque to be sent to the charity.
4. Exemption under Article 115(a) only extends to income that is **used for charitable purposes**. The Comptroller therefore reserves the right to call for the annual accounts of a charity in order to satisfy himself that this condition is being met.

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