



# Income Tax Office

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HM Government of Gibraltar

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## INCOME TAX (GIFT AID) RULES 2006 GUIDANCE NOTES

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This guide is for general guidance only. It must not be treated as a complete and authoritative statement of the law on any particular case.

Issued by:-  
Ministry of Finance  
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# Introduction

## ***Background***

The Income Tax (Gift Aid) Rules 2006 introduce a new scheme governing charitable donations made by donors. This new scheme replaces covenants, which were provided for in Section 47 of the Income Tax Act 1952.

## ***How Gift Aid Works***

If you pay tax in Gibraltar on your income, gains or profits and then make a Gift Aid donation, locally registered charities (including ecclesiastical institutions and trusts of a public character) can claim back standard rate tax relating to that donation directly from the Income Tax Office.

As a result any gift made, as a Gift Aid donation, is worth more to the charity than the amount actually donated directly by the donor.

### **Example:**

If you pay tax at the standard rate of tax, which is currently 20%, £10 of your gross income will result in £8 once tax has been deducted ( $£10 \times 20\% = £2$ ,  $£10 - £2 = £8$ ).

As charities are able to reclaim tax paid, at the standard rate of tax, your Gift Aid donation of £8 is in fact actually worth £10 to your chosen charity (£8 donated directly by you and £2 tax reclaimed from the Income Tax Office).

However, there will be instances where, if the tax paid by you is under 20%, the amount reclaimed against your donation, will be limited to the amount of tax that you have actually paid.

## ***Commencement Of Scheme***

The Gift Aid scheme commenced with effect from 1<sup>st</sup> July 2006.

## **Qualifying Gifts & Requirements**

Any person is eligible to make a Gift Aid donation.

The following criteria must be applied in considering whether a donation is eligible for Gift Aid:

- It is made on or after 1<sup>st</sup> July 2006.
- It takes the form of a payment of a sum of money.
- The maximum aggregate sum gifted for which tax can be claimed back is £10,000 in any year of assessment.
- It is not subject to a condition as to repayment.
- Neither the donor nor any person connected with him receives a benefit in consequence of making it.

- At the time the gift is made, the donor is in receipt of income chargeable to tax in Gibraltar.
- The donor gives an appropriate declaration to the charity.

## How to Make a Gift Aid Declaration

In order for your gift to qualify as a Gift Aid donation you must make a declaration to the charity that:

- You want your gift treated as a Gift Aid donation.
- You have paid sufficient tax locally for the year your donation is made to cover the standard rate tax the charity will reclaim.

Your declaration must include your full name and home address. Your chosen charity can supply you with a form on which to make this declaration, since the Income Tax Office will circulate 'Gift Aid Declaration Forms'.

A separate declaration will need to be made for each charity but one declaration can usually cover all gifts you make to that particular charity.

### Guidance on completing the 'Gift Aid Declaration Form'

Any single non-recurring donations to be claimed as Gift Aid by the charity, or any recurring periodic donations (what were previously termed 'covenants') are to be included together with details regarding the intended amount of payment on the Gift Aid Declaration Form.

A copy of the '[Gift Aid Declaration Form](#)' is included in the Appendices Section of this document.

## Record Keeping

In accordance with the Income Tax (Gift Aid) Rules 2006, the Commissioner of Income Tax requires charities to:

- Maintain records with respect to declarations given to them by donors.
- Submit financial accounts, as the Commissioner may deem appropriate, when requested by the Commissioner for the purposes of these rules.

In this regard, the Income Tax Office will provide a 'Gift Aid Annual Statement & Certificate Form', to all locally registered charities. These forms should be completed and returned after the end of the tax year (30 June), providing full information on Gift Aid donations received.

A copy of the '[Gift Aid Annual Statement & Certificate Form](#)' is included in the Appendices Section of this document.

## Appendices

### **Appendix 1 – Form GA 1 - Gift Aid Annual Statement & Certificate**

### **Appendix 2 – Form GA 2 - Gift Aid Declaration Form**



20\_\_/20\_\_

## GIFT AID ANNUAL STATEMENT AND CERTIFICATE

For office use :    Date received
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You are required to make returns in respect of all payments received by way of Gift Aid donations during the period 1st July 20\_\_ to 30th June 20\_\_. You should therefore complete this form and the declaration and certificate below and return it to the Income Tax Office.

<b>Total amount of Gift Aid donations received    £    .....</b>
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I declare and certify that all Gift Aid donations received by me during the period 1st July 20\_\_ to 30th June 20\_\_ have been entered in this form and are in every respect fully and truly stated to the best of my knowledge and belief.

**Name.....Tel/Mob No.....**

**Signature.....**

Enter the capacity in which you are signing.....

**FOR OFFICE USE ONLY**

Computation	
Total Gift Aid donations received	
Donations disallowed	
Allowable donations	
Allowable donations grossed up (125%)	
Amount refundable	
Plus amount refundable on donations disallowed	
<b>Total tax refundable</b>	

**LIST OF DONORS DURING 1st JULY 20\_\_ TO 30th JUNE 20\_\_**

NAME OF DONOR		TAX REF. NO.	AMOUNT PAID UNDER GIFT AID		FOR OFFICE USE ONLY	
SURNAME	FORENAME		£	p	Tax refundable	Tax paid if less than tax refundable
		<b>TOTAL</b>				
<b>C/FWD TO CONTINUATION SHEET</b> (if necessary)						



**GIFT AID DECLARATION**  
 Income Tax (Gift Aid) Rules 2006

<b>NAME OF CHARITY:</b>	
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**DETAILS OF DONOR**

<b>SURNAME:</b>	
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<b>TAXPAYER REF. NO.</b>	
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<b>FORENAME(S):</b>	
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<b>ADDRESS:</b>	

**DETAILS OF DONATION**

I want the following gifts to be treated as gift aid donations. Please provide details in the box hereunder.  
*(e.g. single and/or recurring periodic donations are to be included, together with details regarding the intended amount of payment).*

	£

**SIGNATURE OF DONOR:** \_\_\_\_\_

**DATE:** \_\_\_\_\_