

Big House HEROES

TAX DONATIONS FOR BUSINESSES

THE BENEFITS OF DONATING TO A CHARITY WHEN OWNING YOUR OWN BUSINESS...

Charities are always on the look out for funding and support within their community and often local businesses/business owners. As well as supporting a good cause, businesses who donate to charities can also have the added benefit that internal opportunities and business engagement will also arise.

The primary purpose of this article is to provide guidance for businesses who are thinking of supporting a charitable cause and possibly making a donation.

TAX BREAKS (INDIVIDUALS)

When helping a charity through a financial donation, it makes sense to do it in a tax-efficient way...

As such, one of the most immediate and tangible benefits to your business from donating to a charity is being able to get a charitable donation tax break i.e tax relief.

The tax relief you receive will depend on what donation you make and how you make it...

Donating to charity as an Individual, Sole Trader and Partnerships:

When donating to a charity as an Individual, Sole Trader or as part of a Partnership you are able to receive a tax relief on gifts to UK charities if you give under *Gift Aid*, through a *Payroll Giving Scheme* (run by your employer) or by *making a gift of certain shares or land*. The most popular way to receive tax relief is by using *Gift Aid*. *Gift Aid* is a scheme by which you can give a sum of money to a charity and allow them to reclaim the basic tax rate as a gift from HMRC - which then increases the value of the gift you make to the charity. For example, if you give £100 using Gift Aid that gift is worth £125 to the charity.

Find out more about donating using Gift Aid [here](#).

TAX BREAKS (COMPANIES LTD.)

When companies gift a donation to charities they are also able to gain tax relief.

This tax relief scheme works slightly different to Individuals, Sole Traders and Partnerships and will see the company pay less corporation tax.

To qualify for this tax relief:

- The payment must not be a loan that will be repaid by the charity.
- It must not be a distribution of company profits (e.g dividends).
- Any benefit that you're given in return must be below a certain value (see further details below).

Donation amount | Maximum value of benefit

Up to £100 | 25% of the donation

£101-1,000 | £25.00

£1,001 and over | 5% of the donation (up to a maximum of £2,500)

Find out whether your eligible for tax relief [here](#).

Beyond a financial gift, other donations that are generally eligible for tax relief include the sponsorship of a charity or a charitable event and donations of equipment or services.