

INFORMATION SHEET - GIVING SHARES

By giving shares as a gift you can make substantial tax savings

The Chancellor announced changes in the March 2000 budget that makes it more tax-efficient than ever before to make a charitable gift. By giving shares to the Foundation it is possible to make a substantial tax saving, not only on capital gains but on income tax as well.

Income tax relief

The relief from income tax is available for the full market value of the shares on the date of disposal. In other words, you will not pay income tax on the equivalent amount of your annual income in the tax year that the gift is made. This means that a higher rate taxpayer making a gift of £10,000 worth of shares to a registered charity will receive income tax relief of 40 per cent of the full value, ie £4,000. In order to make these savings all you need to do is:

- give the shares to a registered charity
- claim the tax relief on your tax return
- have paid the amount of tax deducted by the end of the tax year in which the gift is given (in other words the gift cannot give rise to a tax credit)

In order to qualify for the relief, the shares or securities must be listed or dealt on recognised stock exchange, units in authorised unit trusts, shares in a UK open-ended investment company or holdings in certain foreign collective investment schemes.

Capital gains tax relief

In addition to income tax relief there is also full relief from capital gains tax, which means that in the Foundation's hands your gift is worth more than if you had sold shares yourself. The extent of the difference depends on how much capital gains tax you would have paid: there are some simplified examples below, but every donor's situation may be different and we advise consultation with a tax advisor/accountant to determine your own situation.

The practicalities

Gifts of shares can be transferred to the Foundation either by completing a Crest Transfer form for each share holding and returning it to us together with the appropriate share certificate(s), or electronically if your shares are held by brokers under the Crest system.

Continued overleaf

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The effect of disposal on share value

In our experience, some of our donors who are company directors have been concerned about the effect that an immediate sale of significant number of their shares by the Foundation would have on the share value.

We have two ways of dealing with this problem:

1. The first way is for you to gift the shares to us in a controlled manner over a number of years. This may be advisable for personal tax reasons as well, because you need to ensure that you have enough taxable income in the year that you make the donation to offset against the market value of your gift.
2. The second way is for you to send us the share certificate in the name of The Victoria Foundation and attach a letter with conditions as to when we can sell the shares. We will then simply hold onto them until the date you specify.
3. Alternatively, if you are unsure as to the value of your shares, you may want to consider sending them to Sharegift. This is a charitable organisation specialising in accepting small numbers of shares with low values, which would normally mean that they would not be economic to be sold. They aggregate the shares and then sell them distributing the funds to charity.

For further information and assistance on Giving Shares, or any other form of donation, please contact our Chief Executive, Graham Ball on 020 8332 1788 or email: g.ball@thevictoriafoundation.org.uk