

Shares

Donate shares tax efficiently

Giving to charity while beating the taxman is an extremely enticing thought. Now, there is a way to donate that has the taxman paying you for your generosity.

I can hear the disbelief...but this is possible with Share Giving!

Donating stocks and shares has become the most tax-effective way to give. A gift of shares has always been free of capital gains tax. Since April 2000, the value of the shares can now also reduce the donor's taxable income.

There are two ways to give:

Option A:

Paula sells the shares and gives the proceeds to charity under Gift Aid.

Net proceeds of sale of shares = 1,000

Less any capital gains charges (none if under annual exempt amount) - Net proceeds after tax = 1,000

Under Gift Aid, the charity can recover the amount of the gift multiplied by the basic rate of income tax (22%).

So, if Paula gives the 1,000 to a charity under Gift Aid, the charity can reclaim 220.

When this is added to the gift, the charity receives in total 1,220. This means that the donor's gift becomes a fraction of the total value that the charity receives.

If Paula were a higher rate taxpayer she would be able to claim tax relief on the difference between the basic rate (22%) and higher rate (40%).

Option B:

Paula gives 1,000 worth of shares to Willowbrook Hospice, to sell or retain as an investment.

Paula gets tax relief on 1,000 at 22%.

So the gift has cost Paula 1,000 - 220 = 780

Willowbrook receives 1,000 worth of shares

Contact us

With the number of people owning shares increasing, Willowbrook would urge people to consider this effective way to help the Hospice. Contact Ed Brown on 0151 430 8736