



The Tax Benefits of Gifting Shares to Charity

Income Tax

You can claim Income Tax relief should you choose to gift some shares (or sales below market value) to charity. The relief should be deducted when you calculate your income for the tax year you make the gift. The amount you can deduct is calculated as follows:

$$\text{The value of the Shares gifted to charity} + \text{Incidental costs (e.g. brokers fees)} - \text{The value of anything received in consequence of the gift}$$

For example, your income tax bill could be reduced as follows:

Tax Band	Income Tax Relief	Example
Basic Rate	20% of the value of the gift	If you were to gift £10,000 worth of shares, your income tax bill could be reduced by up to £2,000
Higher Rate	40% of the value of the gift	If you were to gift £10,000 worth of shares, your income tax bill could be reduced by up to £4,000
Additional Rate	45% of the value of the gift	If you were to gift £10,000 worth of shares, your income tax bill could be reduced by up to £4,500

Capital Gains Tax

In addition, a gift of shares to charity will not give rise to a Capital Gain for CGT purposes. However, in the same way, it will not give rise to a Capital Loss for CGT purposes either.

Inheritance Tax

Outright gifts and bequests to charity are free from IHT.

The Ways of Gifting Shares to Charity

Contact your chosen charity to make sure they are able to accept your gift, you are then able to gift in one of two ways:

Gift the shares directly to the charity

You will need to contact the registrar of the company that you are gifting the shares in, your stockbroker should be able to help you with this. The registrar will send you a transfer form to sign, you will then need to forward the transfer form on to your chosen charity.

Sell the shares on behalf of the charity

You are able to sell the shares you wish to gift, on behalf of the charity, and give the proceeds to charity. However, to ensure that this does not give rise to a CGT charge you need to be able to show you have given the shares as a gift and the charity asked you to sell the shares on its behalf. For example, you would need evidence such as an exchange of letters.

