

Gift Aid

Frequently asked questions



What is Gift Aid?

Gift Aid is a simple way for charities to increase the value of gifts of money received from UK taxpayers. When you make a Gift Aid donation, the charity is able to claim back the tax that you have paid on the donation. This government scheme is called Gift Aid and amounts to an extra 25p for every £1 that you give in qualifying donations.

Which parts of my payment qualify for Gift Aid?

Membership of Chiltern Music Academy and our ensemble activities form part of the charity's educational objectives and as such are eligible for Gift Aid. However, we are required by HMRC to separate the 'tuition' element from our membership subscriptions as this does not qualify for Gift Aid under guidance issued to the national music charity 'Making Music'. Consequently, we only claim 80% for the 'membership' part of our music making activities. The remaining 20% covers the cost of providing the 'tuition' element.

Examples:

- A £60 mini-membership subscription represents a qualifying donation of £48
- A £80 membership subscription represents a qualifying donation of £64

*Tuition fees for lessons, theory and instrument hire charges **do not** qualify for Gift Aid.*

What about other qualifying donations?

Donations other than membership subscriptions are **100% eligible for Gift Aid** where the donor has completed a Gift Aid declaration. If you want us to claim Gift Aid on a donation made through ParentPay, please select the 'donation with gift Aid' option.

How do I sign up for Gift Aid?

Where eligible, complete the Gift Aid Declaration Form on the website- (dependent on the boxes you tick you may only need do this once). This will inform Chiltern Music Academy that you are a UK taxpayer and you would like us to reclaim the tax on your donations and membership subscriptions. We will then keep a record of all qualifying payments made to the Chiltern Music Academy and reclaim Gift Aid from HMRC. The funds received will be used to support the charitable purposes for which Chiltern Music Academy was set up.

Is there anything else I need to do?

- Please let us know if you cease to pay tax so that we can cancel your Gift Aid declaration
- Please complete a new form if you move house
- Please complete a new form if another of your children joins CMA

The full details

A Gift Aid declaration is a statement by a UK taxpayer asking for their donations to be treated as Gift Aid payments, so that the tax they have paid on the amount donated can be claimed back by the charity receiving the donation.

How does the Gift Aid scheme work?

When a UK taxpayer gives a qualifying gift of money to a charity, they have already paid tax on that money. Under the Gift Aid scheme charities can claim an amount from HM Revenue & Customs (HMRC) equal to the tax paid on that money by the donor at the basic rate of tax. This repayment from HMRC is known as Gift Aid.

How does this work in practice?

Since Chiltern Music Academy came into existence in 2014 the basic rate of Income Tax has been 20 per cent. This means that for every £1 of qualifying donation received, charities can claim a repayment of 25 pence. If you give £10 in a qualifying donation to a charity and you are a basic rate taxpayer (20%), you will have paid £2.50 in tax on the gross donation (to take home £10, you will have earned £12.50 before tax). Charities are able to reclaim this £2.50 back from HMRC.

Who is eligible?

Gift Aid can be applied to any UK charity that is registered with HMRC. For the tax to be reclaimed on qualifying donations and/or membership subscriptions that you have ever made or will make to Chiltern Music Academy you must have paid or will pay an amount of UK Income Tax and/or Capital Gains Tax for each tax year (6 April to 5 April) that is at least equal to the amount of tax that all the charities or Community Amateur Sports Clubs (CASCs) that you donate to will reclaim on your gifts for that tax year. Other taxes such as VAT and Council Tax do not qualify. The Chiltern Music Academy will reclaim 25p on every £1 that you give or have given in qualifying donations.

How does the Gift Aid scheme affect the donor?

- A donor who is a basic rate taxpayer will receive no further tax relief as a result of making a donation.
- A donor who is a higher and/or additional rate taxpayer will be able to claim tax relief on the difference between the higher/additional rate tax and basic rate on the grossed up donation.

For example: An individual taxpayer makes a qualifying donation of £100: the charity can reclaim an additional £25; giving a grossed-up donation of £125. Where the taxpayer is a 40% taxpayer, a further £25 ($40\% - 20\% \times £125$) can be reclaimed by the taxpayer, giving a net donation cost of £75. Where the taxpayer is a 45% taxpayer, a further £31.25 ($45\% - 20\% \times £125$) can be reclaimed by the taxpayer giving a net donation cost of £68.75. This further tax relief can be claimed through your self-assessment tax return or by asking HM Revenue and Customs (HMRC) to amend your tax code.

What if I no longer pay sufficient Income/Capital Gains Tax to cover the tax the charities and CASC's, to which I make qualifying donations, will reclaim?

If you cease to pay Income tax and /or Capital Gains Tax then you must notify the Chiltern Music Academy and cancel the Gift Aid declaration so that the Chiltern Music Academy will no longer claim back tax on your donations and/or subscriptions.