

Claiming Historic Higher Rate Gift Aid

Charities that are registered for Gift Aid can claim 25p-in-the-pound on top of any donations made by taxpayers. This is a refund of the Basic Rate tax that the donor has already paid to HMRC when they earned the money in the first place.

However, for Higher Rate or Additional Rate taxpayers, there's an additional 25p / 31p-in-the-pound available as a refund from the Taxman. So here's what a donation of £10 could be worth to the charity:

	Donor Pays	Charity Claims*	Donor Claims	TOTAL
Not a Tax Payer	10.00	0.00	0.00	10.00
Basic Rate Tax Payer	10.00	2.50	0.00	12.50
Higher Rate Tax Payer	10.00	2.50	2.50	15.00
Additional Rate Tax Payer	10.00	2.50	3.10	15.60
Corporation Tax Payer	10.00	0.00	1.90	11.90

*if registered for Gift Aid

Whereas Basic Rate tax can be reclaimed by the charity using the Gift Aid system, all the other contributions (Higher Rate, Additional Rate and Corporate donations) rely on the donor telling the Taxman of their donation via their Accountant or Self-Assessment forms.

There are 5 million Higher Rate and Additional Rate taxpayers in the UK but, according to HMRC, only a fifth of them tell the taxman about their donations. That's 3.9 million people in the UK who either don't donate anything at all (unlikely) or don't know/ don't bother / don't remember to claim – resulting in more than £400 a year going missing rather than going to good causes.

So well done HMRC for allowing Higher/Additional Rate taxpayers to put in a claim on donations going back 4 years. As a result, using the ONS figures, there's around £2 billion in unclaimed Gift Aid available – and [Back of the Sofa](#) suggests the following tried-&-tested way to unlock some of it:

1. Compile a list of charity donations that you made between 5th April 2013 and 5th April 2017 (start of the current tax year) but have not told your accountant or HMRC about.
2. If you're unsure where to find these, log on to giving sites such as JustGiving.com and view your donations in the My Account / See My Donations area or try using the search function of your email account to find receipts sent from giving sites.
3. Paste your list into the template letter, fill in your details (name, address & National Insurance number), sign it and send it to HMRC.
4. HMRC will write back to you within 45 days enclosing a cheque for 'Overpayment Relief'.
5. For those in Self-Assessment, HMRC may also issue a new statement to reflect its amended calculations. This is normal and does not affect the amount of tax you will be asked to pay in future.

Any questions? Please call free-of-charge on 0808 1645 808 or email help@backofthesofa.com