

*Status: Point in time view as at 21/07/2008.*

*Changes to legislation: Finance Act 2008, SCHEDULE 19 is up to date with all changes known to be in force on or before 25 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 19

Section 53

#### REDUCTION OF BASIC RATE OF INCOME TAX: TRANSITIONAL RELIEF FOR GIFT AID CHARITIES

##### *Payment of gift aid supplement*

- 1 (1) A charity is entitled to be paid an amount by the Commissioners (referred to in this Schedule as a payment of “gift aid supplement”) if the following conditions are met.
- (2) Condition A is that a gift aid donation is made to the charity in a transitional tax year.
- (3) Condition B is that the charity makes a claim for the donation to be exempt from tax by virtue of—
- (a) section 505(1)(c)(ii) of ICTA (charitable companies),
  - (b) section 521(4) of ITA 2007 (charitable trusts), or
  - (c) paragraph 5(1)(c) of Schedule 18 to FA 2002 (community amateur sports clubs).
- (4) Condition C is that the claim is made within the period of two years beginning immediately after the end of—
- (a) the accounting period to which the claim relates (in a case falling within sub-paragraph (3)(a) or (c)), or
  - (b) the tax year to which the claim relates (in a case falling within sub-paragraph (3)(b)).
- (5) Condition D is that the claim is allowed.

##### *Amount of gift aid supplement*

- 2 (1) The amount of gift aid supplement that a charity is entitled to be paid in respect of a gift aid donation is—

##### **DGN – DGA**

where—

DGN is the amount of the gift aid donation grossed up by reference to the notional basic rate for the transitional tax year, and

DGA the amount of the gift aid donation grossed up by reference to the actual basic rate of income tax for the transitional tax year.

- (2) A charity is not entitled to be paid gift aid supplement in respect of a gift aid donation if the amount determined in accordance with sub-paragraph (1) is a negative amount.

##### *The “notional basic rate”*

- 3 (1) The “notional basic rate” for a transitional tax year is calculated by adding together—
- (a) the actual basic rate of income tax for that year, and

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- (b) the transitional supplement for that year.
- (2) But if the rate calculated for a transitional tax year by adding those two things together is more than 22%, the notional basic rate for that year is 22%.
- (3) The “transitional supplement” for each transitional tax year is 2%.
- (4) Section 998 of ITA 2007 applies to the grossing up of an amount by reference to a notional basic rate as if the notional basic rate were an actual rate of tax.

*Errors in connection with payment of gift aid supplement*

- 4 (1) This paragraph applies if an officer of Revenue and Customs discovers that payment or set-off of an amount of gift aid supplement—
  - (a) ought not to have been made, or
  - (b) is or has become excessive.
- (2) The relevant amount of gift aid supplement may be recovered as if it were an amount of income tax wrongly repaid to the charity (and, in particular, section 30 of TMA 1970 and paragraph 52 of Schedule 18 to FA 1998 apply accordingly).
- (3) An amount to be recovered in accordance with sub-paragraph (2) is liable to interest as if it were an amount of income tax wrongly repaid to the charity.
- (4) In this paragraph “relevant amount of gift aid supplement” means the payment or set-off of the amount of gift aid supplement, to the extent that it—
  - (a) ought not to have been made, or
  - (b) is or has become excessive.
- (5) For the purposes of this paragraph income tax is “wrongly repaid” to a charity if it is an amount repaid to the charity which ought not to have been repaid.
- (6) For the purposes of this paragraph it does not matter if a charity is within the charge to income tax or the charge to corporation tax.

*General*

- 5 Gift aid supplement is not—
  - (a) income for the purposes of income tax, or
  - (b) profits for the purposes of corporation tax.
- 6 Any expenditure incurred by the Commissioners under this Schedule is to be paid out of money provided by Parliament.
- 7 In this Schedule—
  - “charity” has the same meaning as in Chapter 2 of Part 8 of ITA 2007 (gift aid);
  - “the Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs;
  - “gift aid donation” means a gift which is a qualifying donation for the purposes of Chapter 2 of Part 8 of ITA 2007;
  - “gift aid supplement” has the meaning given in paragraph 1(1);
  - “transitional tax year” means each of the tax years 2008-09, 2009-10 and 2010-11.

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### *Amendments*

- 8 In section 25 of FA 1990 (donations to charities by individuals), after subsection (10) insert—
- “(10A) Schedule 19 to the Finance Act 2008 contains provision for transitional payments to charitable companies in respect of gifts made in the tax years 2008-09 to 2010-11.”
- 9 In section 521 of ITA 2007 (gifts entitling donor to gift aid relief: income tax liability and exemption of charity), after subsection (6) insert—
- “(7) Schedule 19 to FA 2008 contains provision for transitional payments to charitable trusts in respect of gifts made in the tax years 2008-09 to 2010-11.”

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