

## Website Annexe 5 – Commercial giving – tax and fiscal incentives

Current tax reliefs for corporate giving include:

- Gift Aid on financial donations
- Tax relief for sponsorship if a legitimate trading expense
- Businesses can re-claim VAT for sponsorship if it is for a business purpose (charities must account for standard rate VAT on all sponsorship income). Restrictions apply in the case of supplying VAT exempt items.
- There is tax relief on shares and land and on the donations of stock and equipment. There is some complexity here, as sales (as opposed to donations) may be tax liable, but with a possibility of re-claiming VAT.
- Staff time and secondments may qualify for tax relief
- Payroll giving which attracted some 717,000 employees donating more than £109m in 2007/8. Business can also re-claim the cost of setting up these schemes.
- Specific tax reliefs for urban regeneration and loans and investments in Community Development Finance Institutions (where there are reliefs of 5% reduction of the total invested in corporation tax liability for up to 5 years).

There could be much better publicity and more tangible benefit for the Quality Mark for payroll giving (which is available to all businesses where just 1% of employees give through payroll – a bar which could also be raised to encourage giving).

More clarity on the scope of urban regeneration projects eligible for tax relief could help in attracting funding for local and more difficult community projects<sup>1</sup>.

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<sup>1</sup> HM Treasury, Cabinet Office, HM Revenue and Customs, 2009, *A Guide to Giving for Business*: 6-17