

RECEIPT OF CHARITY LITERATURE IN RETURN FOR GIFT AID PAYMENTS

James Kessler¹

The Inland Revenue Guidance Note on Charity was published in November 2000 and is accessible from the Revenue website.² The Note extends over the whole range of charity tax. It is a Revenue Manual in all but name, and no-one advising on charity tax can afford to ignore it. The Guidance Note (together with the reforms of the FA 2002) have necessitated a new edition of *Tax Planning & Fundraising for Charities*, now nearly completed.

The purpose of this article is to draw attention to a significant Revenue concession relating to charity literature tucked away in the Guidance Note.

The general rule is that a gift to charity does not qualify for Gift Aid relief if the donor or a connected person receives a benefit in consequence of making the gift. See section 25(2)(e), FA 1990.

An earlier IR Guidance Note on Gift Aid was issued in Spring 2000. Para 7.21 provided:

“Literature

7.21 Where you send literature to your donors, the Inland Revenue will accept that the value is nil provided:

[1] it is not normally sold to the public, and

[2] it is produced for the purpose of describing the work of the charity.”

¹ 24 Old Buildings, Lincoln’s Inn, London WC2A 3UP. E-mail kessler@kessler.co.uk

² www.inlandrevenue.gov.uk/charities/chapter_1.htm.

Requirement [1] was dropped from the current Revenue Guidance Note which now provides:

“3.32 Provision of literature

3.32.1 Where a charity sends literature to its donors, the Inland Revenue will accept that the value is nil provided the material is produced for the purpose of describing the work of the charity. The material must be relevant to and distributed in furtherance of the objects of the charity. *The fact that the literature has a cover price and is also on sale to members of the public is not relevant.* This means that literature like newsletters, bulletins, annual reports, journals, members’ handbooks and programmes of events will generally carry no value for the purposes of the donor benefit rules.”

(emphasis added)

This is an important concession which will often be helpful to charities, but remember that it is concession, not law.

The 4th edition of Tax Planning and Fundraising for Charities by Robert Venables QC and James Kessler will be published December 2002.