

Tainted Donations Policy

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Review cycle/date:	Every 3 years: October 2019
Party responsible:	Finance & Premises Committee
Linked procedures	Financial Manual

The Finance Bill 2011 introduced legislation covering tainted donations which must comply with. The legislation was introduced to deter abuse of the charity tax reliefs and is intended to identify donors (or persons connected to them) who have made a donation with the purpose of receiving an advantage from the charity.

The Tainted Charity Donations rules are based on a purpose test which considers the effects of, and circumstances in which the donor or someone connected to the donor, entered into arrangements to make the donation, and to whether those arrangements are deemed to obtain a financial advantage.

The following 3 conditions must be met for a donation to be a tainted charity donation.

Where all 3 conditions are satisfied, the donor loses any tax relief that they would have been entitled to claim, had the donation not been tainted.

An additional charge to tax may also arise where the donation would have been eligible for relief under the Gift Aid scheme (for individual donors only). See section 13 below 'Tainted charity donations and Gift Aid', for who is liable to such a charge.

The three conditions which must be met for a donation to be tainted are:

1. The donation to the charity and arrangements entered into by the donor are connected.
2. The main purpose of entering into the arrangements is for the donor, or someone connected to the donor, to receive a financial advantage directly or indirectly from the charity.
3. The donation is not made by a qualifying charity-owned company or relevant housing provider linked with the charity to which the donation is made.

All 3 conditions must be met for the donation to be tainted rule to apply

If any staff member is concerned that this might pertain to any donation made to The Swanage School they must immediately seek the advice of the Business Manager. The rules cover a broad range of transactions including:

- cash, under the individual or company Gift Aid provisions
- quoted shares and securities, and real property where the donor has obtained income or corporation tax relief
- gifts of assets where the donor has obtained capital gains relief
- plant or machinery where the donor has received capital allowances
- trading stock; and
- amounts donated via payroll giving

The tainted charity donations rules do not apply to:

- a simple donation to charity where no additional arrangements are entered into
- a donation under Gift Aid that is within the Gift Aid benefit limits
- a donation, any benefit of which has been taken into account in calculating the relief due for donations to charity of shares, securities and real property, or trading stock