Tainted Donations Policy

Background

The Finance Bill 2011 introduced legislation covering tainted donations which must be complied 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 three conditions must be met for a donation to be a tainted charity donation.

Where all three 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).

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.

If any trustee is concerned that this might pertain to any donation made to RTD they must immediately seek the advice of the Chair of Trustees.

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

Review

This policy will be reviewed annually or sooner if legal requirements change by the Board of Trustees. All approved policy updates will be shared with those affected.

RTD Policy Framework

Policy Area	Lead Policy	Linked Policies
Risk	Risk Management	SIR, AML, Anti Bribery, Safeguarding
People	Safeguarding	SIR, Complaints
Finance	Anti Money Laundering	***Tainted Donations***, Anti Bribery
Conduct	Conflict of Interest	Complaints, SIR , Data Protection, Privacy
Information	Privacy	Acceptable IT Use, Complaints, Social Media, Data Protection

SIR – Serious incident Reporting AML – Anti Money Laundering