

HIGHER RATE INCOME TAX RELIEF

Tax relief is allowed to higher-rate taxpayers on the gross value of their payments to charities at the difference between the basic rate and higher rates of income tax.

Note: The gross value of a covenant is the net sum covenanted plus the basic rate tax which is recoverable by the Charity.

Actual monthly cost to the covenantor	Amount to be covenanted monthly for the same cost after tax relief by a higher-rate taxpayer	Gross value to Charity over 5 years
£ 50	£ 65	£ 5,000
20	26	2,000
10	13	1,000

These examples assume basic-rate tax at 28%, higher-rate tax at 40%, and that the gross value of a covenant does not exceed the donor's income on which higher-rate income tax is payable.

EXAMPLE OF HOW HIGHER-RATE TAX RELIEF WORKS

A donor paying tax at the higher rate wishes to give a gift under covenant costing £50 a month. The covenant should actually be made out for **£65** (see table above).

PLUS

Annual net payment by covenantor (£65 x 12 months)	780
Basic-rate tax recovered by the Charity (22% of the gross value)	220

EQUALS

Gross annual value of the covenant to the Charity	1,000
Annual net payment by the donor, as above	780

MINUS

Tax relief donor receives on gross value of covenant @ 18% (i.e. difference between basic rate at 22% and higher rate tax of 40%)	180
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EQUALS

Net annual outlay by the donor after tax relief	600
	= £50 a month

Notes:

1. A covenant is a legally binding commitment to pay a certain periodic sum for a specific period of years. This, of course, is its value to the charity as it enables us to plan future income with a degree of certainty, unlike regular gift aid payments which can be cancelled at any time.

Should your circumstances change such that you no longer pay income tax and/or capital gains tax at least equal to the tax we reclaim on your donations*, please let us know so that we do not attempt to reclaim tax on your gift.

In such a situation it is of course very likely that you would become unable to continue payments. If that is the case please let us know and we will obviously release you from your obligation under the covenant with grateful thanks for your support.

2. Don't forget that if you pay tax at the higher rate you can claim further tax relief in your Self-Assessment tax return.

3. Please notify the charity if you change your name or address

* Unless we hear to the contrary, we shall assume that you are paying income tax at least at the basic rate.



Hampton School's 450th Campaign

5 Year Deed of Covenant Form for Individuals

Special forms are available for
Companies and for Partnerships.

If you are a higher-rate taxpayer
please consult the table on the back.

Please give generously to
Hampton School's
450th Campaign

PLEASE READ CAREFULLY
BEFORE COMPLETING AND ENSURE ALL
ALTERATIONS ARE INITIALED

Office
reference

THE HAMPTON SCHOOL
450TH CAMPAIGN

FIVE-YEAR DEED OF COVENANT (INDIVIDUALS)

BANKER'S ORDER FORM

<p>I (Mr, Mrs, Miss, or Title - Full Name) of (address) Postcode</p>	<p>For Office Use</p> <p>Yr full name in CAPITALS</p> <p>Your address in CAPITALS</p>	<p>Bank please quote reference</p> <p>I (Mr, Mrs, Miss, or Title - Full Name) of (address) Postcode</p> <p>request you to pay to Barclays Bank plc (20-46-73) Kingston upon Thames Business Centre, 6 Clarence Street, Kingston, KT1 1NY for the credit of the Hampton School Charitable Trust "450th Campaign" (Account No. 93587487)</p> <p>the sum of (amount in words)</p> <p>(£) (figures) * annually for 5 years (5 payments in all) * quarterly for 5 years (20 payments in all) * monthly for 5 years (60 payments in all)</p> <p>starting on the day of 20</p> <p>Signed and delivered by me on 20</p> <p>..... (Signature) To (name of bank) of (address) Postcode</p>
<p>COVENANT with Hampton School Charitable Trust for the benefit of the 450th Campaign that for five years (or during my life if shorter) I will pay direct to Hampton School's Charitable Trust 1120005, the sum of (amount in words)) (figures) * annually * quarterly * monthly</p> <p>from the day of 20</p> <p>Signed and delivered by me on 20</p> <p>..... (Signature) In the presence of (Signature of witness) (address of witness) Postcode</p>	<p>Amount you wish to pay each year/quarter/month</p> <p>*Delete and INITIAL the inapplicable lines</p> <p>Date when payments are to start (MUST be on or after the date of signature)</p> <p>Date of your signature</p> <p>Your signature</p> <p>Name and full address of your bank in CAPITALS</p> <p>Signature and address of witness</p>	<p>Account number</p> <p>Branch number</p>
<p>Gift Aid Declaration Please treat all my donations as Gift Aid donations. I pay tax at least equal to the amount that can be reclaimed*. I will inform you if I no longer do so. (*Currently £0.28 for every £1 that I donate.)</p>	<p>Your account number and branch number of Bank</p>	<p>When completed please return the WHOLE of this form to: The Campaign Secretary Hampton School FREEPOST SEA 0924 Hampton TW12 3BR The Campaign Secretary will send the Banker's Order to your Bank.</p>