



**MOORE** Kingston Smith

Realising ambitions, together

# Paying Gift Aid to the Parent Charity – Useful to Know

Crystal Leader

Corporation Tax Senior Manager

Email: [cleader@mks.co.uk](mailto:cleader@mks.co.uk)

5 December 2025

# What will we cover?



1. Section 199 Claim
2. Paid too much gift aid
3. Distributable reserve
4. Acquired a new subsidiary
5. Tax planning: gift aid and group loss relief
6. Summary

Disclaimer: The slides do not contain formal advice. Charities should seek formal tax advice when there are uncertainties.

# Gift Aid Basics

Gift aid offsets taxable profits (not accounting profits)

Must be paid from distributable reserves

Must be paid in cash

Charities subsidiaries get extra 9 months to pay

# Section 199 Corporation Tax Act 2010

By default: Gift aid offsets the taxable profits in the year it is paid.

With year end December – Gift aid paid in September 2025 offsets December 2025 profit

## *Make a section 199 claim*

- Gift aid offsets the taxable profits in the prior year ended less than 9 months before
- September 2025 gift aid offsets the December 2024 taxable profits

# How to make a Section 199 Claim?

On the tax return - Add a footnote or a narrative.

## *Example footnote*

The Company is wholly owned by the charity named [charity name].

It makes a claim under Section 199 Corporation Tax Act 2010 to use this amount [£amount], paid in September 2025, to offset the taxable profits for the year ended 31 December 2024.



## Paid too much gift aid

- December 2024 year end
- Paid £500K gift aid in September 2025
- Tax return finalised in December 2025
- £400K taxable profits
- Paid £100K too much!
- Excess gift aid wasted? **No**



### *What to do?*

- On the final tax return, the footnote should say the Section 199 Claim is for the £400K.
- By default, the £100K offsets the December 2025 profits.
- Be careful – Do not say Section 199 Claim is for the entire £500K. The gift aid is indeed wasted!

# Distributable reserve

The Company should have sufficient distributable reserve for the gift aid payment.

*At the time of payment  
(Not at year end)*

- Gift aid required £400K
- Reserve 31 Dec 2024 - £300K
- Reserve increased to be £500K by 31 August 2025
- Pay gift aid £400K in September 2025



# Charity acquired a new subsidiary

Does this new subsidiary have the extra 9 months to pay gift aid?



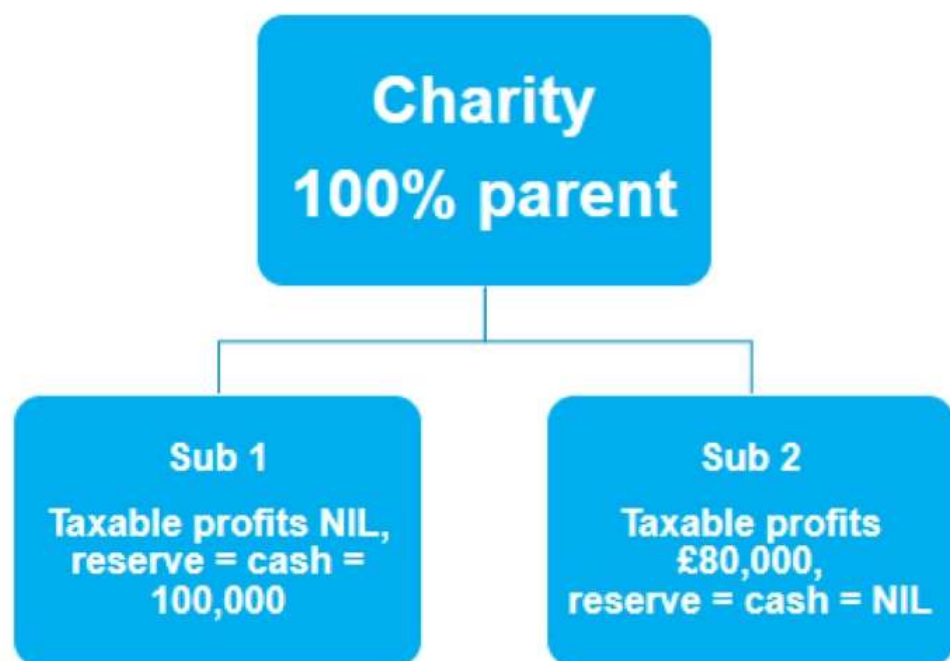
**Yes**, from the date it is wholly owned by a charity

It may make the Section 199 Claim

Subject to distributable reserves

The new subsidiary makes the Section 199 Claim on its tax return

# Tax planning with gift aid and group loss relief



Normally no gift aid and Sub 2 pays tax on £80,000 profit

## *Tax planning*

- Sub 1 may gift aid £80,000 to the Charity and surrender the £80,000 to Sub 1 as group loss relief
- Sub 2 claims £80,000 group loss to offset its taxable profits
- No companies pay tax



Crystal Leader

Corporation Tax Senior Manager

Email: [cleader@mks.co.uk](mailto:cleader@mks.co.uk)