

Post Brexit: Restriction of charitable tax reliefs to UK charities

13 June 2024

From April 2024, non-UK charities will cease to be qualifying charities for the purposes of UK charitable tax reliefs.

The changes mean that only UK charities and gifts to UK charities will qualify for UK tax reliefs going forward. This is a major change as, under the previous regime, certain gifts to charities in the European Union (EU) and European Economic Area (EEA) (including Iceland, Liechtenstein and Norway) would have been eligible for UK tax relief.

While the changes will have an impact on corporates and trustees, individuals should be aware of the impact of the rules on their estates and succession plans.

From an individual tax planning perspective, the main taxes impacted by the charges are:

- **Income tax:** individual taxpayers will be unable to reclaim the basic rate tax they pay if they donate to non-UK charities.
- **Capital gains tax (CGT):** gifts to non-UK charities may be subject to CGT on the disposal of UK land to non-UK charities.
- **Inheritance tax (IHT):** any gifts to non-UK charities will no longer benefit from IHT relief, thereby affecting individuals who had planned to use the reduced IHT rate of 36% on death by leaving 10% or more of their net estate to non-UK charities.

To illustrate the impact, if an individual were to make a £10,000 charitable donation to a charity that's no longer qualifying, the charity will be unable to claim back the 25p per £1 (£2,500 for a £10,000 donation) and the individual can no longer claim back the higher rate or additional tax relief.

The changes may cause unintended tax consequences for individuals who have structured their lifetime giving and succession affairs, i.e. wills, based on the old rules. So, it's recommended these individuals reassess their charitable giving.

If you have any questions regarding the content of this insight, please reach out to one of the Trust & Estates team.

This publication is intended for general guidance and represents our understanding of the relevant law and practice as at June 2024. Specific advice should be sought for specific cases. For more information see our [terms & conditions](#).