

Irish Charities Tax Reform Group

Pre-Budget 2004 Submission

Introduction

In framing the Budget for 2004 ICTRG would like to see Minister McCreevy, who has proved himself a charity champion in the area of tax effective giving, introduce further reform of the taxation system as it applies to charities and approved bodies as follows:

1. The introduction of a VAT refund mechanism for charities allowing them to reclaim input VAT. Recent research puts the annual VAT bill of Irish charities at €18million of which 52% is paid for out of publicly fund-raised income so that a refund scheme would cost the exchequer €9.4million (see attached report for details). Commissioner Frits Bolkestein confirms that it is within the powers of the minister for Finance to introduce a refund scheme without contravening the Sixth EU VAT Directive (see Commissioner's letter Appendix One)

As the Minister is aware, charities are treated as exempt from VAT under the Sixth EU VAT Directive which means that they cannot recover the Vat they pay on inputs. This places a significant tax burden on charities which was never the intention of EU VAT law and has the effect of reducing the level of services that charities can provide to the homeless, people with a disability, children, older people, and the amount that can be devoted to medical research etc.

2. In this year's Budget and subsequent Finance Act, ICTRG would like to see the Minister build on the changes he has previously introduced (2001) on tax effective donations to eligible charities and approved bodies by:
 - ❑ Reducing the minimum donation threshold for tax relief purposes from €250 to €100 to take effect from January 2004. Ultimately we would like to see the removal of the minimum threshold altogether but recognise that this will need to be phased in over a number of years in order that there is time for the administrative systems within the Revenue Commissioners to be adapted accordingly.
 - ❑ extending the definition of "relevant donation", currently confined to gifts of **money** to eligible charities or approved bodies, to cover **gifts of assets, such as shares, securities, property and other investments**, to such organisations.
 - ❑ Simplifying the claims procedure by allowing donors to sign one authorised certificate to cover multi-annual donations thus reducing the administrative burden for both Revenue officials and charities.

ICTRG makes these proposals in the light of experience with the scheme to date and on the basis that such extended reliefs already apply in those jurisdictions including the U.S., the U.K., Canada, and Australia which share with Ireland a similar legal understanding of "charitable pupose" and 'charitable activity'.

The Irish Charities Tax Reform Group is committed to the vision of a tax-free environment for charitable, community and voluntary organisations that promotes philanthropy in Ireland.

1. VAT Refund Mechanism for Charities & Approved Bodies

Irish Charities pay out more than €18m in un-reclaimable VAT each year according to a new report from tax experts Ernst and Young (full report attached). The comprehensive report was prepared for Irish Charities' Tax Research Ltd and is based on the first detailed survey of the VAT burden imposed on the Irish charitable sector.

- ❑ The report demonstrates that VAT is a significant burden on Irish Charities costing the sampled charities €18million in 2001
- ❑ The VAT burden can be relieved by way of a Ministerial Order under Irish VAT law without contravening EU law. This has been confirmed by Commissioner Frits Bolkestein (see letter Appendix One)
- ❑ The actual cost to the Exchequer of introducing a refund mechanism is 52% of the total VAT bill since the remainder is paid for from public funding - in the case of the sampled charities a VAT refund would cost the exchequer €9.4m
- ❑ The advantage of a VAT refund mechanism is that control remains with the Revenue Commissioners as to what organisations qualify for refunds

The Minister has the power under sections 6(2), 11(8)a and 20 of the VAT Act 1972 to introduce a refund scheme without falling foul of EU law.

As the Minister is aware there is significant public support for refunding VAT to charities as witnessed by the number of people who signed up to our web-based petition in 2002 (12,867) and who directly lobbied their local candidates in the run up to the recent general election sending almost 30,000 emails on the issue.

2. Tax Effective Donations

ICTRG is on record (both publicly and privately) as warmly welcoming the new Scheme of Tax Relief for donations to Eligible Charities and Approved Bodies under the terms of Section 45, Finance Act 2001. The Group gives full credit to the Minister for Finance, Charlie McCreevy T.D. for introducing major tax reform in this area, which has dramatically changed the landscape for Irish Charities in terms of tax-efficient giving. The new scheme has a number of very important features, which are of great benefit to the charities sector:

1. The new scheme applies to all eligible charities and approved bodies in Ireland in contrast to previous schemes, which had limited application.
2. The removal of the upper limit on donations for tax relief purposes is a major development.
3. The fact that the new tax reliefs are applied at the taxpayer's marginal rate of tax is of significant benefit to both donors and charities.
4. The new scheme streamlines and simplifies the operation of the tax reliefs compared to the previous plethora of schemes.
5. Donations made by instalments (e.g. standing orders) also qualify.

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At ICTRG's 10th Annual Conference (Sept. 2001) where Minister McCreevy delivered the keynote address we were interested to hear that the Minister looked to the US model in framing the new legislation and we were encouraged by the fact that he does not see the current de minimus of €250 as written in stone, rather that it was initially set at this level for administrative reasons. The Minister is on the record in the Oireachtas (during the debate on the Finance Bill 2002) as not having a principled objection to reducing the figure further and of being willing to look at this issue again.

Reduction of the Minimum donation threshold to €100

ICTRG proposes that ultimately there should be no minimum donation threshold for tax relief purposes in line with other similar jurisdictions as summarised below:

Country	Lower Limit
United Kingdom	£0
United States	\$0
Australia	AUS\$2
Canada	\$0
New Zealand	NZ\$5

However, we recognise that there are significant administrative difficulties in introducing this immediately and that a phased introduction would be more acceptable. In this context we request that the minimum should be reduced from €250 to €100 from January 2004 and that this be revised downward over coming years to zero to bring us in line with international norms.

The proposed €100 is based on the following:

- ❑ The experience of the sector indicates that the vast bulk of individual donations fall between €65 - €125 and that donors who give at this level are most often the lifeblood of the sector's fundraising efforts. Under the current legislation such donors are prevented from making these donations tax effectively. It is unfair that those less well off yet generous in their support of the work of charities should not benefit from the tax relief.
- ❑ The experience of member charities in operating the new S848 tax relief scheme is that most donations fall well below the €250 de minimus
- ❑ The €250 minimum threshold represents a significant increase in the position that previously applied to those organisations covered by S484 *Relief for gifts for Education in the arts* –where the minimum donation was £100/€127 in order to qualify. These organisations have had to face a 100% increase and have lost vital support as a direct result. The introduction of a €100 minimum would help restore this support.
- ❑ There was no previous minimum threshold on section 767 TCA 1997 donations (*Payments to Universities and other approved bodies*.) or on section 792 TCA, 1997 covenants.

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Proposal

That the minimum donation for the purposes of the Scheme of Tax Relief for donations to Eligible Charities and Approved Bodies under the terms of Section 45, Finance Act 2001 be reduced to **€100** to take effect from the 1st January 2004.

Extension of the definition of 'relevant donation' to cover gifts of assets, such as shares, securities, property and other investments.

Under the existing legislation as introduced in the Finance Act 2001, in addition to meeting the €250 minimum requirement, a relevant donation for the purposes of the scheme must satisfy the following conditions:

1. **It must be in the form of money (our emphasis)**
2. It must not be repayable
3. It must not confer any benefit on the donor or any person connected with the donor
4. It must not be conditional on, or associated with, any arrangement involving the acquisition of property by the charity or the approved body.

ICTRG requests that the definition be extended to cover gifts of assets, such as shares, securities, property and other investments, so that these too would qualify for tax relief in the same way as gifts of money and subject to the same provisos as set out in points 2-4 above. Extending the scope of qualifying donations in this way would bring Ireland into line with current practice in the U.S., the U.K., Canada and Australia. (C.f. Appendix Two for details of the operation of the UK scheme).

UK System – summary

- ❑ Individuals can get income tax relief on gifts to charities of certain shares, securities and other investments. This is **in addition to** the capital gains tax relief on gifts of assets to charity.
- ❑ Companies can get corporation tax relief for gifts to charities of the same types of investments and this is in **addition to** relief from corporation tax on capital gains on such gifts
- ❑ The tax relief applies if you give, or sell at less than market value, any qualifying investments to a UK charity.
- ❑ 'Qualifying Investments' are defined in the legislation (C.f. Appendix Two)
- ❑ Individuals deduct the relief when calculating their income for the tax year in which the gift of shares or securities are made.
- ❑ Companies deduct the relief as a charge on income for the accounting period in which they make the gift.
- ❑ The amount that can be deducted is the market value of the investments at the date of the gift to charity **plus** any incidental costs incurred in transferring the investments (e.g. broker' fee or stamp duty) **less** any disposal proceeds or other money, or the value of any other benefits that you or a person connected with you (e.g. relative), receive in consequence of you giving or selling the investments to charity.

(Source: Inland Revenue IR178 leaflet on "Giving shares and securities to charity" issued by the External Communications Unit of the Inland Revenue December 2000 <http://www.inlandrevenue.gov.uk/>)

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This compares unfavourably with the current situation in Ireland as outlined below.

The Current Situation in Ireland

A donor (regardless of whether they are assessed for tax under the PAYE, self-assessment or Corporation tax system) who makes a donation of assets, such as shares, securities etc., to an eligible charity qualifies for capital gains tax relief on the disposal in that the disposal is deemed to be made for such amount as will give rise to no gain/no loss for the donor for capital gains tax purposes. However, because the donation is not in the form of money it does not qualify for the new tax relief. In order to benefit from the new scheme the donor would have to realise the cash value of the asset, pay the capital gains tax and then make the donation in the form of money, which acts as a disincentive to making such donations.

Proposal

That the current definition of a 'relevant donation' for the purposes of the Scheme of Tax Relief for donations to Eligible Charities and Approved Bodies under the terms of Section 45, Finance Act 2001 be amended/extended to cover donations of assets, such as shares, securities, property and other investments, to eligible charities or approved bodies **in addition** to existing capital gains tax relief which already applies.

Simplifying the Claims Procedure for PAYE donors

The current system requires PAYE donors to complete an "Appropriate Certificate" each year that they make a donation in excess of €250 to an eligible charity or approved body. It is suggested that donors be allowed to sign one form to cover multi-annual donations above the threshold to qualifying charities/approved bodies. This would significantly reduce the administrative burden on both charities and Revenue officials. This is currently the practice in the UK in relation to a similar tax relief scheme on donations. ICTRG will be happy to work with Revenue officials to ensure that the system works as effectively as possible for all parties.

Conclusion

ICTRG would like to see the Minister introduce a VAT Refund Scheme for Charities by means of a Ministerial Refund Order as provided for under the VAT Act 1972.

ICTRG recognises the value of the Scheme of Tax Relief for donations to Eligible Charities and Approved Bodies introduced under the terms of Section 45, Finance Act 2001 to the sector and commends the Minister for its introduction. However, we believe that the scheme would be greatly improved by

1. The reduction of the minimum donation threshold to €100, which would extend the current benefits to the majority of individual donors rather than restricting it to the better off.
2. The extension of the definition of 'relevant donation' to cover donations of assets, such as shares, securities, property and other investments, to eligible charities and approved bodies.
3. Simplification of the claims procedure to reduce administration.

These changes would bring Ireland more into line with international practice and would provide an increased stimulus for philanthropy in this country.

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APPENDIX ONE

Letter from Commissioner Frits Bolkestein

APPENDIX TWO

Details of UK Scheme of tax relief on Shares



Inland
Revenue

Giving shares and securities to charity



We produce a wide range of leaflets, booklets and Helpsheets, each designed to explain different aspects of your tax or National Insurance in plain English, and to assist with the completion of tax returns. Most of them are free, and most are also available in Welsh.

Some you might find useful are

IR64	Giving to charity by business
IR65	Giving to charity by individuals
Helpsheet IR295	Relief for gifts and similar transactions
CGT1	Capital gains tax. An introduction

We have a full range of services for people with disabilities, including leaflets in Braille, audio and large print. For details, please ask your local Inland Revenue office or Enquiry Centre.

Our leaflet IR120 'You and the Inland Revenue' tells you more about the standard of service you can expect from us. It also tells you the steps you can take if you want to make any comments on the service you receive, or complain about the way we have handled your tax affairs.

Our IR List 'Catalogue of leaflets and booklets' gives further information about our publications, most of which you can get from any Inland Revenue Enquiry Centre, Tax Office or National Insurance Contributions Office. Addresses are in your local telephone book under 'Inland Revenue'. Most offices are open to the public from 8.30am to 4.30pm, Monday to Friday, and some are also open outside these hours. Social Security Offices, your library or Citizens' Advice Bureau may also have copies of our leaflets.

You can also get most of our leaflets

- by calling our Orderline on **0845 9000 404** between 8.00am and 10.00pm, seven days a week (except Christmas Day)
- by fax on **0845 9000 604**
- by e-mail on **saorderline.ir@gtnet.gov.uk**
- by writing to
PO Box 37
St Austell
Cornwall
PL25 5YN.

Many leaflets are also available on the Internet at **www.inlandrevenue.gov.uk**

When our offices are closed, you can get general advice on Self Assessment by calling our Helpline, in the evenings or at weekends, on **0845 9000 444**.

Helpline and Orderline calls are charged at local rates.

This leaflet explains how you can go about making gifts of shares or securities to charity, and the tax reliefs available when you do so.

Since 6 April 2000, individuals can get income tax relief on gifts to charity of certain shares, securities and other investments.

You can get this income tax relief, in addition to the capital gains tax relief on gifts of assets to charity. (See our Self Assessment Helpsheet IR295 'Relief for gifts and similar transactions'.)

Since 1 April 2000, companies can get corporation tax relief for gifts to charity of the same types of investments. Companies can get this relief in addition to relief from corporation tax on capital gains on gifts to charity of shares, securities and other assets.

When does this tax relief apply?

You can claim it if you give, or sell at less than market value, any qualifying investments to a UK charity.

What is a 'qualifying investment?'

The following investments qualify for the tax relief.

- Shares and securities listed or dealt in on the UK Stock Exchange, including the Alternative Investment Market
- Shares and securities listed or dealt in on any overseas recognised stock exchange

- Units in a UK authorised unit trust (AUT)
- Shares in a UK open-ended investment company (OEIC)
- Holdings in certain foreign collective investment schemes. (Broadly, these are schemes established outside the UK that are equivalent to unit trusts and OEICs.)

You will find a list of recognised stock exchanges in Appendix 1.

If you are not sure whether an investment will qualify, you can contact us at the following addresses

For England, Wales and Northern Ireland

Inland Revenue (Charities)
St John's House
Merton Road
Bootle
Merseyside
L69 9BB

Tel: **0151 472 6043/6046** (Gifts of shares/securities)
Fax: **0151 472 6268/6060**

For Scotland

Inland Revenue (Charities)
Meldrum House
15 Drumsheugh Gardens
Edinburgh
EH3 7UL

Tel: **0131 777 4040** (All enquiries)
Fax: **0131 777 4045**

How do I make a gift of shares?

You should first contact the charity you have selected to ensure that it can accept the proposed gift. If it agrees, you then need to sign a transfer form to take the shares out of your name and put them into the name of the charity. You can get a transfer form by contacting the registrars of the company. Their details will be on your share certificate and on your dividend vouchers. The registrars will be able to answer any questions about filling in the form.

Your chosen charity may also be able to help you with the transfer procedure.

How do I calculate the relief?

If you are making the gift as an individual, you should deduct the relief when you calculate your income for the tax year in which you make the gift of shares or securities. A tax year runs from 6 April in one year to 5 April in the next.

Companies should deduct the relief as a charge on income for the accounting period in which they make the gift.

The amount you can deduct is

- the market value of the investments at the date of the gift to charity, **plus**
- any incidental costs incurred in transferring the investments (such as broker's fees or stamp duty), **less**
- any disposal proceeds or other money, or the value of any other benefits you, or a person connected with you (such as a relative), receive in consequence of you giving or selling the investments to charity.

Some examples are given below.

Example 1

Angela owns 5,000 shares in ABC plc, a company quoted on the London Stock Exchange. She decides to give these to her favourite charity. On the day she gives them to the charity the shares are valued at £10.00 each.

Angela is charged a broker's fee of £50 for handling the transfer. As a token of its gratitude, the charity gives her tickets to an event, worth £500.

The deduction that Angela can make is

the value of the shares	£50,000
plus the broker's fee	<u>£50</u>
	£50,050
less the value of the benefit received	<u>£500</u>
	£49,550

Example 2

John owns 1,000 shares in XYZ plc, a company quoted on the London Stock Exchange. The shares are valued at £4.50 each. He would like to give these shares to a charity, but needs to realise some money from them. So, he agrees to sell the shares to the charity for £2.00 each. The charity is grateful and gives him a book, worth £25, in recognition of his gift.

The deduction that John can make is

the value of the shares	£4,500
less the amount the charity pays to him	<u>£2,000</u>
	£2,500
less the value of the benefit received	<u>£25</u>
	£2,475

How do I claim the relief?

You can claim relief by

- completing the appropriate section of your Self Assessment return, or
- requesting that your PAYE code is amended for the current tax year, or
- requesting that your Self Assessment Payments on Account are reduced.

If you are not sent a Self Assessment return at the end of the tax year, or if you want to claim relief before the end of the current tax year, you should write to your Tax Office, giving full details of the gift, in order to claim the relief.

Companies should include the amount of the relief they are claiming in the 'Charges Paid' box on their Corporation Tax Self Assessment return.

What evidence of the gift will I need?

You will need some evidence of the transfer of ownership of the investments, such as a dated copy of the transfer form or some other dated document irrevocably giving the investments to the charity. This is important because the shares will come out of your name on the company's register at a later date, by which time the value of the shares may have changed. You may also continue to receive communications, including dividends, from the company until the transfer has been registered.

What date should I take as the date of the gift for the purpose of establishing the market value of the investments?

The date on which the investments are transferred to the charity. In the case of shares and securities, this is likely to be the date that you sign and hand over the stock transfer document.

For all the types of qualifying investment you are advised to establish the market value at the time you make the gift. This will be much more straightforward than trying to establish it later.

How do I establish the market value of the investments?

‘Market value’ means the price that the investments might reasonably be expected to sell for in the open market.

There are different rules for establishing the market value of different kinds of investments. Some basic rules are explained in Appendix 2.

What if the charity asks me to sell the investments on its behalf?

If you contact the charity about making a gift of shares and the charity asks you to sell them on its behalf, you can do so. However, you will need satisfactory evidence (such as an exchange of letters) to show that you have made the gift of the investment to the charity and that the charity asked you to dispose of the investments on its behalf. Otherwise, you may be treated as having made a disposal on your own account and the cash you give to the charity may be treated as a Gift Aid donation. This may also incur a capital gains tax charge.

Once the company registrar has received the stock transfer form and ownership has been transferred, you can no longer dispose of the shares for the charity.

How much relief will I get from capital gains tax?

The amount of capital gains tax or corporation tax that you would have paid if you had sold the shares, rather than given them to a charity, will depend on a number of factors. Please see our leaflet CGT1 'Capital gains tax. An introduction' for further details.

Is it better to sell the investments and give the proceeds to charity using Gift Aid?

For companies, it will usually be better to give the shares to the charity. If no chargeable gain would arise on a sale then there is no difference between the two methods.

If you are an individual, it depends on your circumstances and whether you wish the charity or yourself to gain the greater benefit from the tax relief. The following examples will demonstrate the difference.

Example 3

Paula is a higher rate taxpayer and has shares worth £100,000. If she sells them, she would make a net gain of £25,000 after all reliefs and allowances, and be liable to capital gains tax.

Option A Paula sells the shares and gives the proceeds to charity under Gift Aid

Gross proceeds of sale of shares	£100,000
less capital gains charge (£25,000 @ 40%)	<u>£10,000</u>
Net proceeds after tax	£90,000

Under Gift Aid, the charity can recover from us the amount of the gift multiplied by

$$\frac{\text{the basic rate of income tax (22\%)}}{100 \text{ minus the basic rate (ie 78)}}$$

So, if Paula gives the £90,000 to a charity under Gift Aid, the charity can reclaim

$$£90,000 \times \frac{22}{78} = \quad \quad \quad \mathbf{£25,384}$$

When this is added to the gift, the charity receives in total

$$£90,000 + £25,384 = \quad \quad \quad \mathbf{£115,384}$$

Paula claims tax relief at the difference between the basic rate (22%) and higher rate (40%) on

$$£115,384 (18\% \times £115,384) = \quad \quad \quad \mathbf{£20,769}$$

So, the gift has cost her

$$£100,000 - £20,769 = \quad \quad \quad \mathbf{£79,231}$$

Option B Paula gives the shares to charity

The charity receives shares to sell or retain as investment £100,000

Paula gets tax relief on £100,000 at the higher rate of tax (40%) £40,000

So, the gift has cost Paula
£100,000 - £40,000 = £60,000

Example 4

Norman is a basic rate taxpayer and has shares worth £780, which came free as part of a demutualisation. He has not made any other capital gain in the year.

Option A Norman sells the shares and gives the proceeds to the charity under Gift Aid

Gross proceeds of sale of shares	£780.00
Capital gains charge (within annual exempt amount)	nil
Net proceeds	<u>£780.00</u>

If Norman gives the £780 to a charity under Gift Aid, the charity can reclaim basic rate income tax of

$£780 \times \frac{22}{78} =$ **£220.00**

When this is added to the gift, the charity receives in total

$£780 + £220 =$ **£1,000.00**

Norman has nothing further to claim and the gift has cost him **£780.00**

Option B Norman gives the shares to charity

The charity receives shares to sell or retain as investment **£780.00**

Norman gets tax relief on £780 @ 22% **£171.60**

So, the gift has cost Norman
 $£780.00 - £171.60 =$ **£608.40**

Generally, giving the shares to charity will also be simpler, both in terms of the paperwork on the disposal and in completing your tax return, than selling the shares yourself and giving the cash to the charity.

What if I only have a small number of shares which a charity might not think worthwhile?

You can give your shares to Sharegift, an independent charity share donation scheme. The scheme accepts gifts of small numbers of shares, aggregates them and donates the sale proceeds to a number of registered charities. Sharegift can also facilitate larger share donations to specific charities.

For further information, please contact

Sharegift

24 Grosvenor Gardens

London

SW1W 0DH

Tel: 020 7337 0501

www.sharegift.org

(Registered charity number 1052686)

Further information

Inheritance tax

Outright gifts and bequests to charity are completely free of inheritance tax.

Capital gains tax

You are not liable to capital gains tax or corporation tax on capital gains when you make a gift of assets, such as land or stocks and shares, to charity. Our leaflet CGT1 'Capital gains tax. An introduction' gives you more details about capital gains tax.

Appendix 1

Recognised stock exchanges

The term 'recognised stock exchange' is defined in Section 841 Income & Corporation Taxes Act 1988 (ICTA). It includes the London Stock Exchange and any stock exchange outside the UK approved by the Board of Inland Revenue.

Recognition under Section 841 ICTA is for tax purposes only and does not imply recognition or approval for regulatory or other purposes.

The following list of recognised stock exchanges is correct at the time of writing. An up-to-date list and further information can be found on our website at www.inlandrevenue.gov.uk under 'Technical Information'.

The Athens Stock Exchange

The Australian Stock Exchange and any of its stock exchange subsidiaries

The Colombo Stock Exchange

The Helsinki Stock Exchange

The Johannesburg Stock Exchange

The Korea Stock Exchange

The Kuala Lumpur Stock Exchange

The Mexico Stock Exchange

The New Zealand Stock Exchange

The Rio De Janeiro Stock Exchange

The Sao Paulo Stock Exchange

The Singapore Stock Exchange

The Stockholm Stock Exchange

The Stock Exchange of Thailand

The Swiss Stock Exchange

Any stock exchange in the following countries which is a stock exchange within the meaning of the law of the particular country

Austria

Belgium (including EASDAQ)

Canada - any stock exchange prescribed for the purpose of the Canadian Income Tax Act

France

Germany

Hong Kong - any stock exchange recognised under Section 2A(1) of the Hong Kong Companies Ordinance

Italy

Ireland (Republic of)

Japan

Luxembourg

Netherlands

Norway

Portugal

Spain

USA - any stock exchange registered with the Securities and Exchange Commission of the United States as a national securities exchange.

USA - The NASDAQ Stock Market as maintained through the facilities of the National Association of Securities Dealers Inc and its subsidiaries.

Appendix 2

How to value different kinds of qualifying investments

Shares or securities quoted in the London Stock Exchange Daily Official List

You should use either

- the lower of the two quotations on the day in question plus one quarter of the difference between those two figures, or
- the mid-point between the highest and lowest prices at which bargains were done on the day, except for bargains at special prices

whichever is the lower.

Bargains at special prices are clearly shown in the Daily Official List. You should not include them in the comparison of highest and lowest prices. (Bargains at special prices are now very rare.)

Other shares or securities listed or dealt in on the Stock Exchange or another recognised stock exchange

There is no special formula for valuing these. Their market value is 'the price which those assets might reasonably be expected to fetch on a sale in the open market'.

Where shares are quoted on an overseas stock exchange, it will normally be acceptable to take the value as the price quoted on that exchange for the day of the gift, converted into sterling at the rate of exchange for that day.

Prices for these shares and securities are often published in the financial pages of newspapers.

Units in UK Authorised Unit Trusts (AUTs)

You should use the 'selling price' published by the unit trust manager for the day in question. The 'selling price' is usually given in the financial pages of newspapers under 'authorised investment funds'. If no price was published for the day in question, you should use the last price published before that day.

Shares in UK Open-Ended Investment Companies (OEICs)

You should use the published price for the day in question. You can usually find this in the financial pages of newspapers under 'authorised investment funds'. If no price was published for the day in question, you should use the last price published before that day.

Holdings in foreign collective investment schemes

You should use the published price for the day in question. You can usually find this in the financial pages of newspapers under 'offshore or overseas funds'. If no price was published for the day in question, you should use the last price published before that day, or contact the fund manager.

Our service commitment to you

The Inland Revenue and Customs & Excise are committed to serving your needs well by

acting fairly and impartially

We

- treat your affairs in strict confidence, within the law
- want you to pay or receive only the right amount due.

communicating effectively with you

We aim to provide

- clear and simple forms and guidance
- accurate and complete information in a helpful and appropriate way.

providing good quality service

We aim to

- handle your affairs promptly and accurately
- be accessible in ways that are convenient to you
- keep your costs to the minimum necessary
- take reasonable steps to meet special needs
- be courteous and professional.

taking responsibility for our service

- We publish annually our customer service aims and achievements
- If you wish to comment, or make a complaint, we want to hear from you so we can improve our service. We advise you how to do this.

We can provide better service if you help us by

- keeping accurate and up to date records
- letting us know if your personal/business circumstances change
- giving us correct and complete information when we ask for it
- paying on time what you should pay.

Further information on customer service is available at Inland Revenue and Customs and Excise local offices, set out in our Charters, complaints leaflets (IR120 and Notice 1000) and Codes of Practice.

These notes are for guidance only and reflect the tax and NICs position at the time of writing. They do not affect any right of appeal.

Issued by the External Communications Unit
of the Inland Revenue
December 2000
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