

**Dividends and gift aid charitable donations**

**1) 2015/16 tax where £500k net dividends received with £400k gift aid**

			£
Dividends (£500,000 x 100/90)			555,556
Total income			555,556
Tax:			
	431,785 x	10%	43,179
	118,215 x	32.5%	38,420
	5,556 x	38%	2,117
Tax liability			<u>83,715</u>
Tax credit			(55,556)
<b>Tax due</b>			<b><u>28,159</u></b>
BR band extension:			
Basic rate band			31,785
Gift aid donation (£320k x100/80)			400,000
Adjusted basic rate band			431,785
Basic rate tax on donation			80,000

**2) 2016/17 tax where £500k net dividends received with £400k gift aid**

			£
Dividends			500,000
Total income			500,000
Tax:			
	427,000 x	7.5%	32,025
	5000 x	0%	0
	68,000 x	32.5%	22,100
Tax liability			<u>54,125</u>
<b>Tax due</b>			<b><u>54,125</u></b>
BR band extension:			
Basic rate band			32,000
Gift aid donation (£320k x100/80)			400,000
Adjusted basic rate band			432,000
Basic rate tax on donation			80,000