

12 June 2025

International Giving



With climate change, humanitarian crises and global health issues all transcending national boundaries, many UK donors are keen to support overseas charities.

Can I give directly to overseas charities and still benefit from UK tax relief?

No, not unless the overseas charity has a UK branch (i.e. a UK charity) that can receive the gift and then use it to support work in other jurisdictions.

Whilst it was previously possible to claim UK tax benefits on gifts to some European charities, restrictions introduced on 15 March 2023 now mean only donations to UK charities qualify for UK tax relief.

What are the UK tax implications for UK donors who give to overseas charities?

In short, giving directly to international charities may mean missing out on valuable tax relief.

Giving cash to a UK charity offers the following benefits for UK taxpayers:

- You (the donor) can claim back the difference between basic and higher rate tax on the gift; and
- The charity can also claim back basic rate tax on the value of the donated gift, which means the amount given goes further for both donor and recipient.

Giving to a UK charity on death also has Inheritance Tax (IHT) advantages:

- Whatever you give passes free of IHT (saving up to 40% tax on the value of the gift); and
- If you give more than 10% of your net estate to charity, the rate of IHT that applies to the chargeable balance is reduced from 40% to 36%.

Is there a way to support international causes and still benefit from UK tax relief?

Yes, one of the following options could provide a more tax efficient solution:

1 Give to an existing UK charity that operates overseas

- 1.1 The gift could be made on the condition the donated funds/assets must be used to benefit a particular overseas project.
- 1.2 Although the condition would be to benefit an international cause, as the donation would pass to a UK charity, UK tax relief would apply.
- 1.3 It would then be up to the UK charity to manage the risk of applying UK funds/assets for overseas purposes (see 3.2 below for more on this risk).

2 Give to a donor advised fund (DAF) that supports international charities

- 2.1 Similar to the first option except a DAF is a broad grant making charity into which donors may make charitable gifts on the understanding the DAF provider then applies the funds/assets in accordance with their wishes.
- 2.2 Some DAF providers allow funds to be passed on to overseas organisations. That would, however, typically require additional due diligence for the DAF provider.

3 Create a UK grant making charity with a broad scope to benefit international charities/projects

- 3.1 Funding this UK charity (once established) with cash and/or qualifying investments would qualify for UK tax relief.
- 3.2 Care, however, would be needed to ensure that tax relief is not lost:
 - 3.2.1 UK charities qualify for UK tax relief on the condition the funds/assets it holds are used/applied for exclusively charitable purposes in line with UK law.
 - 3.2.2 What is deemed charitable in the UK may not fully align with what is considered charitable in other jurisdictions.
 - 3.2.3 UK charities wishing to support overseas charities/projects, therefore, need to carry out due diligence on proposed recipients and only offer funding on terms (confirmed within a grant agreement) that ensure compliance with UK charity law. Both of these steps are necessary not only to safeguard charity assets but also to ensure UK tax relief is not lost by inadvertently allowing the application of charitable assets for non-charitable purposes (under UK law).

Contact

For further advice, please get in touch with Adam Williams, who is a partner in our Private Client team. Adam specialises in philanthropy and charity law. [Adam Williams | Partner | Mills & Reeve \(mills-reeve.com\)](#)



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