Gift Aid Basics

The role of a Gift Aid Secretary

- Thank you!
- Ensure accurate records are kept
- Encourage tax efficient giving
- Encourage regular review
- Produce the claim

Encourage tax effective giving

- Encourage giving
- Encourage tax payers to give by tax effective means
  - written
  - presentations
  - verbal
- Encourage regular review & thank yous

How does tax effective giving work?

- Taxpayers who “Gift Aid” their giving get tax relief for the payments.
- They pay a net amount, on which they have paid tax, to the church.
- The church claims back the tax, at the basic rate, from HMRC Charities.

Requirement for donor

- Must be an individual, who
  - is charged UK Income Tax and/or Capital Gains Tax for the year of donation at least equal to the tax treated as deducted from all their Gift Aid donations
  - can be Resident or Non-Resident
- Only for individuals
  Company donations are made gross and set against donating company’s profits
Requirement for charity #1

The charity must hold a valid Gift Aid Declaration for every Donor included in the repayment claim.

Declaration must contain:

- Donor’s name
- Donor’s full home address
- POSTCODE
- Church’s name
- Statement identifying which donations are covered
- Confirmation that donations are to be treated as Gift Aid donations
- Note explaining tax requirement
- Also
  - Donor’s signature
  - Date of declaration

Identifying relevant donations

Use one of:
1. The donation of £... I made to you on dd/mm/yy
2. The enclosed donation
3. All donations I make under the Standing Order mandate below
4. All donations I make on or after the date of this declaration
5. All donations I have made since dd/mm/yy and all donations I make from the date of this declaration until I notify you otherwise
6. All donations I have made for the four years prior to this year and all donations I make from the date of this Declaration until I notify you otherwise

Confirmation that donations are to be treated as Gift Aid donations:

- Please treat my donations as Gift Aid donations
- I want my donations to be Gift Aid donations
- Please reclaim tax on my donations
- I want the charity to reclaim tax on my donations
- Tick here if you want us to reclaim tax on your donations

Note explaining tax requirement

- I confirm I have paid or will pay an amount of Income Tax and/or Capital Gains Tax for each tax year (6 April to 5 April) that is at least equal to the amount of tax that all the charities or Community Amateur Sports Clubs (CASCs) that I donate to will reclaim on my gifts for that tax year. I understand that other taxes such as VAT and Council Tax do not qualify. I understand the charity will reclaim 25p of tax on every £1 that I have given.
- New wording MUST have been used from 1 January 2013

Declarations can be made:

- In advance of the donation
- At the same time as the donation
- Up to four years after the donation
  - For payments made on or after 1 January 2010
- In the following ways:
  - In written form or by ticked box
  - Recording or donor confirmation of pre-recorded declaration
  - Computer Declaration template linked to donors banking details
  - Emailed copy of Declaration
  - Computer screen print of Declaration
  - Scanned image of Declaration
  - Mobile phone text message confirmation of declaration
  - Confirmation donor has been sent written confirmation of auditable Declaration
Declarations available:

- Cream Declaration to cover all giving - enduring
- Cream Declaration with Standing Order form
- Blue Declarations for single enclosed donation
- Envelopes with Declaration for single donation, including baptisms, funerals and weddings

One-off donation Gift Aid envelopes

I confirm I have paid or will pay an amount of Income Tax and/ or Capital Gains Tax for the current tax year (6 April to 5 April) that is at least equal to the amount of tax that all the charities and Community Amateur Sports Clubs (CASCs) that I donate to will reclaim from the tax - see if you do not pay sufficient tax you will not benefit.

Gift Aid is a scheme that allows any charity to claim a refund of tax the donor has paid on the money donated. You must have paid, or will have paid sufficient tax to cover all your donations to charities and Community Amateur Sports Clubs (CASCs) in the current tax year. That tax can be on income, investments, or on Savings and Building Society accounts or on capital gains, but not VAT or Council tax. The completed information on the donation envelope is required by HMRC as your declaration that you wish the church to recover the tax. The Church will regard your donation and declaration as confidential.

Thank you

Sample explanation

Gift Aid adds a bonus to any money you give to this Church.

If you are a UK Taxpayer and put your gift in the special envelope provided we can receive an extra £2.50 for each £10 you give. You will need to fill in your name and home address on the envelope and sign it - but that is all.

Gift Aid is a scheme that allows any charity to claim a refund of tax the donor has paid on the money donated. You must have paid, or will have paid sufficient tax to cover all your donations to charities and Community Amateur Sports Clubs (CASCs) in the current tax year. That tax can be on income, investments, or on Savings and Building Society accounts or on capital gains, but not VAT or Council tax. The completed information on the donation envelope is required by HMRC as your declaration that you wish the church to recover the tax. The Church will regard your donation and declaration as confidential.

Thank you
Written statement to validate Declaration:

- Information provided by donor in declaration:
  - Name and address of donor
  - Name of the church
  - Confirmation that donation to be treated as a Gift Aid donation
  - The donations the declaration covers
- Note explaining tax requirement
- Date on which written statement sent out
- Note explaining 30 day cooling off period

Example written statement

**Full name & address & Postcode**  
**Date**  

Dear ..............  

Thank you for giving to the church and for agreeing, on .../.../..., that the church can reclaim tax on all your donations.

You must have paid or will pay an amount of Income Tax and/or Capital Gains Tax for each tax year (6 April to 5 April) that is at least equal to the amount of tax that all the charities or Community Amateur Sports Clubs (CASCs) that you donate to will reclaim on your gifts for that tax year. You understand that other taxes such as VAT and Council Tax do not qualify. The church will reclaim 25p of tax on every £1 that you have given.

You may cancel this arrangement in writing within 30 days and, if you do so, it will be as if this agreement had never been made. The church will keep a copy of this letter.

Yours sincerely

Cancellation and Amendment of Declarations

- Donor can cancel at any time
- Cannot be made retrospectively, unless
  - Concerns a written statement AND
  - Within 30 day cooling off period
- Takes effect on date of notification, or later date as specified by donor
- Declarations for one-off gifts can’t be cancelled
- Any amendments to names or addresses should be kept with the Declaration

Requirement for charity #2

- Audit trail for each donor
- showing receipt of the donation
- through the church’s books and records
- to the bank statements

Records needed for Gift Aid

- Declarations – including tax warning
- Donation records
  - Cash book
  - Paying-in book
  - Bank records
  - Envelope register
  - Sample of envelopes – month each year
- Correspondence and literature
  - Cancellations
- Record of any benefits
- Keep for 6 years

Donor Register

- The donor’s name
- The donor’s full address, including postcode
- The date of the Declaration
- The date the Declaration was valid from
- The method of donation
  - Envelope, plus the number
  - Standing Order
  - Cheque
  - Occasional donation envelope
  - – or a combination of these.
Vestry procedure: best practice

- Count immediately after service
- 2 people. Both to sign.
- Count loose offerings separately. Analyse cash.
- Separate Gift Aid & non-Gift Aid envelopes (if known)
- Mark envelopes with contents
- If cheque, mark envelope with "cheque"
- Balance total envelope cash with total on envelopes
- Total all offerings
- Record in Parish registers
- Reminder: Keep 1 month’s sample, marked contents

Envelopes Register

<table>
<thead>
<tr>
<th>Name on Declaration = name on envelope list = taxpayer</th>
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</thead>
<tbody>
<tr>
<td>1 January to 5 April 2013</td>
</tr>
<tr>
<td>Envelope No.</td>
</tr>
<tr>
<td>--------------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
</tbody>
</table>

Weekly Totals: 27 6 8 25 ……… 52 716

Standing Order records

- Check names match Declaration
- Record dates received
- Record amounts received
Standing Order Payment Control

Donor | Standing under | Jan | Feb | Mar | Apr | Tot | May | Jun | Jul | Aug | Dec | Total £
--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | ---
P Black | £10 pm | 10 | 10 | 10 | 10 | 40 | 10 | 10 | 80
C Brown | £25 pq | 25 | 25 | 25 | 25 | 100 |
C White | £50 per half yr | 25 | 25 | 212 |
Total | | 10 | 30 | 120 | 30 | 180 | 60 |

Donations Register

Year 2013 – Apr to Dec

Donor | Date GAD | Valid from | Method | Week 15 | Week 16 | Week 17 | Week 18 | Week 19 | Week 20 | Week 21 | Total
--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | ---
A Davies | 06/04/2000 | 06/04/2013 | Env (15) | 10 | 4 | 6 | 10 | 26
S Jones | 06/04/2005 | 06/04/2013 | Chq | 25 | 45 | 300
K Smith | 17/04/2013 | 17/04/2013 | Env GAD | 50 | 30 |

Weekly Totals | 10 | 25 | 56 | 12 | 55 | 376

Claiming under Gift Aid

- Claim on accounting year
- Details needed for each donor:
  - Name
  - Date of donation, or last date if more than one donation
  - Total amount of donation(s)
  - Address details – use Electoral Roll

Donor Claim Summary

Donna Smith | Jan – Apr 2013

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<thead>
<tr>
<th>Method</th>
<th>Amount</th>
<th>Last donation date</th>
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<tr>
<td>Env 34</td>
<td>256.00</td>
<td>31/03/2013</td>
</tr>
<tr>
<td>SO</td>
<td>120.00</td>
<td>04/04/2013</td>
</tr>
<tr>
<td>Occ envs</td>
<td>50.00</td>
<td>27/02/2013</td>
</tr>
<tr>
<td>Total</td>
<td>426.00</td>
<td>04/04/2013</td>
</tr>
</tbody>
</table>

New claiming process

- Charities online
- Only method since October 2013
  - Live from 22 April 2013
- Non diocesan scheme parishes only
- Three options:
  1. Claim using online form
  2. Claim using own software database
  3. Claim using a paper form
Option 3 – paper form
• For those who don’t have internet access
• Order from HMRC
• Fill in by hand: one box per character
• For 15 donors (up to 90 with continuation sheets ChR1CS)
• Cannot use photocopies
• Automatically scanned by HMRC

Option 2 – software database
• Intended for more than 1000 donors, can be used for any number
• Claim directly from own internal database or system
• Software provider needs to work with HMRC to ensure compliance
• Check your software can do this
• You need to sign up to Charities Online

Option 1 – online form
• Up to 1000 donors per claim
• Sign up to Charities Online
  • Log on to Government Gateway - once
  • Enrol to use HMRC Charities Online
  • Register and activate service
• Download Gift Aid schedule spreadsheet from HMRC

Information required
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<thead>
<tr>
<th>Field</th>
<th>Required?</th>
<th>Maximum number of characters</th>
<th>Notes</th>
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<td>4</td>
<td></td>
</tr>
<tr>
<td>First name or initial</td>
<td>Yes</td>
<td>35</td>
<td>No spaces</td>
</tr>
<tr>
<td>Last name</td>
<td>Yes</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>House name or number</td>
<td>Yes</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Postcode</td>
<td>UK addresses only</td>
<td>-</td>
<td>UPPER CASE Include a space</td>
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<tr>
<td>Aggregated donations</td>
<td>Only if claiming aggregate donation</td>
<td>35</td>
<td>Simple description, DON'T enter Yes or Not Applicable.</td>
</tr>
<tr>
<td>Sponsored event</td>
<td>No</td>
<td>Yes or leave blank</td>
<td></td>
</tr>
<tr>
<td>Donation date (or latest in series)</td>
<td>Yes</td>
<td>DD/MM/YY</td>
<td>DON'T use hyphens or full stops</td>
</tr>
<tr>
<td>Amount</td>
<td>Yes</td>
<td>-</td>
<td>DON'T use a £ sign</td>
</tr>
</tbody>
</table>

Aggregate claims
• Each Gift Aid donation not more than £20
• From different Declarations
• Aggregated line not to exceed £1000
• Sensible label on schedule – eg April gifts
• Keep supporting documents for audit trail
• Not for:
  • Donations larger than £20
  • Collections with no Declarations (!)
  • Sponsored events
  • Admissions to charity visitor attractions
How to claim online

- Type, or Copy and paste, information into schedule spreadsheet – and SAVE
- Log on to Charities Online
- Fill in details about claim
- Upload spreadsheet when prompted
  - On screen message for any errors
  - Amend spreadsheet and re-upload
- On screen acknowledgement of claim received
- Repayment will arrive in usual way

Reminders

- Audit trail for each donation
- Itemisation of every cheque
- Avoid joint envelopes
- Joint accounts – if in doubt, seek clarification
- Reconcile at end of period
- Back up computer records
- Declaration before claim

4 year claim back period

- Effective from 1 April 2010
- A charity which is a Company for tax purposes must make any claim within 4 years from the end of the accounting period to which the claim relates.
- Churches’ accounting period ends on 31st December.
- Donations received from 1 January 2010, claim must be with HMRC by 31 December 2014
- Donations received from 1 January 2011, claim must be with HMRC by 31 December 2015

Record retention

Keep Gift Aid records until the later of:

- 6 years after the end of the accounting period they relate to
- 12 months after you make your Gift Aid repayment claim for that accounting period

For example

- Claim for 2008 made in 2009: Keep the records until at least 31 December 2014
- Claim for 2008 made in 2012: Keep the records until at least 31 December 2015.
- Keep enduring Declarations permanently

Gift Aid Small Donations Scheme

- Took effect from 6 April 2013
- Small cash donations up to £20
- Claim on donations up to £5000 per tax year = repayment £1250
- Can only claim on:
  - Donations given in the building
  - Whilst service taking place
  - At least 10 people present

GASDS 2 - eligibility

- Charity must exist for at least 3 years, and
- Made successful Gift Aid claims in at least 2 of previous 4 years
- Make successful Gift Aid claim on donations received in same tax year as GASDS claim
- The matching principle: Total Gift Aid donations must be at least 10% of small donations ie need £500 Gift Aid donations to claim on £5000 small donations
GASDS 3 – the matching principle

Amount GASDS received can be ten times amount of Gift Aid payments received – in tax year

For example:
Income: Gift Aid £400 GASDS £5000
Claim: Gift Aid £100 GASDS £1000

(= 25% £4000)

GASDS 4

Rules concerning:
- Community buildings – different charity structure
- Connected charities – preventing fragmentation

What should we do?
- Not the end of Gift Aid – 2 schemes
- Keep Gift Aid records with audit trail
- Make regular (ideally annual) Gift Aid claims
- Ensure correct vestry procedure

www.liverpool.anglican.org/gasds

St Somewhere’s Church
Vestry Record

Potential Gift Aid Small Donations Scheme
Include: loose plate offerings and donations

<table>
<thead>
<tr>
<th>Notes</th>
<th>£20</th>
<th>£10</th>
<th>Coins</th>
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<td></td>
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</tr>
<tr>
<td>£20</td>
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</tr>
<tr>
<td>Coins</td>
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</tr>
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</tr>
<tr>
<td>1p</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL
Signed ………………………… and …………………………

Eligible | Not eligible | TOTAL

GASDS Briefing session

At the Making it Easier to Manage your Church Finances day:

Saturday 22 November
Hope Academy, Newton le Willows

HMRC Charities Variation form: ChV1

- Use to notify HMRC of:
  - New or additional Authorised signatory ie Gift Aid sec.
  - Change to bank account or new to BACs
  - Changes to “responsible” persons
  - Other changes
- First use: notify 2-4 “responsible” persons
- Sign that new GAS had read F&P guidance
- Notify HMRC month before claim

Fit & Proper Persons Test

- Legislation introduced 2010
- Ensure church funds only used for charitable purposes
- Good news: HMRC assumes charities do not knowingly appoint people not F&P
- Bad news: PCCs must demonstrate have ensured managers F&P
- Consequences – could remove Gift Aid entitlement
**Fit & Proper - Terms**

Fit & Proper person:
- has not been involved in tax fraud, identify theft or any other kind of fraud
- is not disqualified from acting as a charity trustee or company director

Applies to all managers

**Who is a manager?**

- PCC/DCC members
- Gift Aid Secretary
- Those who manage significant amounts of money
  
  For example:
  - Chair fabric committee, hall secretary
  - NOT flower fund, coffee after church
  - Responsible people on ChV1 will be managers

**What do you need to do?**

Each manager to sign an appropriate form

An appropriate form is either
- PCC nomination form with wording agreed by HMRC
- Fit and proper persons Declaration

**Immediate action**

Ensure following have appropriate form:
- Standing committee – including treasurer
- Gift Aid secretary
- Any paid or volunteer staff responsible for significant amount of spending

**Current action**

- New elected PCC members use nomination form with correct wording
- Any other PCC members sign fit and proper persons Declaration
- New managers sign F&P Declaration
- Keep records whilst in post and 4 years
- All managers read F&P helpsheet – requirement for authorised officials

**Just text giving**

Contact Gordon Fath

[Contact Information]

www.liverpool.anglican.org/justgiving
More information

HMRC Charities:
• Gift Aid Scheme for Charities
• "Detailed Guidance Note for Charities"
  particularly Chapters 3 and 6

www.hmrc.gov.uk
0845 30 202 03

NB website due to change

More information

Diocesan Gift Aid enquiries:
0151 705 2132
kim.stanley@liverpool.anglican.org

Diocesan Resources Department:
0151 705 2180
resources.team@liverpool.anglican.org

Diocesan website liverpool.anglican.org/giftaid

Gift Aid section of Giving in Grace website
Examples

Would you like to make a donation?  
Thinking of supporting our work?

giftaid it  giftaid it

go for it ……  giftaid it

Gift Aid Brand

giftaid it