**Gift Aid**

# Introduction

Gift Aid is a simple way charities (including Mothers’ Union dioceses) can increase the value of subscriptions and donations without additional cost to the member or supporter (the ‘donor’).

# The Scheme

Additional income is achieved by means of the charity claiming back, from Her Majesty’s Revenue & Customs (HMRC), the tax already paid on donations and qualifying subscriptions made by the donor from their taxed income.

In order for the charity to be able to claim Gift Aid on donations (and qualifying subscriptions) a few simple rules should be followed. These are:

* The person making the donation (or paying the qualifying subscription) should be a tax payer in the United Kingdom.
* The person whose donations (or qualifying subscription) Gift Aid is being claimed on should have completed a declaration that complies with HMRC guidelines (see Appendix A).
* The person making the donation (or qualifying subscription) should have paid sufficient income tax and/or capital gains tax (does not include VAT or Council Tax) equal to the Gift Aid that will be claimed back on all the donations (and qualifying subscriptions) for that particular tax year (this should include those given to other charities and Community Amateur Sports Clubs (CASCs). Tax years run from 06 April to 05 April). All claims to HMRC should be made electronically using Gift Aid claim form R68 (<https://www.gov.uk/claim-gift-aid-online>).
* You can make more than one claim during the year, but you can only go back four years to make backdated claims.

The amount claimable by the charity currently is 25% of the amount donated. This means if a donor donated £10.00 he/she is deemed to have paid tax at the basic rate (currently 20%) on the donation, which the charity can claim back and is calculated as £10/80 x 20 = £2.50.

Therefore the charity can claim back £2.50 from HMRC. In this example, 20 is the basic rate of tax and 80 the residual amount after deduction of basic rate tax.

Donors can also calculate to see if they have paid enough tax to allow charities to claim back Gift Aid on their donations by dividing all their donations for the tax year by 80 and multiplying the results by 20, and the answer will be the Income and/or Capital Gains Tax they should have paid for that tax year.

So, if a donor has paid £200 in donations and qualifying subscriptions, in order to Gift Aid all their donations, they should have paid £200/80 x20 = £50.00 in Income and/or Capital Gains Tax for that year.

If they have not paid enough tax, donors can ask a charity not to claim Gift Aid on selected donations to bring the Gift Aidable total to within the tax they have paid during the tax year. This way they can maximize their charitable giving.

# Subscriptions

According to HMRC, to be treated as a gift and qualify for Gift Aid, subscription payments must be for membership only and should not allow any personal benefit such as free entry to areas which will usually attract a fee or free magazines with a retail value.

However, the following arrangements are permissible under the Gift Aid rules:

* Subscription payers may receive periodic newsletters or other publications produced by the charity to explain its work.
* Subscription payers may view the work of the charity – for example, a Mothers' Union event that allows members free access to see the work of the charity.
* Subscription payers may take part in activities that form part of the charity’s objectives.

The key principle to remember is that if a donor, or person connected to the donor, benefits significantly from their donation/subscription, then their donation/ subscription(s) will not qualify for Gift Aid.

## Family Memberships

If your charity offers family membership, HMRC will regard the membership subscription as a gift to your charity by an individual donor and it will qualify for Gift Aid, provided that the individual donor is included in the family membership and has given a Gift Aid declaration to your charity, and all the conditions of the Gift Aid scheme are satisfied.

## Paying other people's subscriptions

Payments made by an individual for somebody else's membership is not a gift to the charity and will therefore not generally qualify for Gift Aid: for example, a husband paying for a separate annual membership subscription for his wife. However a payment will qualify if it is made by a parent or legal guardian on behalf of a child under the age of 18, or if it is for a family membership that includes the donor.

## Additional charges on top of a subscription

If your charity provides a basic membership and charges separately for other activities and benefits, only the basic membership subscription will qualify for Gift Aid. The additional charges will not qualify. This is because the additional charge has a benefit to the donor.

# Donations for specific purposes

Where donations are given for specific purposes, such as AFIA holidays, Relief Work and Overseas Programmes, these donations can be Gift Aided provided they hold no benefit to the donor.

# Gift Aid Small Donations Scheme (GASDS)

Alongside the basic Gift Aid scheme, HMRC also offers a means of claiming Gift Aid on small cash donations where the donor has not been able to complete the usual Gift Aid declaration. The aim of this scheme is to give charities a ‘Gift Aid style’ top-up on small cash donations (cheques, credit cards, text or any types of bank transfer do not count) such as those raised in a tin or on a plate.

Charities are able to apply for the top-up by completing the normal R68 Gift Aid reclaim form. The top-up will apply to any small cash donations (up to £20 per donation) made up to a maximum of £8000 of donations per year. The top-up is calculated at 20/80 x the donations and will therefore be a maximum of £2000 per year for most charities.

For more information visit [Gift Aid Small Donations Scheme](http://www.hmrc.gov.uk/charities/gasds/)

To successfully operate the scheme, the charity:

* Should have been in existence for at least two complete tax years before the year it starts to claim.
* Should have made a successful Gift Aid claim in at least two of the previous four tax years without a gap of two or more tax years between those Gift Aid claims or since the last claim was made.
* Not incurred a penalty relating to a Gift Aid or GASDS claim in the last two years.

Where the charity is fortunate enough to operate through one or more community buildings, there is a separate £8,000 limit per building for donations made while the charity is carrying out its charitable activities.

A community building is strictly defined, and does not include residential or commercial property, but it is not clear from the legislation exactly which buildings will qualify and which will not. ***Meetings in residential buildings or shops will NOT qualify.***

Meetings in a hotel, pub or café would qualify if the charity had hired a separate room for the event, or if the whole facility is being used exclusively by the charity at that time.

***Please note:***

* The charity should be reasonably sure that each donation was not greater than £20.00.
* Subscriptions are not eligible for GASDS claims.
* Gift Aid benefit rules apply, therefore there can be no benefit to the donor.
* Donations should be banked in the UK to qualify under the GASDS scheme.
* The donation should not have a valid Gift Aid declaration attached to it. If it has, then it should be treated and claimed as a normal Gift Aid donation.
* To claim under the Community Buildings element of the scheme, you will need evidence to show that collections were taken at a charitable activity where there were more than ten people attending.
* Where collections are divided between different charities, provided each charity takes its part of the collection and banks it and follow the rules relating to GASDS, all charities involved can claim under GASDS. If one charity banks all the collection then only that charity should claim GASDS. It can (and should) pass a proportion of the claim to the other charities. However, note that a charity can only claim up to £8ooo.
* You can claim on up to £8000 of eligible small donations, provided that you meet the ‘Gift Aid Matching Rule’. This means that you can only claim on up to ten times the amount of Gift Aided donations you are claiming in any tax year. For more information, visit:[HM Revenue & Customs: Gift Aid Small Donations Scheme: working out how much you can claim](http://www.hmrc.gov.uk/charities/gasds/working-out.htm).

## GASDS and Community Buildings

Please use the following link to establish if you can claim GASDS on collections when using Community Buildings: <https://www.gov.uk/guidance/claiming-a-top-up-payment-on-small-charitable-donations#community-buildings>

# Procedure

## Gift Aid Declarations

In all cases not involving the GASDS, the donor must give the charity a valid Gift Aid Declaration although this can be in various forms. Once held, the Declaration enables the charity to reclaim tax paid on current and future donations and on those in the past four years.

There is no set design for a Gift Aid declaration, but there is certain information that must be included. A declaration can be made in writing, orally or electronically. Information relating to HMRC guidelines on declarations can be found at the following link: [HM Revenue & Customs: Gift Aid declarations](http://www.hmrc.gov.uk/charities/gift_aid/declarations.htm).

There is a model Mothers' Union declaration at Appendix A***.***

Charities are required to keep tax records, including Gift Aid declarations and claims records, for a minimum period of six years. If there is an enquiry into any of those six years the charity must also keep its records for that year until the enquiry is finished.

Gift Aid declarations must be kept until six years after the year in which the last donation is made, not six years after the year in which the declaration is signed. For instance, if a declaration was signed in 2013 and covered any future donations made by the donor, the declaration must be kept indefinitely. If the donor ceased making donations in 2015, the declaration must be kept until at least 2021.

## Making claims from HMRC

The form and supporting information can be found at the following link: <https://www.gov.uk/claim-gift-aid/how-to-claim>. Claims may be submitted as frequently as required.

Be aware that all claims submitted will be reviewed by HMRC. If discrepancies or errors are detected this can result in a formal inspection of all recent Gift Aid submissions. Accurate record keeping at both branch and diocesan levels is important.

## HMRC

A comprehensive, helpful and easy-to follow guide to Gift Aid can be found on the following link: [HM Revenue & Customs: Gift Aid scheme for charities and Community Amateur Sports Clubs](http://www.hmrc.gov.uk/charities/gift_aid/)

## For Donors/Giving

‘Giving to charity through Gift Aid’ [HM Revenue & Customs: Giving to charity through Gift Aid](http://www.hmrc.gov.uk/individuals/giving/gift-aid.htm) gives information to individuals on Gift Aiding their donations.

## For Reclaiming Tax

‘Gift Aid Scheme for Charities & CASCs’ [HM Revenue & Customs: Gift Aid scheme for charities and CASCs](http://www.hmrc.gov.uk/charities/gift_aid/) gives useful information for charities looking to use this valuable resource to increase their income.

## Contact details for HMRC

Help-line telephone number: 0300 123 1073

Address: Charities, Savings and International 2

 HM Revenue and Customs

 BX9 1BU

 United Kingdom

**Appendix A**

*Diocesan Mothers’ Union logo*

**Gift Aid Declaration**

**Boost your donation by 25p of Gift Aid for every £1 you donate**

Gift Aid is reclaimed by the charity from the tax you pay for the current year. Your address is needed to identify you as a current tax payer.

**In order to Gift Aid your donation you must tick the box below:**

I want to Gift Aid any donations or qualifying subscriptions I make in the future or have made in the past 4 years to Diocese of ……………… Mothers’ Union.

Yes

No

I am a UK taxpayer and understand that if I pay less Income Tax and/ or Capital Gains Tax than the amount of Gift Aid claimed on all my donations in that tax year it is my responsibility to pay any difference.

**My details**

Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

First name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Surname \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Home address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Postcode \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Email \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Please notify us by phoning XXXXXXXXXXXX if you:**

* want to cancel this declaration
* change your name or home address
* no longer pay sufficient tax on your income and/ or capital gains

**If you pay Income Tax at the higher or additional rate and want to receive the additional tax relief due to you, you must include all your Gift Aid donations on your Self-Assessment tax return or ask HM Revenue and Customs to adjust your tax code.**