

HMRC Charities are reluctant for presentations to be circulated widely to Charities as they are a snapshot of our guidance which can be misinterpreted without the benefit of the verbal explanation that would be provided at a Presentation from our Outreach Team.

Our Detailed Guidance should always be the first point of reference. If after fully considering the relevant guidance you have not been able to find the information you need you may wish to contact HMRC Charities via the link [here](#) or consider making an application under the Non-Statutory Clearance Service, if appropriate. Please see the attached guidance available on the HMRC website.

<https://www.gov.uk/guidance/non-statutory-clearance-service-guidance>





HM Revenue
& Customs

HMRC Charities Overview

Rob Bright & Neil Paterson

Saturday 29th February

Topics

- Gift Aid
- Gift Aid Small donations Scheme (GASDS)





HM Revenue
& Customs

Gift Aid

What is Gift Aid?

giftaid it

Basic Gift Aid Principles

The starting point to qualify for Gift Aid:

- It can only be claimed on voluntary freewill gifts of money.
- Consideration of which nothing is received in return, apart from token benefits within the statutory limits.
- Payments for goods or services do not qualify for Gift Aid.

The fact that marketing material for these schemes may refer to the payments as 'donations' is immaterial as this is effectively a two part test where we are required to consider;

1. The payment arrangements; (how the donations are requested)
2. Where we are satisfied that payments (or part of) represent a donation - what is provided in return for payments. (what benefits are provided)



Claiming Gift Aid

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Gift Aid can be claimed on voluntary freewill gifts of money by an individual who has paid sufficient UK income tax, completed a valid Gift Aid declaration and providing any benefits are within statutory limits.

Payments for goods or services do not qualify for Gift Aid.

Charities & Community Amateur Sports Clubs (CASC) can claim back 25p every time an individual donates £1 to your organisation.

- Donation from a UK Taxpayer £100
- Charity can claim £25



Gift Aid Declaration

A Gift Aid Declaration (GAD) must contain:

- Name of charity or CASC
- Full name of donor
 - For example; Mr John Smith
 - We will not accept; Mr Smith, J Smith,
- Donor's home address
- Description of payment(s)
- Declaration that payments(s) are Gift Aided
- **Must include a declaration that confirms:**

“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.”



Joint Declarations

- It's possible for spouses, civil partners and other persons living together to make a 'joint' declaration on the same form (in effect, there are 2 Gift Aid declarations).
- The 'joint' declaration must include the full name and address of each person.
- Both parties will need to make clear to the charity involved how much of any donation relates to each of them.
- They'll also need this information for their own tax affairs.
- The charity will need to list each person separately on the schedule when making an online claim or completing paper form ChR1 and show the donation received from each.



Sponsorship Gift Aid declaration form

A Sponsorship Gift Aid declaration form must contain:

- Full name of participant
- Name of charity the event is in aid of
- Name of event
- Sponsor's Full Name
- Sponsor's Home Address
- Gift Aid tick box
- Amount of donations collected
- Date that pledged donations were collected

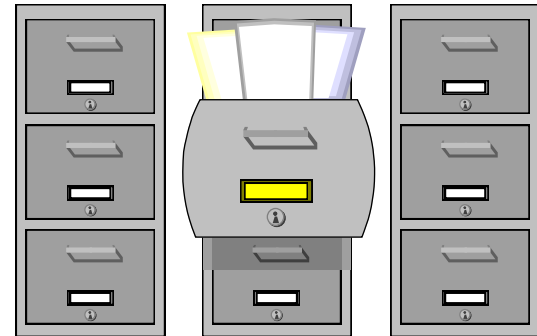
It must also contain the following statement;

If I have ticked the box headed 'Gift Aid? ', I confirm that I am a UK Income or Capital Gains taxpayer. I have read this statement and want the charity or Community Amateur Sports Club (CASC) named above to reclaim tax on the donation detailed below, given on the date shown.

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



Retention of Declarations



For Audit purposes:

- Records should be kept for a period of 6 years (after the last donation)
- Must be available for inspection
- Can be retained as a scanned document



What is a benefit?

- Any item or service provided by the charity or a third party to the donor or a person connected with the donor as a consequence of making the donation.
- When someone makes a donation, you might want to give the donor something in return (an item or service) to say thank you; this is known as a 'benefit'.
- We have to apply the benefit rules as there limitations on what a donor can receive.
- An acknowledgement of a gift, a newsletter about a charities activities, items with a nominal value are not benefits.



Gift Aid donor benefit limits

You can claim Gift Aid on the donation if the value of the benefit doesn't exceed certain limits, for example:

Amount of donation	Maximum value of benefits
£0 - £100	25% of the donation
£101 +	25% of £100 Plus 5% of £101 up to a total benefit value of £2,500

These limits apply separately to each donation.



Not Gifts

Payments to a charity in return for services, rights or goods are not gifts to charity and so are not eligible for the Gift Aid Scheme. For example, the following cannot come within the Gift Aid Scheme:

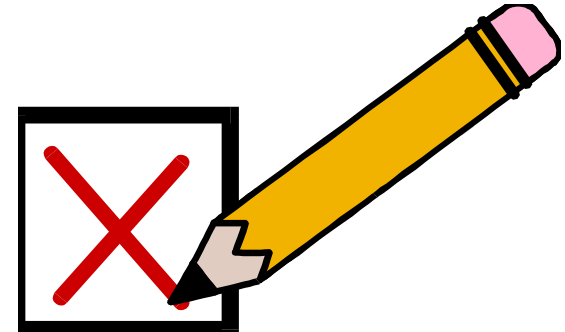
- payment of school fees for a specific person
- payment to purchase books, jumble sale items, food
- payment for admission to events (jumble sales, concerts)
- payment for raffle or lottery tickets (including 100 clubs) - the payment to purchase a raffle ticket from a charity is not a gift but a payment for the right to enter the raffle - it does not matter that the chance or expectation of winning a prize is small or that the prize is of little value



Not Gifts

You can't claim Gift Aid on:

- The purchase of books, jumble sale items, bedding plants, food, alcohol etc.
 - Admission to events e.g. concerts, recitals etc.
 - Golfing fees, Day Trips, Transport etc.
 - Fees to adopt / re-home an animal
 - Raffles, lottery tickets & 200 Clubs
 - Race nights
-
- See our guidance 3.4.5



Donations from a joint bank account

If a charity receives a donation drawn on a joint bank account, and it's not been given a Gift Aid declaration by both account holders, it'll need to determine whether the donation is from the donor who has given a Gift Aid declaration.

The charity may, however, assume that the donation is from the person who has made the Gift Aid declaration, even if it's authorised by the other account holder, unless it holds evidence to suggest that the donation is from that other account holder.

If there's any doubt whether the donation's from the person who signs the cheque, or authorises the transaction, the charity should ask them to confirm whether the donation is from them.



Charitable Events/Admissions



- A payment to purchase a ticket (or an admission charge) to attend a charity event is **not** a gift to charity but the purchase of a right to attend the event.
- A charity could charge a set ticket price (on which Gift Aid cannot be claimed) and, in addition, request a suggested donation that **may** qualify for gift aided.
- A payment described as a ‘minimum donation’ or a ‘specified donation’ that has to be paid in addition to the set ticket price isn’t a freewill gift and **cannot** be gift aided. The set ticket price plus the minimum/specified donation is the actual ticket price and no part of the payment made **can** be gift aided.



Charitable Events - Ticketing



Example 1

The charity charges £65 per ticket and also asks for a minimum donation of £35. To attend the dinner an attendee must pay £100 (£65 + the minimum donation of £35). A person may not buy a ticket or attend by only paying £65. There's no gift, the whole of the £100 is a compulsory payment to attend the dinner and no part of it is eligible for the Gift Aid Scheme.

Example 2

The charity charges £80 per ticket and, in addition, asks for a suggested donation of £20. The charity makes it clear on the ticket that the £20 is only a suggested donation and that attendance at the dinner can be obtained by only paying the set ticket price of £80.

The £80 paid for the ticket cannot be Gift Aided, as this is the cost of the ticket. However, any payment made in excess of the £80 can be Gift Aided. So the suggested £20 donation or any other donation in excess of the £80 paid for a ticket can be Gift Aided.



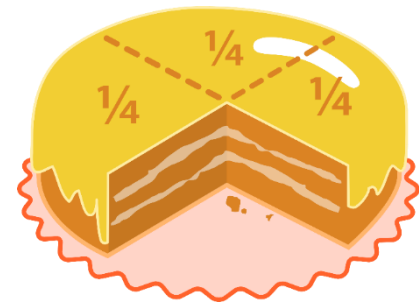
Charity Bake Sales & Coffee Mornings



- The refreshments e.g. cakes and drinks, provided must be free to all attendees, regardless of whether or not they've made a donation.
- Where a charity stipulates a set price per item this is not a gift but a supply of goods.
- The correct approach is therefore to offer free refreshments and merely encourage donations with no obligation.
- There is no upper or lower limit to Gift Aid. Charities can reclaim the tax on any amount, so attendees can fill in the Gift Aid form for any individual donation made, large or small.



Charity Bake Sales & Coffee Mornings - Examples



1. A charity hosts a coffee morning and receives a £5 donation from an attendee. The charity does not set a suggested or minimum donation and the donor is not limited to the amount of cake they can have.

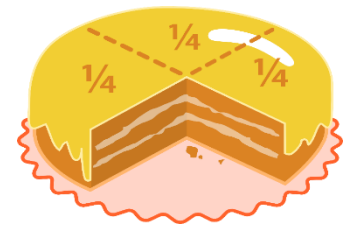
The full £5 donation is eligible for Gift Aid.

2. A charity hosts a coffee morning and receives a £5 donation from an attendee. In return, the donor receives a piece of cake with a market value of £1.

The full £5 will be eligible for Gift Aid as the value of the benefit, the cake the donor received, is within the 25% rule.



Charity Bake Sales & Coffee Mornings - Examples



3. A charity hosts a coffee morning and receives a £5 donation. In return, the donor receives two pieces of cake with a combined market value of £2.

The value of the benefit received fails the 25% rule at 3.21 the relevant value test, therefore none of the £5 donation is eligible for Gift Aid.

However, subject to the split payments conditions at 3.25.1 being met, the donor can split their donation. £2 can be attributed to the value of the cake with the remaining £3 treated as a donation. Gift Aid can be claimed on this £3 balance.

4. A charity hosts a coffee morning and charges £1 per cake. An attendee purchases a cake for £1. This is a payment, not a gift. Therefore no Gift Aid is eligible on this transaction.



Buy a Brick

Payments for goods or services do not qualify for Gift Aid. 'Buy-A-Brick' schemes can qualify for Gift Aid depending on;

- The payment arrangements (How the donations are requested);
- What is provided in return for payments i.e. what benefits are received and are they within the benefit limits
- A thank you such as donors name on a plaque would be acceptable providing this did not constitute an advertisement. However an acknowledgement which included a dedication/memorial would not be acceptable as this is a payment for the dedication/memorial and not a gift to charity.



Buy a Brick

Scheme Arrangements	Eligible for Gift Aid?
Brick provided in return for a non-specific freely given donation	Yes
Brick provided for set price of £50	No
Brick provided for set price of £20. However the individual decides to pay £100 to the charity	£20 payment not eligible. Provided the individual was under no obligation to pay the additional amounts, the £80 would be considered a donation eligible for Gift Aid tax relief.
Brick provided for £20. However the charity also encourages an additional suggested payment of £25.	£20 payment not eligible for relief. Provided the suggested additional £25 is not compulsory, all marketing material makes it explicitly clear that the brick can be purchased without the additional payment of the £25, and no preference is given to those who do make the £25 payment - the £25 would qualify for Gift Aid.
Brick provided for £20. However the charity also requests an additional 'minimum suggested payment' of £25.	None of the amounts given to the charity would be eligible for Gift Aid.



New Building Appeal



Target to raise £250,000

- Make a donation to our Building Appeal ✓
- Make a donation; £25 will pay for 30 bricks, £50 will pay for 10 bags of cement & £250 will pay for a new radiator ✓
- Buy a brick for £5, or buy 12 bricks for £50 ✗
- Buy a brick for £25 and we'll inscribe your message on it ✗
- Give £10,000 and we will name a room after you ✗
- Donate £100,000 & we will name the building after you ✗



Donating expenses back to the charity

Voluntary workers sometimes incur expenditure when assisting charities to carry out their work (e.g travel costs, postal or photocopying charges). Provided the expenses are reasonable and proper, a charity can reimburse a volunteer for the expenses incurred. The volunteer may wish to donate expenses back to the charity.

One of the requirements of the Gift Aid Scheme is that the gift by a donor to a charity 'takes the form of a payment of a sum of money'. So a Gift Aid payment to a charity cannot be made by book entries following a waiver of expenses.



Donating expenses back to the charity

The charity must physically pay the expenses to the volunteer. The volunteer is then free to keep the money or pay part or all of it back to the charity as a Gift Aid payment. If they give all of the expenses paid back to the charity, they're not returning the expenses but making a payment of an equivalent amount.

If expenses are paid which do more than reimburse the costs incurred, or are at scale rates which cannot reasonably be regarded as merely a reimbursement of what they spend, the voluntary workers may be receiving remuneration for their services.

For further information please see our guidance at **Chapter 3.41 Voluntary workers' expenses**



Time Limits for claiming Gift Aid

- 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.
- A charity which is a Trust for tax purposes must make any claim within 4 years of the end of the tax year to which the claim relates.





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Gift Aid Small Donations Scheme (GASDS)

What is a small donation?



- A cash or contactless donations of £20 or less from an individual up to 05/04/19
- As of 06/04/19 this increased to £30 or less from an individual
- “Cash” means notes or coins of any currency.
- Donations must be collected and banked in the UK
- Membership fees of a charity or CASC aren’t small donations for GASDS purposes
- Cash donations from Companies or Trusts cannot be GASDS
- No benefits can be given to an individual that makes a small donation (only gifts with negligible value such as a lapel sticker are allowed)



Eligible for claiming GASDS

- Eligible small donations are cash or contactless donations made by an individual to a charity or CASC. Donations must be collected in the UK and paid in to a UK bank or building society account kept by the charity.
- Gift Aid and GASDS top-up payments cannot be claimed on the same donation. E.G. GASDS should not be claimed if a charity receives a donation from an individual who has completed a valid Gift Aid declaration that covers the donation.
- Contactless debit or credit card payments is an acceptable way of making a small donation. This includes mobile phone Apps or other devices.
- Charity has not incurred an HMRC penalty in respect of GA or GASDS claims in the previous 2 tax years



Eligibility for claiming GASDS



It isn't always obvious that a donation is less than the limits eligible under this scheme (£20 up to 05/04/19, £30 thereafter).

E.G. in a church collection an individual could donate £40 in four £10 notes without the collector realising.

Charities and CASCs need to take reasonable steps to apply the £30 limit but aren't expected to scrutinise every donation as it's made.

Reasonable steps to apply the £30 limit would include evidence that the charity has standing instructions to all collectors to note any donations greater than £30, and ensure that whoever records the donations excludes the ineligible ones.



Ineligible donations for claiming GASDS

- Donations made by text message or bank transfers are not eligible.
- Donations made by credit/debit card are not eligible (Contactless cards only are acceptable)
- The top-up payment is calculated on the amount of eligible small donations your charity or CASC has collected.
- Charities only have two years to claim GASDS from the end of a tax year in which the small donations were made



Community buildings



What is Community building?

A community building is a building (or part of a building) in which a charity carries out its charitable activities to groups of 10 or more beneficiaries on at least 6 occasions each tax year.

- The beneficiaries must not be charged for access to the part of the community building where the charitable activity takes place
- The charitable activity must also be open to members of the general public (or a section of the public)

The beneficiaries do not need to be the same 10 people each time



Community Buildings

Charities claiming under the community building rules can collect donations at any time, not just during charitable activities, as long as:

- The building qualifies as a community building
- The donations are collected in the same Local Authority area as a qualifying community building
- The charity claims on a maximum of £8,000 of eligible donations per community building



“Local Authority Area”

“Local authority area” means:

- In the UK, a district council, a county council if there is no district council, a London borough council, the Common Council of the City of London or the Council of the Isles of Scilly

If a charity has collected eligible small donations in a Local Authority area where the charity has more than one community building they can choose which building to allocate the donations to.

The only exception to this is when donations are collected inside a community building, when they can only allocate these donations to the building they were collected in.



Record Keeping



For contactless donations charities need to keep records that identify how much was collected on each terminal so that they can work out how much was collected in a particular Local Authority area and so that you can monitor for any 'multiple donations' from the same person.

They must keep a record of the denominations of all coins and notes received and exclude all £50 notes

Small cash donations must be banked if the charity or CASC wants to claim a GASDS top-up. If the charity or CASC uses small cash donations to pay for minor expenses, it will only be able to claim on the net amount banked

Some charities provide fundraisers with paying in slips so that they can pay any amounts collected directly into the charity account. The counterfoil receipt which notes the breakdown of the coins and notes collected should then be given to the charity for audit purposes.



Record Keeping (continued)

If a charity wants to claim GASDS top up payments based on amounts collected in a Local Authority Area near a community building they must also keep a record of:

- The address of the community building and a record to show that the building held at least 6 charitable activities for 10 or more beneficiaries to qualify as a community building
- The date(s) that the money was collected
- The location(s) that the money was collected - this should include full address and postcode
- Which community building the donations will be allocated to for the purposes of the GASDS claim





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Questions and Answers



Questions and Answers

Charity has members of the congregation who contribute small amounts of £1 and £2 via weekly envelopes but are non-tax payers and have not signed GA declarations Can we legitimately add this money to the open plate collection and thus claim GASDS? If so, what is the top limit of giving, we have one parishioner who contributes £20 a week via a non-GA envelope.

The charity can claim on weekly qualifying small donations of £30 or less up made by non taxpayers up to the annual GASDs limit of £8000 providing the other requirements of the scheme are satisfied.

The Charity can claim on the £1, £2 donations and the £20 per week from the parishioner however if the parishioner missed a week and put £40 in the envelope the following week GASDs would not apply as this exceeds the limit of £30



Questions and Answers

We have a Glass bottle in church for loose change contributions towards the building fund. Not a huge amount is collected but I have included this in GASDS claims so far. Is this permitted?

From 6 April 2017 a top-up payment can be claimed on all small donations collected during charitable activities plus other small cash donations collected in the same Local Authority area as the Community Building (the definition of a Community Building has not changed)

This means collections at services when less than 10 people attend, wall safes/glass bottle collections, or supermarket collections in the same LA as the CB are eligible up to the maximum £8,000 annual allowance. Subject to satisfying all of the requirements of the scheme.



Questions and Answers

We have a prayer area in church where people can leave prayers and light candles. We have a suggested donation of 20p per candle, not enforced. Can we claim GASDS on this income?

Small cash donations left in a collection box by visitors to a church after 6 April 2017, including those who want to light a candle/pray may be eligible for GASDS donations and included in a church's weekly collection records.

Providing there is no obligation to make a payment to light the candle and it is explicitly clear the 20p is a suggested donation and not compulsory.

So individuals can light the candle without making any donation whatsoever then any donations can qualify for GASDs subject to the usual qualifying conditions of the scheme



Questions and Answers

Twice annually we ask for voluntary contributions for flower arrangements in church at Easter and Christmas. The Easter contributions can be in excess of £500 in total. Can we claim GASDS on these contributions?

The charity can claim GASDS or Gift Aid on freewill donations into a general flower fund providing individuals are free to make a donation of an amount of their own choosing and no benefits are received (subject to the satisfying the requirements of each scheme)

NB donations made under CB rules must be in the same LA as the CB

It may be more beneficial to claim under Gift Aid as there is no limit to the amount of Gift Aid a charity can claim



Questions and Answers

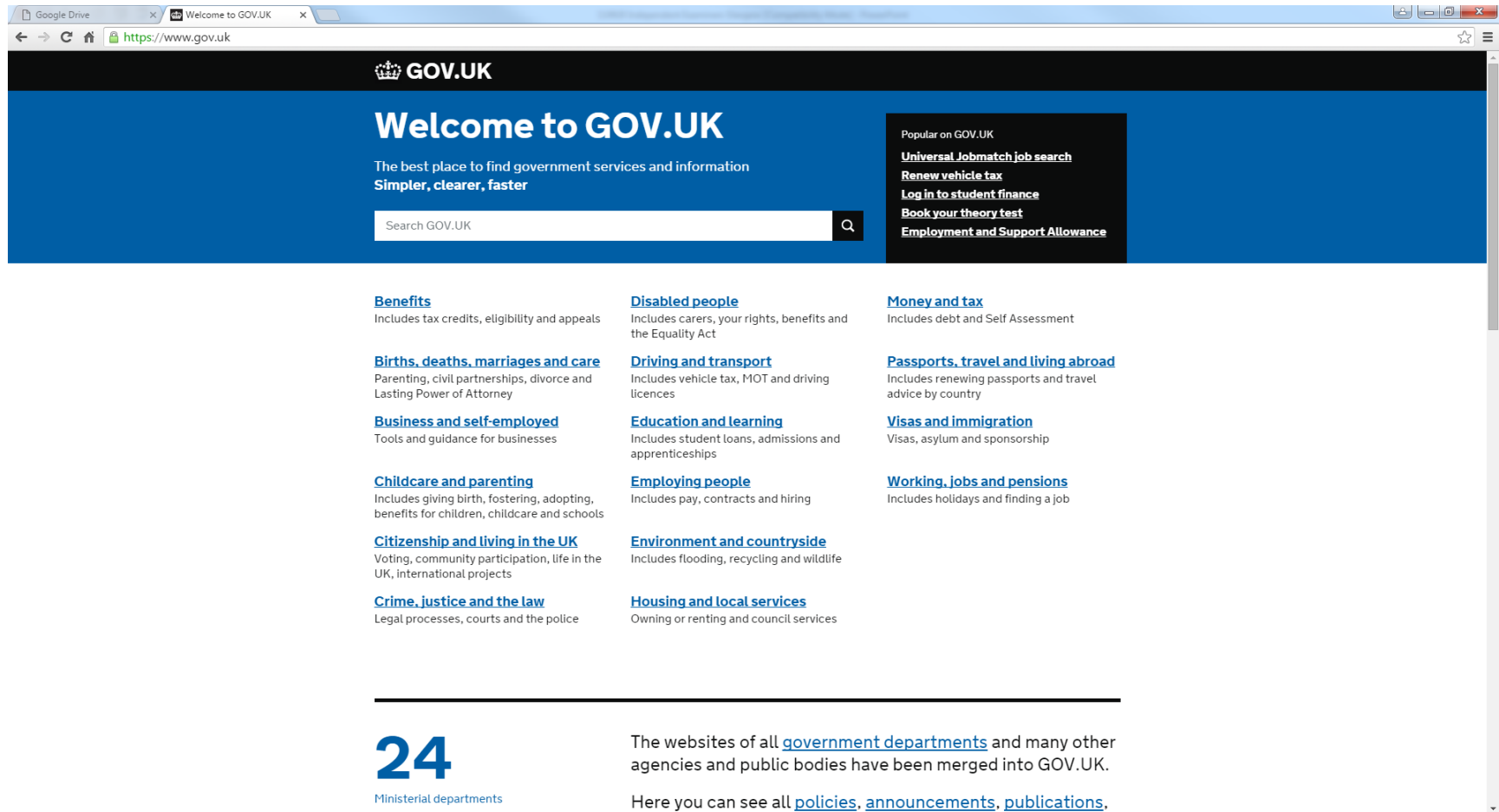
Besides the vestry sheets and GASDS forms and envelopes what paper work would I be expected to keep bearing in mind it should all be on the MyGiving programme. Mostly in case of audit at sometime?. Thinking of duplication of work and paper wastage.

The audit requirements are the same for both paper and online submissions please refer to the guidance [GADSs record keeping](#) [Gift Aid Recording and audit of Gift Aid declarations](#) and [3.27 to 3.30](#)

In short, digital or not, the charity should be able to link a donation to a GAD by having a robust audit trail. This is no different whether it is digital giving or not. You need to be able to link a payment to a donor and link that donor to a GAD.



Need more information?



The screenshot shows the GOV.UK homepage. At the top, there's a navigation bar with the GOV.UK logo and the text "Welcome to GOV.UK". Below this, a search bar is visible with the text "Search GOV.UK". To the right of the search bar, there's a list of popular services: "Universal Jobmatch job search", "Renew vehicle tax", "Log in to student finance", "Book your theory test", and "Employment and Support Allowance". The main content area is divided into several categories, each with a heading and a brief description:

- Benefits**: Includes tax credits, eligibility and appeals
- Disabled people**: Includes carers, your rights, benefits and the Equality Act
- Money and tax**: Includes debt and Self Assessment
- Births, deaths, marriages and care**: Parenting, civil partnerships, divorce and Lasting Power of Attorney
- Driving and transport**: Includes vehicle tax, MOT and driving licences
- Passports, travel and living abroad**: Includes renewing passports and travel advice by country
- Business and self-employed**: Tools and guidance for businesses
- Education and learning**: Includes student loans, admissions and apprenticeships
- Visas and immigration**: Visas, asylum and sponsorship
- Childcare and parenting**: Includes giving birth, fostering, adopting, benefits for children, childcare and schools
- Employing people**: Includes pay, contracts and hiring
- Working, jobs and pensions**: Includes holidays and finding a job
- Citizenship and living in the UK**: Voting, community participation, life in the UK, international projects
- Environment and countryside**: Includes flooding, recycling and wildlife
- Crime, justice and the law**: Legal processes, courts and the police
- Housing and local services**: Owning or renting and council services

24
Ministerial departments

The websites of all [government departments](#) and many other agencies and public bodies have been merged into GOV.UK.

Here you can see all [policies](#), [announcements](#), [publications](#).





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Thank you

Website: WWW.GOV.UK

Helpline: 0300 123 1073

E-mail: repaymentqueries.charities@hmrc.gov.uk