

GUIDE 12a: Small Donations Scheme for Parishes with a Single Church

(v4a: October 2015)

Overview

The **Gift Aid Small Donations Scheme (GASDS)** allows Churches to claim a Gift-Aid style payment on small cash donations of £20 or less up to a threshold of £5,000 of donated income per year per Church, rising to £8,000 per year from April 2016. **This guidance note is only for parishes with a single church; parishes with more than one church building should use Guide 12b.**

What's new?

Initially HMRC considered PCCs to be “connected” to each other within a diocese, which restricted how parishes had to use the scheme. We have now gone through a process which has led to HMRC accepting the C of E's view that PCCs are not connected under the current legislation.

This guide aims to help you claim under the new regime, although it is possible that HMRC will introduce a new law next year to connect PCCs for the purposes of GASDS.

1. Can I use the scheme?

PCCs, or charities registered for Gift Aid with HMRC, are able to use the scheme if you have:

- existed for at least 2 complete tax years before the year you want to claim for.
- made a successful Gift Aid claim in at least 2 of the previous 4 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 current or previous tax year.

2. What counts?

To be eligible, donations must be small cash donations:

- **small** – donations of £20 or less,
- **cash** – in coins or notes. Standing orders, cheques, text or online giving etc are not eligible,
- **donations/giving only**. Money from raffles, tombolas, sales and other income that would not qualify for Gift Aid cannot be included in the scheme. Donations that are linked to any benefit at all must also be excluded e.g. a concert that asks for donations rather than has tickets.

from **individuals** and **on which no Gift Aid claim has been or will be made**. The cash will need to be banked in a UK bank account.

3. What's changed?

HMRC now agree that PCCs are not connected under the scheme. We recommend that **single church parishes** now use the main **Top Up** rather than **Community Buildings** element of the scheme (which initially was the only option open to C of E parishes). Cash collections received during services and regular giving envelopes on which no Gift Aid declaration has been received will remain the most

common examples of qualifying donations for churches, but there are some additional possibilities, and there is no longer a requirement for 10 people to be at each service.

4. So what can we claim now? – the simple answer!

The simple solution for single church parishes going forwards is to claim using the Top Up section of the scheme on:

- cash collections received during all services
- regular giving envelopes on which no Gift Aid declaration has been received
- donations left by visitors in wallsafes (where the wallsafe only collects donations and is not used for the sale of books, postcards etc)
- cash donations received outside of the building

You must exclude any donations that are not eligible (see section 2) such as donations that are not in cash, or where you know that a single donor has given more than £20 e.g. three regular giving envelopes from the same person at the same service or £50 notes.

You should use the **Top Up** rather than **Community Buildings** element of the scheme, and will be able to claim on up to £5,000 of eligible donations for each tax year, rising to £8,000 from April 6th 2016. However, if a church receives **less** than £500 of Gift Aided donations in a year, the threshold for the small donations scheme is ten times the amount of Gift Aided donations claimed rather than £5,000.

If you have already claimed for some of your GASDS donations for the current tax year using the Community Buildings element, you can use the Top Up for the remaining donations, but the total of eligible donations claimed should be no greater than £5,000.

If you weren't able to claim the full amount in previous years because of the Community Buildings restriction, you can now make a back claim for previous tax years under the 'Top Up' element for donations received during services with fewer than 10 people, in wall safes and outside of the church building, providing that you have records a) separating these donations from those claimed under the Community Buildings element and b) demonstrating that the money is eligible for GASDS (i.e cheques and any donations known to be in excess of £20 have been excluded).

5. What records do we need to keep?

For the Top Up element of the scheme, HMRC require you to keep two pieces of evidence, neither of which should be a new requirement:

- ① To be eligible, Small Donations must be banked at a bank or post-office branch in the UK. You must keep evidence which shows at least the amount claimed under GASDS was deposited – this will often be your bank statement. You do **not** need to bank GASDS donations separately from other collections.
- ② Records which separate out eligible donations from non-eligible donations. For services, you are advised to use a simple form for recording cash collections, and can use a similar form for recording other donations. You will need a way of recording your Planned Giving Envelopes to determine which are eligible for Gift Aid, which for the Small Donations Scheme, and which are eligible for neither (because there was more than £20 from a donor, or it was given by cheque). You will no longer need to record collections from individual services on separate record sheets.

The majority of eligible donations will be received as offerings during church services, either as loose cash or as regular envelopes from donors for whom a Gift Aid declaration has not been received.

The example **vestry sheet** on the right shows eligible cash donations of £59.10 for this particular service. To this can be added some of the collections received in Regular Giving Envelope, but only those:

- which were £20 or less
- where the gift was in cash, not cheque
- and on which no Gift Aid declaration has been received.

All churches should already have **a method for recording regular envelope donations**, which will list weekly receipts against each numbered envelope. For those donors for

whom a Gift Aid declaration has been received, nothing changes, and Gift Aid is claimed in the usual way. For those donors without a Gift Aid declaration, the system will need to be slightly modified to make a note if the donation was by cheque, perhaps by circling it, or adding a “Ch” next to the amount. The donations from the donors without a Gift Aid declaration are eligible for the Small Donations scheme if the donation received in a week was in cash and £20 or less.

20th October 2013		Regular Giving Envelopes No of Envelopes	One-off Gift Aid Envelopes ¹ No of Envelopes	Open Plate and Non-Gift Aided Donations ²		Non-Donations ³	TOTAL
				Eligible for GASDS	Not Eligible for GASDS		
Notes: £50							
£20	40.00	20.00					60.00
£10	30.00		20.00				50.00
£5	25.00	5	15.00				45.00
Coins: £2	12.00		14.00				26.00
£1	7.00		7.00				14.00
50p	0.50		2.50		3.00		6.00
20p			0.60		2.50		3.10
10p or 5p					1.20		1.20
2p or 1p					0.60		0.60
TOTAL	114.50	25.00	59.10	0.00	7.30		206.90
Cheques	12.00						12.00
GRAND TOTAL	126.50	25.00	59.10	0.00	7.30		217.90

Envelope Number	Gift Aid?	Week				
		1	2	3	4	5
1	Y	£20	£20	£20	£20	£20
2	Y	£15	£15	£15	£15	£15
3	N	£20		£40	£20	£20
4	N	£10	£10	£10 CH	£10	£10
5	Y	£20	£20	£20	£20	£20
Eligible		£30	£10	£10	£20	£30

In the example on the left, which shows just the first five of St Agatha’s donors, there are two envelope donors for whom no Gift Aid declaration has been received: No 3 who gives £20 a week and No 4 who gives £10 a week,. Normally the church is able to include the £30 weekly gifts received from the two donors in its tally of donations eligible for

GASDS. However, in week 3, Donor 3 gave £40 and since this is over £20, this must be excluded from the GASDS eligible amount. In week 4, donor 4 put a cheque in their envelope, which also must be excluded.

We then suggest that you have a **simple tracker** which records the running total of eligible donations received. This might look something like the form on the right. In this example, St Agatha’s has received £2,968 of eligible donations by October 20th. Remember, your tracker needs to run on a Tax Year basis (6th April to 5th April).

Sunday	Non Gift-Aided Envelope Donations	GASDS-eligible Plate Collections	Total
07/04/2013	48.50	62.85	111.35
20/10/2013	46.50	59.10	105.60
Totals for Tax Year	1260.00	1708.00	2968.00

6. How do we claim?

Claiming under the Top Up element of the scheme is very simple. You can either claim at the same time as you make a claim for Gift Aid, or you can do it separately, but you will use the same online claims process or the same form. If you are claiming online you will answer Yes to claiming a top up payment for small cash donations under GASDS. A number of other options will then open up, and you should answer “Yes” to the first, that you are claiming a top up payment under GASDS for donations that were not collected in a community building. You would answer “No” to the next two questions, and also to the final question unless you are making an adjustment to correct a previous claim. See the screen shot below.

Repayment claim details

Questions about this claim

You can use this service to claim tax repayments on Gift Aid donations, claim UK tax deducted from other income and claim top-up payments under the Gift Aid Small Donations Scheme (GASDS). Please answer the questions below indicating which of the three areas you want to claim under then, click the 'Next' button to continue.

* indicates required information

Are you claiming Gift Aid? * ?

Are you claiming UK tax deducted from other income? * ?

Are you claiming a top up payment for small cash donations * ? 

under GASDS? These are not your Gift Aid donations.

Your claim reference number: ?

If you indicated you are claiming a top-up payment under GASDS you must provide the information below.*

Are you claiming a top up payment under GASDS for ? 

donations that were not collected in a community building?

Are you claiming for donations collected in community ? 

buildings?

Are you connected to any other charities or CASCs for the ? 

purpose of GASDS?

Are you making an adjustment to a previous GASDS claim? ? 

Then when you click “next” and have entered details about the charity and the registered contact, it will provide you with a claim screen. All you need to do is enter the year and the amount. No need for any spreadsheet attachments. Simple!

Gift Aid Small Donations Scheme (GASDS) schedule

Donation details

Use this page to claim for payments under the Gift Aid Small Donations Scheme (GASDS). This is separate from your Gift Aid claim.

The GASDS is for small cash donations of £20 or less that the charity or Community Amateur Sports Club that you do not have a Gift Aid declaration for. It only applies to donations you have received since 6 April 2013.

If you are only claiming under Gift Aid you must not complete any of the boxes on this page. You should return to the 'Repayment Claim Details' screen and answer 'No' to the question 'Are you claiming under GASDS?'

* indicates required information

Tax year 1 ending 5 April: * ? 

eg YYYY

Amount of donations on which you are claiming * £ ? 

a top up payment under GASDS. Do not include any donations collected in a community building:

Do you want to make a claim for second tax * ? 

year?

8. Can't we claim on both parts of the scheme?

It is the Government's policy intention for churches to be able to claim on £5,000, rising to £8,000, and we would **strongly encourage** parishes to only claim on this amount which can be done using the

Top Up element of the scheme to avoid the government and HMRC deciding to impose an Order connecting parishes, or amending or scrapping the scheme because it is too expensive.

In any event, the law does not allow you to claim on both the Core and Community Buildings parts of the scheme for donations received in services with more than 10 people present – which is the vast majority of eligible donations received by parishes. Whilst there might be a way to use both parts of the scheme to claim some additional donations such as donations from wall safes and from services with fewer than 10 people; the additional record keeping and complexity to ensure that you have claimed the right donations on the right part of the scheme is unlikely to be worthwhile.

9. Frequently Asked Questions

Q1: Can we include small donations received at services with fewer than 10 people?

A: Parishes with a single church can claim on all services, however large or small the congregation, using the 'Top Up' element of the scheme.

Q2: Can we now claim on both parts of the scheme, including for previous years?

A: This is complex, and in essence parishes should only claim on up to £5,000 of eligible donations per church using the Top Up element of the scheme. However you may be able to make some limited back claims for previously ineligible donations (See 4. above)

Q3: How will I know whether say, a £20 note and a £10 note are part of the same gift?

A: The donation should only be disregarded as being over £20 if you have evidence to show this – if for example, there was a £50 note (a very rare sighting on a church collection plate!) or the notes were contained in an envelope, or banded together. Otherwise you can assume that cash donations collected on a plate or in a bucket from a number of individuals are eligible.

Q4: Does this remove the need for one-off Gift Aid envelopes?

A: No. Some donors will want to be able to give even small donations through Gift Aid, and if a church receives more than £5,000 of small donations, then if some are given under Gift Aid it allows the church to reclaim a higher amount overall. One-off envelopes should still be available for those who wish to give more than £20, particularly during a Gift Day when larger donations might be expected.

Q5: Is a gift of £20 or less in a regular giving envelope on which no Gift Aid declaration has been received eligible for the scheme?

A: Yes, although it is always good practice to encourage givers to complete a Gift Aid declaration if they are eligible to do so, particularly those who give regularly.

Q6: What about collections received which will be given to other charities e.g. Christingle?

A: The PCC can only claim on up to £5,000 of eligible donations. If it receives more than this, it can choose which donations to claim on. If it chooses to include donations that will be passed onto another charity, these form part of the PCC's £5,000 limit. The GASDS claimed on them should also be passed on, as is the case with Gift Aid.