

GUIDE 12b: Small Donations Scheme for Parishes with more than one 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 guide is for parishes with more than one church building – if you only have one church building you should use Guide 12a to take advantage of a simpler way of claiming GASDS.** However, if the total of all your eligible GASDS donations across the whole parish is lower than £5,000 (up to 2015/16) and £8,000 from April 2016, you can use the approach outlined in the single church parish guide and use the 'Top Up' element.

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 parishes 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 ensure that parishes are connected.

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. Life for **single church parishes** is much easier as they can just claim on the **Top Up** element of the scheme, but there are potentially also some benefits for **multi-church parishes**.

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

The simple solution for parishes with more than one church is to continue to claim using the Community Buildings element of the scheme on:

- cash collections received during services with 10 people or more present (including children and the priest/reader, but excluding any people paid for being present e.g. a paid organist).
- regular giving envelopes on which no Gift Aid declaration has been received

You will need to exclude anything 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. You 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 for each church.

However, if the parish receives **less** than £500 of Gift Aided donations in a year multiplied by the number of churches you are claiming for, the overall threshold for the small donations scheme is ten times the amount of Gift Aided donations claimed. So a parish with three churches needs to claim Gift Aid on £1500 of Gift Aided donations in a tax year (rising to £2400 from April 2016) in order to be able to claim the full amount of GASDS across its three churches. If it only claimed Gift Aid on £1200 of donations across the three churches, the total GASDS claim for that year could only be on £12,000 of donations – but it would be the parish's choice how that was allocated across its three churches (Community Buildings).

Important Note regarding eligibility for small churches: For a church building to count as a Community Building, it must be used for charitable activities (e.g. worship or occasional offices) at least six times in a year, with at least ten people attending.

If you frequently have services with fewer than 10 people, or receive a number of wall-safe donations from visitors, see section 8 for a more complex solution.

5. What records do we need to keep?

HMRC require you to keep three pieces of evidence, none 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).
- ③ Evidence of the numbers attending a service, which will usually be your service register.

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.

St Agatha's Church, Anywhere
Vestry Record

20th October 2013						
	Regular Giving Envelopes No of Envelopes	One-off Gift Aid Envelopes ² No of Envelopes	Open Plate and Non-Gift Aided Donations ²			TOTAL
			Eligible for GASDS	Not Eligible for GASDS	Non-Donations ²	
Notes: £50						
£20	40.00	20.00				60.00
£10	30.00		20.00			50.00
£5	25.00	5	15.00			45.00
Cheque: £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	208.90
Cheques	12.00					12.00
GRAND TOTAL	126.50	25.00	59.10	0.00	7.30	217.90

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.

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).

St Agatha's Church, Anywhere
Small Donations Tracker

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?

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 "No" to the first, and "Yes" to the second - that you are claiming a top up payment under GASDS for donations collected in a community building. You would answer "No" to the connected question, and also to the final question unless you are making an adjustment to correct a previous claim.

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.

You will then be asked to attach a Community Buildings Schedule. You can download different versions depending on whether you are using a recent version of Excel or Libre Office. You will need to give details of each of the Community Buildings, together with address and postcode, and the amount of donations received in each of the tax years you are claiming for.

Community buildings table					
Item	Building name	First line of address	Postcode	Tax year 1 ending 5 April	Amount of donations received in tax year 1 (£)
1	St Agathas Church	Church Road	AB12 3CD	2015	5,000.00
2	St Bartholomews Church	High Street	AB7 8EF	2015	3,200.00

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

This is the complex answer! 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 in total to avoid the government and HMRC deciding to impose an Order connecting parishes, or amending or scrapping the scheme because it is too expensive.

However, if you do not reach the claims limit using the Community Buildings element, you can consider using the Top Up element alongside it. However, this is more complex, and your records will need to be more thorough.

For the Community Buildings element, you should claim **for each eligible building** on up to £5,000 of eligible donations received in each Tax Year (rising to £8,000 from April 2016):

- cash collections received during services with 10 people or more present (including children and the priest/reader, but excluding any people paid for being present e.g. a paid organist).
- regular giving envelopes on which no Gift Aid declaration has been received

For the Top Up element of the scheme, you can currently claim **for the whole parish** on up to £5,000 of donations (rising to £8,000) (this may be reviewed by HMRC during 2016):

- cash collections received during all services with fewer than 10 people.
- regular giving envelopes on which no Gift Aid declaration has been received, given at a service with fewer than 10 people
- 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 of no more than £20 received outside of the building

Unless you have many services with fewer than 10 people, or a very large number of visitors to your church who make donations, you will find that it is not worth the complexity of trying to claim on both elements of the scheme.

If you do decide to claim on both parts, you will need to modify your record keeping so you can clearly show which donations fit with which part of the scheme. Adding columns to your Small Donations Tracker for each Community Building and for the Top-Up amount would be the best way of doing this. You could claim on the Top Up element retrospectively for 2013/14 and 2014/15 **if you have appropriate records in place for these periods.**

9. Frequently Asked Questions

Q1: Can we only include small donations received at services with more 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: 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.

Q3: 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.

Q4: 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.

Q5: 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 per Community Building. 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. In principle, the GASDS claimed on them should also be passed on, as is the case with Gift Aid.