

## Gift Aid – what is it and how can I claim it?

This briefing is a quick overview of the basics of Gift Aid. There are lots of resources available explaining Gift Aid further, a list of which is available at the end of this briefing.

### What is Gift Aid?

Gift Aid allows charities to reclaim tax paid by UK taxpayers on donations they make to UK registered charities. This can be done by means of a simple declaration and can increase the value of the donation by 25%, so for example:

If you are given a £10 donation you can claim back an additional £2.50

You can claim Gift Aid on all eligible donations. To be eligible the donor must not receive benefits exceeding certain limits.

The benefits must not exceed these values:

| Amount of donation | Value of Benefits   |
|--------------------|---------------------|
| £0-100             | 25% of the donation |
| £101-1001          | £25                 |
| £1,001-£10,000     | 5% of the donation  |
| £10,000+           | £500                |

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A gift will be a qualifying donation where it satisfies certain criteria.

Broadly these are:

- It must be a monetary payment, not repayable
- The gift must not be connected with acquisition of property by the charity from the donor or connected persons
- The donor, or any connected person, cannot receive benefits in return for the donation beyond prescribed limits set out below.

Payments made to acquire goods or services are not gifts at all and do not qualify for Gift Aid.

### How to claim Gift Aid

You need to be clear what the legal status of your charity is. Trusts are dealt with under income tax rules. Companies and unincorporated charities are dealt with under corporation tax rules.

**Step 1:** Apply to HMRC for recognition as a charity or a CASC (Community Amateur Sports Club) for tax purposes<sup>1</sup>

**Step 2:** Nominate an authorised official and/or nominee<sup>2</sup>

<sup>1</sup> If your Charity has income above £5000 you will have to register with the Charity Commission before applying to the HMRC.

### **Step 3:** Fill in the R68(i) 'Gift Aid and tax repayment claims' form

You can find copies of all the forms you need on the [HMRC website](#).

HMRC will confirm your status as a charity and issue a reference number that you must state on all future correspondence with them.

You will have to Get a Gift Aid declaration from your donors - this doesn't mean lots of information, just a full name, address (including postcode), details of the donations covered by the declaration and confirmation that they are a UK taxpayer. One declaration can apply to future donations and can be backdated for four years, enabling you to reclaim tax on donations you have already received and in the future.

Donations can be made orally, over the internet, by telephone or face-to-face – you should issue all donors with a declaration and make sure that this is signed. A model declaration is attached to this briefing.

You must keep a record of the declarations (either on paper or electronically), showing that your donors have agreed that you can reclaim the tax on their donation.

Tell your donors about gift aid – you should consider preparing publicity.

### **What records should we keep?**

HMRC from time to time visit charities. You should ensure you keep sufficient records to show your tax reclaims are accurate, including: auditable records of all Gift Aid Declarations you receive; any cancellations of Declarations; any benefits you have provided to donors; and donations that you receive; correspondence about donations with donors.

### **What payments do not qualify for Gift Aid?**

These include: loan waivers; gifts made on behalf of other people; gifts with a condition about repayment; gifts with an enforceable condition about how the money should be spent; payments received in return for goods or services such as raffle tickets, admissions to a concert; minimum donations where there is no choice about payment.



### **Can membership payments be Gift Aided?**

Yes. Membership subscriptions are eligible as long as they do not give the member rights to use the charity's facilities or services and any other benefits (i.e. magazines, newsletters etc.) fall within the donor benefit limits (see section above about benefits).

### **Can sponsorship events be Gifted Aided?**

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<sup>2</sup> There is now a "Fit and proper persons test" see <http://www.hmrc.gov.uk/charities/guidance-notes/chapter2/fp-persons-test.htm> which applies to the managers of charities claiming Gift Aid

Yes. All you have to do is fill in the following form:

<https://www.gov.uk/government/publications/charities-sponsorship-and-gift-aid-declaration-form>

Note that there are particular rules about donations from participants and their families of 'challenge' or 'adventure events'.

## Can cash donations be Gift Aided?

Yes, you can include a pre printed declaration on the front of the envelope. Alternatively have a method of linking enveloped donations to declarations if these have already been signed

## Resources

- Tax relief when you donate to a charity: <https://www.gov.uk/donating-to-charity/overview>
- HMRC Detailed Guidance: Gift Aid <https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid>
- Institute of Fundraising: Tax Effective Giving: <http://www.institute-of-fundraising.org.uk/guidance/fundraising-essentials-legislation/tax-effective-giving/>
- Sayer Vincent Guides: <http://www.sayervincent.co.uk/resources/made-simple-guides/>
- HMRC: [http://www.hmrc.gov.uk/charities/gift\\_aid/basics.htm](http://www.hmrc.gov.uk/charities/gift_aid/basics.htm)
- Charity Commission: Claim Gift Aid Online: <https://www.gov.uk/claim-gift-aid-online>
- Register with HMRC as a charity: <https://www.gov.uk/charity-recognition-hmrc>
- Let's Get Fundraising.co.uk: <http://letsgetfundraising.co.uk/funding/gift-aid.aspx>

## Online Fundraising:

There are a number of websites that handle donations and the paperwork for you. They take a fee, or a fixed percentage of the amount raised, for example:

- <http://www.mygift.org.uk/>
- <http://uk.virginmoneygiving.com/giving/>
- <http://www.justgiving.com/>
- <http://www.everyclick.com/>

This information is for guidance and is not a statement of the law. It is intended to offer assistance and provide information where appropriate and Community Southwark is not liable for action taken, or not taken, as a result of reading this briefing.

## Support

If you would like any support with gift aid or any other issues facing your organisation, please contact the Development Team at Community Southwark:

[development@communitysouthwark.org.uk](mailto:development@communitysouthwark.org.uk) or 020 7358 7020.