**Gift Aid and GASDS Guidance Notes April 2023**

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**GIFT AID GUIDANCE NOTES**

**Important notes - Gift Aid declarations**

Any Gift Aid declarations completed on or after 06/04/2016 MUST be in line with the new Gift Aid declaration wording recently issued by HMRC.

It states, “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.”

Please note, as it has been in the past, the relevant taxes are Income tax and/or Capital Gains Tax. Other kinds of tax such as VAT and Council Tax do not qualify. You do not have to renew/replace any permanent (enduring) Gift Aid declaration, which your donors complete before 6/4/2016. However, as the new wording affects all donors, you should inform them that they must ensure that the relevant tax paid in the tax year is equal to or greater than 25% of their Gift Aid donations they make to all charities. If the tax is less, HMRC will ask them to pay the difference.

Included is a copy of the new declaration form at the end. This can also be found online at <http://www.methodist.org.uk/giftaid>

Gift Aid Declarations should **NOT** be sent to Methodist Church House but stored locally and be readily available if required for inspection by HMRC.

 We are unable to acknowledge the declarations sent to us. Storing them would be too difficult a task also, considering we have over 100,000 registered donors on our database. We will be unable to provide copies of declarations if you require them.

**General Principles in order to reclaim tax:**

1. The Church must have a valid declaration from a taxpayer, who pays at least as much UK income tax and/or capital gains tax (for the year of the donation) as the amount that will be claimed by your charity (25% of the donation amount).

**2. The Church receives a gift of money that is a voluntary donation**

** Important notes for aggregated donations**

Aggregated donations are donations from donors who have completed gift aid declarations and have donated £20 or less during the entire period, which covers your claim, mostly one year. This means that every aggregated donation must be attributed to a donor who has a valid gift aid declaration form and HMRC can ask to see this up to 6 years after the claim date.

Please do not include donations from anonymous donors or loose offering on this line, these should be included under GASDS subject to GASDS rules.

If you have received more than £20 from any donor, DO NOT include this under aggregated donations, please record this under the donor’s name. Similarly, if the donor has asked you to divide his donations between your church and Connexional funds, for example Easter offering or Mission in Britain, and the total is more than £20, please record those donations under their names.

Small multiple donations from one individual exceeding £20 when added together will not qualify to be aggregated and putting them under aggregated donations breaches HMRC rules. **Please note that you can only aggregate donations of £20 or less per individual and not £30 as we reported in our guidance notes in 2020. In 2019, HMRC briefly announced that aggregated donation was going to be increased to £30 but revised it back to the original £20.**

If you have added a donation under aggregated line and you are completing a paper form, please provide a breakdown on the **Aggregated Donations Supplementary Form** we have sent to you. If you are completing your claim using Methodist Online portal, aggregate the donations in multiple of £1,000 and we will request for the details at a later stage.

We are not asking you to send us the supplementary forms for aggregated donations with your forms (either by portal or Excel) at this moment, but we recommend that you keep those records as we may need them when HMRC requests for them. The admin charge for aggregated donations is £2.10 per line.

**Gift Aid forms can be accessed from the portal by going to** [**https://online.methodist.org.uk**](https://online.methodist.org.uk)**. This will take you to the login screen.**

**Please refer to Portal guidelines, which we have emailed to you**.

**Deadlines to send your Gift Aid forms**

Between April and July, we deal with a high volume of gift aid claim forms.

1. If you would like to get your gift aid repayment before **31/8/2023**, please send us your gift aid claim form by **30/06/2023**.
2. Gift Aid claims received after **30/06/2023** will be processed and paid after **30/11/2023**. This is because we get busy with annual accounts preparations between July and November every year.
3. Please note that the deadlines referred to in notes 1 and 2 above relate to gift aid only **if you are using the portal**. Paper forms will take longer but we will do our best. GASDS take a much longer time to process and pay because HMRC has to do further compliance checks.
4. GASDS repayment claims are processed and sent to HMRC and paid separately.

**GASDS for the tax year ending 05/04/2022 must be sent to us by 28/02/2024** as we need time to check their validity and submit them to HMRC ahead of **05/04/2024** deadline. We are unable to process your **2021/22** tax year GASDS if this is sent to us after **28/02/2024**. For more information about GASDS deadlines and payment, please refer to GASDS Guidance Notes.

**HMRC Gift Aid Number or Charity Commission Number**

If you claim gift aid through our Bureau Service and not directly with HMRC then you do not have a HMRC gift aid reference number. However, if you are registered as a charity with the Charity Commission then you should have a charity number, but we are unable to advise on this, please ask your church trustees. Also, note that the 5-digit church ID is NOT your HMRC or gift aid number. When asked by a third party (e.g. Donation collections agents) for proof of claiming gift aid via our bureau services, we can then provide you with a letter stating your Circuit/Church gift aid claim history. Notes on this can be accessed via the link <https://www.methodist.org.uk/for-ministers-and-office-holders/finance/charity-registration/>

**Gift Aid Administration Fees Review – changes to be made**

Effective from 1st September 2018,

* We charge £10 per line of GASDS if the GASDS donation amount is more than £1000.
* If your GASDS donation is £1,000 or less, we charge 2% of the repayment amount.
* The fee for gift aid is £2.10 for each line of donation above £12.
* The fee for donations under £12 remains at 15% for each line.

**Gift Aid Secretary or** **Bank Account Changes.**

* For us to update details of the new gift aid secretary in compliance with data protection, we request changes on a letter headed paper signed by both the Church Minister and Treasurer. Details in the letter should include the appointee’s full name, full address including postcode and an optional inclusion of telephone and email contacts. On receipt of this letter, we would send out all necessary documentation that will assist in Gift Aid and GASDS submissions to HMRC via The Methodist Church Gift Aid Bureau Service to the authorised person. Alternatively, you can ask your Circuit Superintendent Minister or any person with permission to register your details on Methodist Online.
* For us to update or make changes to the church/circuit bank’s detail we request that a letter be sent to us on a letter headed paper signed by the Church Treasurer or Minister where the Treasurer is also the Gift Aid Secretary stating the changes. This letter can be scanned and sent as an email attachment or posted to Church House.

**Distinction between GASDS and aggregated gift aid**

|  |  |  |
| --- | --- | --- |
|   | **Aggregated Donations** | **GASDS** |
| Gift aid declaration form | Yes | No |
| Max amount from each donor | £20 or less for each claim | £30 or less for each event |
| Cash or contactless | yes | Yes |
| Cheque | yes | No |
| Direct Debit/ Standing order | yes | No |
| Max amount per person on each claim\* | £20 | N/A |

\*The £20 limit does NOT apply if you are giving the donor’s name and address on the claim form.

You can claim Gift Aid on donations from individuals. The donor must:

* have paid the same amount or more in [Income Tax](https://www.gov.uk/income-tax) or [Capital Gains Tax](https://www.gov.uk/capital-gains-tax) in that tax year
* make a [Gift Aid declaration](https://www.gov.uk/claim-gift-aid/gift-aid-declarations) that gives you permission to claim it

**You can claim gift aid on cash, cheques, online donations, and standing orders provided the donor has given you a gift aid declaration form. If you do not have a gift aid declaration, please refer to GASDS rules from page 19 to see if you can claim.**

You **cannot** claim on donations:

* Made through [Payroll Giving](https://www.gov.uk/donating-to-charity/donating-straight-from-your-wages-or-pension)
* That are a payment for goods or services or made because your charity or CASC bought goods and services
* That started as loans, but no longer need to be repaid
* Of shares or from a limited company
* From charity cards or of vouchers, for example Charities Aid Foundation (CAF) vouchers
* Of membership fees to CASCs
* Received before the date that HMRC accepts your organisation as a CASC or a charity for tax purposes
* Legacy, Bequest
* Where the donor gets a [‘benefit’ over a certain limit](https://www.gov.uk/gift-aid-what-donations-charities-and-cascs-can-claim-on#the-benefit-rule). Please refer to HMRC has detailed guidance notes on gift aid and benefits, which you can find on this link [**https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid#chapter-318-benefits-received-by-donors-and-connected-persons**](https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid#chapter-318-benefits-received-by-donors-and-connected-persons)**.**

**If you don’t have access to internet, please ask your Treasurer, Minister or someone else within your church to assist you get these guidance on donor benefit.**

**Benefits given to donors as a consequence of their donation.**

**When you cannot claim Gift Aid**

* Gifts made on behalf of other people, for example, a [membership subscription](https://www.gov.uk/guidance/gift-aid-what-donations-charities-and-cascs-can-claim-on#membership-subscription) paid on behalf of someone else
* Gifts that come with a condition about repayment
* Gifts that come with a condition that the charity buys goods or services from the donor
* Payments received in return for goods or services for example [admission to a concert](https://www.gov.uk/guidance/gift-aid-what-donations-charities-and-cascs-can-claim-on#admission-to-a-concert) or a fee for a sponsored challenge
* A ‘minimum donation’ where there is no choice about payment
* Gifts made using ‘charity vouchers’ or ‘charity cheques’. Please note that ‘charity cheques’ DO NOT refer to normal bank cheques as the latter are eligible for gift aid.
* Donations received before the date that HMRC accepts your organisation as a CASC or a charity for tax purposes

**Gift Aid Questions and Answers**

**Q1.** **A member of the congregation (who has made a long-term declaration) purchases an item for say £50 and donates it to the church.**

**A member pays for essential repairs himself and hands the builder’s invoice and receipt to the treasurer.**

***A1.*** *In the above, neither is eligible. However, the Church can purchase the item and donor can make an equivalent gift to the Church, which is eligible.*

**Q2.**  **Can we claim on the gifts of flowers for the altar each week?**

***A2****. No. To be eligible the Church must receive a gift of money that is a* ***voluntary*** *donation from a UK taxpayer who has a Gift Aid declaration. However, the Church can pay for the flowers and the donor can make an equivalent gift to the Church, which would be eligible.*

**Q3.**  **When someone brings cakes etc to the coffee morning for sale can we claim this as a donation and claim on the money raised. I suppose similar to the Gift Aid claimed on donations to a charity shop.**

***A3.*** *See response below*

**Q4.**  **Is there a way of receiving tax relief on donations of up to £500 for say a coffee morning or jumble sale?**

***A4.*** *Yes, if there is a donation, and it is supported by a Gift Aid declaration.*

*Usually at both these types of events the organiser determines the price and there is no GA declaration. Therefore, it would be ineligible.*

*It is possible to sell goods on behalf of an individual, which many Charity shops do. Because Gift Aid applies to gifts of money, a donation of goods to a charity is not a Gift Aid donation. However, it is possible for the Church to offer to sell the donated items for the donor, who may then choose to give the cash proceeds of the sale to the charity using Gift Aid. There are additional requirements that apply.*

**Q5.**  **We are having a sponsored organ marathon. Members have got the names and addresses of their friends and families to donate to the event.  Is it possible to claim Gift Aid when probably 90% of the names on our forms are people who have not signed a Gift Aid declaration form?   We did ask people if they are taxpayers and if they would like to Gift Aid their donation.**

***A5.*** *If the sponsorship form has the following information:*

*Full Name (First name and surname)*

*Home address (Only needed if you are Gift Aiding your donation), Please don't put your work address here)*

*Postcode*

*Amount £*

*Date paid*

*Gift Aid? √ (Tick)*

*And the box has been ticked then yes, the Gift Aid can be claimed. Those that* ***do not*** *pay the equivalent of income/capital gains tax should leave this blank.*

***However, the sponsor form must have the same wording as of the declaration form for the tick to be a valid declaration.***

*Yes, the sponsorship form (sample available) counts as a GA declaration because it contains the same information. The sponsorship form must be retained locally, and the claim is made as a total in the name of the participant (the organist) and claimed on the usual form.*

**Q6. When a donor changes his/her address, must a new declaration be signed?**

***A6.*** *Yes, a new declaration needs to be completed, a signature is not mandatory, but is recommended. You could for audit purposes attach them together.*

**Q7. Can tax be claimed on benevolence funds?**

***A7.*** *Yes, if a donation is supported by a Gift Aid declaration and is identifiable. However, if it is received as loose cash and you cannot get a gift aid declaration from the donor, it can be claimed under GASDS.*

**Q8.** **Should address changes be sent to MCH? Or do I alter the claim form when I receive it?**

***A8****. No. Any changes made to the original declaration forms must be kept locally; MCH does not need the new details. Once a year, you will amend the claim form with any new information.*

*It must be noted that if HMRC were to visit your church for an inspection then all declarations must be made available to them. The onus is on churches to keep accurate records which comply with HMRC guidelines.*

*If a change of address relates to anything other than Gift Aid declarations, then yes MCH should be informed.*

**Q9. How do I know if the individual donor has paid enough tax in the year?**

***A9****. It is the responsibility of the individual donor to know the amount of tax he/she have paid in the year and inform the Gift Aid secretary if their circumstances of paying tax have changed. However, Churches must take reasonable measures to find out if donor’s Gift Aid circumstances have changed. (An announcement at a service before claims are submitted would be sufficient)*

**Q10. What if the donation given is higher than the amount of tax paid in the year?**

***A10****. To work out if you’ve paid enough tax to cover your donations, divide the donation value by four. For example, if you give £100 in a particular tax year you will need to have paid £25 tax over that period, (£100/4 = £25). (Note that this calculation is based on the basic rate tax of 20 per cent). If the donor has paid* ***insufficient tax****, HMRC will require the donor to pay the shortfall. Alternatively, the Church could claim a lower amount, equal to the tax paid.*

**Q11. Can the excess of the donation, not claimed through Gift Aid be claimed under GASDS? Should the Gift Aid declaration be rescinded if some of the donations are to be claimed through GASDS?**

***A11****. The excess can be claimed under GASDS ONLY IF these donations are not from donors who have given you valid gift aid declarations. Any donation from a donor who has given you declaration forms must be claimed under gift aid.*

***Donations from donors with valid gift aid declarations are NOT VALID for GASDS.***

*Donors should also be informed that the onus is on them if they have not paid the equivalent in income/capital gains tax. See answer to question 10.*

**Q12.** **Could we have some envelopes?**

***A12****. Envelopes and other promotional resources are no longer obtained from Methodist Publishing House. You will need to contact Norwich Books & Music. Contact details;* <http://www.methodistpublishing.org.uk> *or call them on 08450 178 220*

**Q13.**  **How many earlier years can be claimed?**

***A13****. You can claim on donations made in the previous 4 financial years for Gift Aid. This means that we can reclaim for donations received on or after the* ***1stSeptember 2018******until the 31st August 2023****.* ***Claims received after 31st August 2023 could be claimed on donations received on or after the 1st September 2019.***

*Any donations prior to 1st September 2018 cannot be claimed.*

Please note the claim receipt date is the date HMRC receives the claim from us. It can take up to 6 weeks to process a claim to send to HMRC.

**Q14.**  *Against 'Record Keeping' - 'Envelope register' you say "There is no requirement to retain envelopes for non-Gift Aided donations." This implies that we are required to retain envelopes for Gift Aided donations. In our church, it has been the long-established practice to record the donations contained within each envelope against the envelope number and to separately maintain a record of the name of the Gift Aid donor versus their envelope number. However, we have not retained the envelopes. Personally, I can see no reason to do so but if this is a requirement of HMRC how long must we retain?*

*In addition to your current process, when the envelope is opened and the contents are counted, an official from your church should record the amount on the envelope it came in, as well as in the donor record. See also below. You may prefer to keep the envelopes in batches, for ease of identification, should you be audited by HMRC.*

*Where the donor is able to Gift Aid their donations, then a declaration form needs to be retained in case of an inspection.*

*Non-Gift Aid declaration envelopes (those with a unique identifier relating to a Gift Aid declared donor that do not include a declaration) must be retained in their entirety for the current period.* ***After the period has ended you must keep at least one month’s sample for 6 years (it should be the same month each year)****.*

*Gift Aid declaration envelopes (such as Easter offering envelopes) must be kept for 6 years after the period has ended.*

**Q15. What records must be retained and how long for?**

***A15****.* ***(i)*** *Declaration forms must be kept for 6 years after the end of the period that the*

*last claim was made relating to the individual.*

*Please remember that Gift Aid declarations and/or envelopes, must show-*

* + - *the amount of each donation (applicable to envelopes)*
		- *the name and address including post code of the donor*
		- *when the donation was made*
		- *Gift Aid declaration from the donor.*

**(ii) How long should you keep records**?

The time limits for keeping Gift Aid declarations and Gift Aid payment records are different and depend on how your charity or CASC is treated for tax purposes. All CASCs and most charities will be treated as companies for tax purposes. You will only be treated as a trust if your charity was set up by a trust deed or a will.

 **Most charities and CASCs**

If your charity is run as a charitable company, which most are, or your organisation is a CASC, **you must keep your tax records (including Gift Aid declarations and records) for six years after the end of the accounting period they relate to**.

For example, if a charitable company or CASC prepares its accounts to 31 August 2018, it must keep the records until at least 31 August 2024.

If HMRC asks you questions about your organisation’s tax return or repayment claim, you will need to keep the records until the enquiries are finished.

A single Gift Aid declaration may apply to more than one donation, so you will need to work out when the last gift specified on a particular declaration is received and keep the declaration long enough to satisfy the rules set out above.

 If you have any enduring Gift Aid declarations covering ongoing donations, you will need to keep them permanently.

**Charitable trusts**

You should keep your tax records (including Gift Aid declarations and records) for six years after the end of the tax year they relate to.

If you are asked to make a tax return, there are different rules about how long you must keep records for. For more information, see link below.

If HMRC asks you questions about your tax return or repayment claim, you will need to keep the records until the enquiries are finished.

A single Gift Aid declaration may apply to more than one donation, so you will need to work out when the last gift specified on a particular declaration is received and keep the declaration long enough to satisfy the rules set out above.

If you have any enduring Gift Aid declarations covering ongoing donations, you will need to keep them permanently.

**Changes to time limits**

If before January 2012 you followed previous guidance and destroyed records between four and six years old, you will not be penalised. However, if you have kept your records from that period you must continue to keep them as you may be penalised if you destroy records which you are required to keep.

**Q16. Could you please advise how direct debits for Gift Aid should be recorded?**

***A16****.The bank statement provides the record of the donation. Please ensure declarations are also kept within the Church records.*

**Q17. What records do we need to keep with regards to donations added together and claimed in the name of the chapel?**

***A17****. If they are aggregated donations from Gift Aid declared members, then the same as other donations. When you are completing your claim form the aggregated donation total should be recorded as “Aggregated donations” under surname field for Excel forms or Section B for paper forms. Please provide your church address and post code.*

*For more information about Aggregated donations, please refer to “***Important note for aggregated donations***” on page 2 of these Guidance Notes.*

**Q18.**  **How can our church claim Gift Aid using Connexional Team Gift Aid Bureau?**

***A18****.To use the service provided by Methodist Church House, (MCH) we require:*

* + *Church Name.*
	+ *Bank details (Account name & number, sort code)*
	+ *Full name, postal address, telephone number, email of the Gift Aid secretary / Treasurer.*
	+ *Completed Service Level Agreement (SLA)*

*We will provide you with a unique reference number that you* ***must*** *quote in any correspondence thereafter. In order to set up a church or change the Gift Aid secretary the above information should be sent to us by post on official church letter headed paper and signed by two church council members (preferably the Reverend Minister and the treasurer).*

*If you prefer, you can claim directly from HMRC. Please contact HMRC for details.*

**Q19. Donations from church funds to other charities have been based on specific church services or fund-raising events. Where we have received gifts from individuals from whom we have Gift Aid declarations, we have claimed that Gift Aid & included it with the gifts as a donation. This practice has been approved by church council meetings - i.e., voted on. Is this practice now illegal?**

***A19.*** *No, this is exactly what you should continue to do.*

*HMRC state, “If a church chooses to set up a fund to raise money for a charity, then the money collected forms part of the local church’s income and the local church (which is a charity in its own right) must claim any Gift Aid due.*

*The church should then pass both the reclaimed tax and the donation to the charity, rather than the local church keeping the reclaimed tax. This is because the person donating money to the fund will expect everything collected, including reclaimed tax, to go to the charity.”*

*If a church collection is collected on behalf of another charity and simply passed directly on to that charity then the money collected* ***does not*** *form part of the church’s income, as it is merely acting as a go-between for the donor and the charity. This would apply for Methodist Homes for the Aged (MHA), Action for Children (formerly NCH) and All We Can (formerly MRDF) which are* ***NOT*** *Methodist Church funds. They are independent charities despite including the word Methodist.*

*Please note that Connexional Funds like the World Mission Fund, Property Fund, Training Fund, FSPD etc are not charities but funds belonging to Methodist Church even though some of them do not have the word “Methodist”. If these funds have been set up by your church council meetings, the money collected forms part of the local church’s income and the local church (which is a charity in its own right) must claim any Gift Aid due.*

*Please note that, normal Gift Aid rules apply to Connexional funds donations including* ***banking the original donation into the church/circuit bank account.***

**Q20. If we receive Gift Aided donations, whether declared or GASDS, and later make**

**donations to another charity or an external organisation, can we still claim the Gift Aid?**

***A20****. Yes, you are the only organisation that has a Gift Aid declaration from a taxpayer. When your Church donates to another Charity, the other charity does not have a GA declaration signed by a taxpayer and cannot make a claim. This is because when the donation is forwarded to the charity the Gift Aid that has been claimed is also part of this donation.*

**Q21.** **Do we have to prove we are banking the money that is Gift Aided?  Can we use Gift Aid cash from envelopes to pay expenses?  We pay a cleaner in cash most weeks.**

***A21****.Yes you do have to prove that the money that is Gift Aided is banked. This forms part of the records that need to be kept for HMRC audit if they visit your church.*

*The guidelines written by HMRC for record keeping for GASDS are in some areas, slightly more onerous than those for Gift Aid. You may deduct correctly recorded expenses from the money received from Gift Aid donations but not from GASDS.*

*The payment and recording of wages are covered by separate regulations which should be strictly followed.*

**Q22.**  **We run a Club Fun Group on a Wednesday night for 7-11 year olds. A nominal fee of 50p is charged for entry and any monies collected are donated to the Church (less any monies spent on replacing/updating games etc).  Can this money be accepted as GASDS?**

**We also run a Church Mice session on Thursday mornings (ages 0 - school age). Most parents donate a small sum of usually £1 (tea and toast are served) again any money collected is then donated to the church on a 50% to the Church and 50% to a local children's hospice basis.  Can the 50% for the church be accepted as GASDS?**

***A22.*** *Money from the ‘Club Fun Group’ is not eligible, because an entry fee is charged. HMRC state,” Payments which are required in order to be able to attend an event are not voluntary gifts to charity and do not qualify for Gift Aid.”*

*However, money from the ‘Church Mice’ is eligible, because this is a donation. Whilst you say most give a £1, it is not a requirement. HMRC state, “If a payment does not have to be made to attend an event, any donations that are received may qualify for Gift Aid.”*

*See separate guidance notes on GASDS for further clarification on pages 22-35*

**Q23. We are going to have a concert for Church funds. If we ask for a minimum**  **suggested donation, can we include this in our Gift Aid or GASDS claim?**

**A23.***Your question includes two words,* ***'minimum'*** *and* ***'suggested'****.*

 *HMRC distinguish between the two words. If you say ‘****minimum’*** *they believe you are setting a price and you must make the payment to attend the event. As such it is a sale* ***not a voluntary*** *contribution and therefore* ***does not*** *qualify for Gift Aid.*

*If you ask for a* ***'suggested donation'*** *(i.e. this is* ***voluntary****) then the donation* ***will*** *qualify for Gift Aid.*

***Donation only:*** *You can charge what you like for a ticket to attend your fundraising event. Therefore, you could arrange 'a donation only' event where people can attend the event whatever they decide to give - including people who pay nothing at all. You must not give preference to those who are willing to give a donation. In this case all donations would qualify for Gift Aid and GASDS.*

**Q24.** **Where there is a man and wife and say the man is the taxpayer, does it matter if the non-earning wife signs the Gift Aid form? I have always believed this did not produce a problem, but could you confirm please?**

***A24.*** To make this point clear, HMRC requires the Gift Aid declaration form to state “***I******am a UK taxpayer****....” Therefore,* ***the non-taxpaying wife cannot*** *make a Gift Aided donation. See next question.*

**Q25.**  **A couple of members of our church have retired over the last year and will not pay enough income tax to cover their regular donations.  Their husbands however are still in full time employment and are taxpayers.   Although their husbands are not church members, their wives have asked if their husbands fill in a long-term declaration form could our member’s donations be “put under" their husband’s name.**

***A25****. No, your member’s donations cannot be put under their spouses’ names because the declaration must be completed by the donors (whether they are church members or not) who have paid sufficient tax.*

*However, the Church can accept a long-term declaration from a taxpayer who is not a Church member. Therefore, the spouse who is a taxpayer (but not a church member) can still donate to the church provided they have completed a declaration form in their own name.*

**Q26.** **How can we claim gift aid on donated goods, e.g., clothing. What records must I keep and what else must I do so that the donations can be Gift Aided? Is it possible to sell goods on behalf of an individual, which many Charity shops do?**

***A26.*** *Because Gift Aid applies to gifts of cash, a* ***donation of goods*** *to a charity is* ***not*** *a Gift Aid donation. However, it is possible for the Church to offer to sell the donated items on behalf of the donor, who may then choose to give the cash proceeds of the sale to the charity using Gift Aid. You can then claim Gift Aid on cash proceeds from those goods when they are sold.*

*New regulations came in from 6th April 2013, and there are now three possible ways of operating the system. The easier and therefore preferred one would be ‘Method A’ where:*

* *You do not need to send letters to the individual when the net sales proceeds from* ***the*** *goods are no more than £100 in a tax year.*
* *You have a long-term declaration from the donor*
* *You have explained the Gift Aid process to the donor*
* *There is a written agency agreement between the donor and the Church.*

*The Charity/Church must advise donors of the process of sale under ‘Method A’ at the end of the year. There is a template available on HMRC website, please see copy below:*

Please note- *the text in italics is compulsory.*

Dear (name of supporter),

Thank you for bringing your goods to (name of charity shop) for sale. *You agreed that we should contact you at the end of the tax year, which runs from 6 April to 5 April the following year, and let you know how much we raised from selling your goods.*

*I am pleased to tell you that we have raised a total net income of £*XX.XX *from selling your goods this year.*

*Please contact us if there is a change in your circumstances and as a result you need to cancel your Gift Aid declaration. If you have not paid sufficient income tax or Capital Gains Tax to cover your donations, you may need to pay the shortfall of tax to HM Revenue and Customs. Other taxes like VAT and Council tax do not qualify*

Yours faithfully/sincerely/truly

**Q27.** **The majority of the Circuits churches are rural, and it is not convenient for treasurers (many elderly) to have to make a separate trip to the local town to bank the collections each week.  Is it acceptable to bank two or more weeks’ collections together if the individual week’s record keeping of the church shows the amount of cash received and eligible?**

***A27****. Whilst HMRC say it is 'best practise is to bank no later than the next working day', this does not recognise the reality of life in the 4,000 plus Methodist Churches. It is a case of ‘One size certainly not fitting every-one’. What is important is that the records are kept and that show how much was received and that it was banked.*

**Q28.**  **We bank with Santander, and do not have a paying-in book. At the Post Office our paying-in card is swiped, and a receipt issued for the full amount of cash paid in. The receipt is reconciled to the collection record sheet. Is this an acceptable audit trail?**

***A28.*** *Yes. HMRC have confirmed that this is acceptable. Whilst most banks have a*

*detailed paying in slip, the Post Office does not.*

**Q29.**  **We recently had an organ marathon at church; our Minister played the organ for 24 hours.   Unfortunately, we only gave out "hand-made" sponsor forms with no declarations on (we have since seen proper ones on the website) so although names and addresses were put on - nobody was asked if they would like to Gift Aid it and probably a good 50% of people are not taxpayers anyway. A total amount of £4000.00 was made and although I know we could reclaim the amounts donated by members of the church who already Gift Aid, is there a way we can reclaim anything from the other amounts?**

***A29.*** *This can be done by asking them to complete a declaration form*

*For record purposes – you need to keep these with the sponsorship form.*

*Please see the approved sponsorship form below where you can see that an additional column has been added for the donor to tick if they would like their donation to be Gift Aided, bearing in mind they have to adhere to the HMRC regulations. The onus is on the donor.*

***Sponsorship and Gift Aid declaration form***

*Please sponsor me (name) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*To (event) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

In aid of \_\_\_\_\_\_\_YOUR\_\_\_\_\_ Methodist Church\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*If I have ticked the box headed ‘Gift Aid? √’,*

“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.”

Please see sample sponsorship form below:

***Remember: Full name +Home address + Postcode + √   = GIFT AID***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  *Full Name (First name and surname)* | *Home address (Only needed if you are Gift Aiding your donation), Please don't put your work address here) Postcode* | *Amount**£* | *Date* | *Date paid* | *Gift**Aid? √* |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  | *Total Donations Received* | *£* |
|  | *Total Gift Aid donations* | *£* |
|  | *Date donations given to Charity or CASC* |  |

**Q30.** **When donations are received for Gift Aid at various events e.g., an auction or organ marathon, how do I record them on the claim forms from Methodist Church House at the year end? Do we have to wait until next April to reclaim the monies or can we reclaim throughout the year?**

**A30. Auction** - There are separate Gift Aid rules for auction. Please refer to HMRC website or contact us for further clarification.

Organ Marathon (Sponsored Event – refer to HMRC further notes)

For a sponsored event, (see form above).

**How do I claim for a 'sponsored event’?**

For claims made through Methodist Church GA Bureau, all the donations under £500 for someone taking part in a sponsored event can be put as one entry under the name of that participant.

This means you won't need to list every individual donor who sponsored the person, which is what happens now for fewer than ten donors. Only individual donations of £500 or more shown on individual sponsor sheets will need to be separated out and listed individually on the claim form.

**Q31.**  **Can I claim gift aid on legacies made to our church?**

***A31.*** *No, you cannot claim gift aid on legacies.*

**GUIDANCE NOTES ON GIFT AID SPONSORSHIP EVENTS**

[**https://www.gov.uk/guidance/gift-aid-what-donations-charities-and-cascs-can-claim-on**](https://www.gov.uk/guidance/gift-aid-what-donations-charities-and-cascs-can-claim-on)

**Sponsored challenges**

If your charity organizes fundraising events such as marathons or treks abroad, you may be able to claim Gift Aid on sponsorship that participants raise.

All sponsorship payments are eligible for Gift Aid if participants pay the cost of flights and accommodation themselves.

Example:

A donor signs up for a sponsored bike ride in Vietnam which costs £1,500 for flights and support costs. The charity asks the donor to raise £2,500, of which £1,000 goes to the charity.

Where sponsorship payments are eligible for Gift Aid, sponsors must make a valid [Gift Aid declaration](https://www.gov.uk/gift-aid-declarations-claiming-tax-back-on-donations).

The deposit or registration fee that participants are asked to pay in advance of a sponsored challenge is not eligible for Gift Aid. If a sponsor is connected to the participant, their donations only qualify for Gift Aid if the participant pays the full cost of the trip so that all the sponsorship money raised goes to the charity.

A ‘connected person’ is:

* A wife, husband or civil partner
* Brother, sister, parent or grandchild
* The wife, husband or civil partner of a relative
* A company under the control of the donor, or under control of connected persons

HMRC recognises that a charity or CASC cannot be expected to check whether a participant and their sponsors are connected. But you should take reasonable steps to ensure that Gift Aid payments are not received from people or companies connected to a participant. You can do this by including an explanation in any event literature and on the sponsorship form.

**Sponsored events**

You will need to enter:

* ‘yes’ in the sponsored event box
* the date the sponsorship payments were received by the charity
* the total amount of all the Gift Aid donations raised by the participant

If you are claiming Gift Aid on donations from a sponsored event, you don’t need to include details of individual donors, unless an individual gives more than £500.

Show individual donations over £500 as a separate Gift Aid donation with the donor’s name and address. Don’t enter ‘yes’ in the sponsored event box against individual donations.

If you are adding together donations of less than £500 from sponsored events, enter the name, address and postcode of each participant in the event.

The address can be the participant’s home address, place of work or the address of a school if the participant is a child who has taken part in an event organised by a school.

**Can your church/circuit claim GASDS?**

**1. Does your church claim Gift Aid?**

* Yes – go to Question 2.
* No – You may not claim GASDS as you will not meet the requirements of the matching rule.

**2. Does your church host at least 6 charitable activities (services) with at least 10 people**

 **in attendance?**

* Yes - Your church qualifies for community building status.

One of conditions for your church to qualify as a “community building”, under which the claim is made, is that you must meet on at least 6 different occasions in the tax year with a group of at least 10 people. Once this condition is met, other GASDS donations made during other meetings will qualify even if you had less than 10 attendees in those other meetings, this applies to GASDS received on or after 6/4/2017.

* No - You may not claim GASDS as your church does not qualify for community building status.

**3. Does your church claim for more than £800 in donations for Gift Aid?**

* Yes – you may claim up to the maximum £8,000 for donations received on or after 06/04/2017, go to question 4.
* No – your maximum claim will be your total donations for Gift Aid multiplied by 10 (for example Gift Aided donations = £320, maximum GASDS claim = £3200), go to question 4.

**4. What donations can count towards my GASDS total?**

* Donations in cash and contactless (NB: no cheques or bank transfers) up to £30 per donor per event, either from anonymous donors or those who are on envelope schemes but for whom you don’t have valid Gift Aid declaration form. Contactless donations are also eligible for GASDS for donations collected on or after 06/04/2017.

**5. Does your church bank all of the donations in a bank in the UK?**

* Yes - go to question 6
* No - only donations banked in the UK qualify for GASDS, any donations that are not banked in the UK account may not count towards your church’s total.

**6. Does my church have events which carry a charge either to enter (eg a ticketed concert) or for a service (e.g., hire for weddings or funerals)?**

* Yes – donations at events which carry a charge cannot be counted towards your GASDS total. Events which are free to enter can all be counted.
* No – go to question 7

**7. For what period range can I claim GASDS?**

* You must claim GASDS on donations received during a tax year, i.e. 6th of April to 5th of April. You must also make your Gift Aid claims for donations received during the same period. This is to satisfy the matching rule.

**8. What records must I keep to claim GASDS?**

* Detailed records must be kept, the record should include: the date of the event; the type of activity; the number of attendees (to prove 10 or greater); the breakdown of denomination of notes and the total of coins (it is best to also have a breakdown of coins); evidence of banking (i.e. bank statements, paying in slips).

**9. How long do I need to keep the records for?**

* These records must be kept for 6 years from the end of the period for which they relate (for example, GASDS claimed for 06/04/2017-05/04/2018 in financial year 01/09/2017-31/08/2018 must be kept until 31/08/2024)

**10. Information we need to process your GASDS claim - please provide this under**

 **Section C: GASDS for paper forms or under address and post code cells for electronic claims.**

* Church address: 1st line of address and post code of the church building where charitable activities take place.
* Tax year to which GASDS relate.

**Deadline: GASDS donations collected during 2021/22 tax year must be submitted to us NOT LATER THAN 28/02/2024 as we need sufficient time to process and validate them ahead of the HMRC deadline.**

**QUESTION:** Can GASDS be claimed on cheques or online donations because Covid19 caused many churches to close for most of the time in the tax year and were instead meeting online?

**ANSWER**: HMRC has NOT made any change to the rules in this regard and **GASDS is still claimable on cash and contactless donations only, subject to the normal GASDS rules.**

Donations made by cheques, standing orders or online transfers are **NOT** eligible for GASDS repayment **BUT they are still eligible for normal gift aid if the donor has given you a gift aid declaration form and he/she is still a taxpayer.**

**Additional message about the operation of the Gift Aid Small Donations Scheme during the COVID-19 crisis.**

 “The Connexional Team have been liaising with the Charity Finance Group and the Churches Legislation Advisory Service who have been lobbying HMRC concerning the Gift Aid Small Donation Scheme. Whilst the rules have not changed, HMRC have provided a helpful interpretation of the guidance that will assist many treasurers and gift aid secretaries. The HMRC response is as follows:

“In respect of GASDS, guidance on the eligibility for donations for inclusion in this scheme is clear in stating that claims can only be made on cash donations of £30 or less; and contactless card donations of £30 or less collected on or after 6 April 2019. The decision over what constitutes an eligible donation is one for the church/charity to make for themselves, rather than for HMRC, but the conditions for something to be considered a ‘small donation’ are clearly set out in legislation. **Where it is the case, for example, of separate donations being given in a single envelope, then if the church/charity official is happy these are clearly separate ‘small donations’ (and clearly stated as such) then they will be eligible for GASDS, as is the case where separate envelopes are used”**.

**QUESTION**: Can GASDS be claimed on cheques or online donations because Covid19 caused many churches to close for most of the time in 2020/21 tax year and were instead meeting online?

**ANSWER**: GASDS 2020/21 is now out of date after 5/4/2023. However HMRC has NOT made any change to the rules in this regard and GASDS is still claimable on cash and contactless donations only, subject to the normal GASDS rules.

Donations made by cheques, standing orders or online transfers are NOT eligible for GASDS repayment BUT they are still eligible for normal gift aid if the donor has given you a gift aid declaration form and he/she is still a taxpayer.

**GASDS and Aggregated Donations Important Information**

**Important information about a new (increased) limit for individual donations under GASDS and Aggregated Donations.**

HMRC has increased the limit of individual donation towards GASDS from £20 to **£30 per donor for each single donation during a qualifying charity event effective from 6/4/2019**.

**Reasonable steps to check donations are eligible**

It will not always be obvious whether a donation is £30 or less when making a claim. For example, in a church collection an individual could donate £40 in £10 notes without the person organising the collection noticing.

Donations will be eligible as long as the managers of the charity or CASC have taken reasonable steps to apply the £30 limit.

Reasonable steps for ensuring donations are eligible include:

* Giving instructions to all collectors to record any donations greater than £30 so that they can be excluded from the GASDS claim
* Not including £50 notes in a GASDS claim

You can ‘aggregate’ (add together) donations of £20 or less from different donors and show them as one entry on the spreadsheet. **Please note that we will still need a supplementary form with individual donor's details as indicated in our Gift Aid Q & A**. The total donation on one line cannot be higher than £1,000 and the total cannot include donations associated with admissions to charity visitor attractions.

**The above changes for individual GASDS and aggregated gift aided donations take effect from 6/4/2019.**

**Claiming top-up payment on Gift Aid Small Donations Scheme (GASDS) donations (2021-22 Tax Year)**

**From 06/04/2016 the GASDS maximum claim is £8,000.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Donations received in | Claims can be made from | Deadline to send the claim to HMRC by The Bureau Service | Deadline GASDS claim must be received by The Bureau Service at Church House | Limit (£) for each community building |
| 06/04/2021-05/04/2022 | 06/04/2022 | 05/04/2024 | 28/2/2024 | 8,000 |
| 06/04/2022-05/04/2023 | 06/04/2023 | 05/04/2025 | 28/2/2025 | 8,000 |

**Please note that GASDS can only be back claimed 2 years (2021-2022 and 2022-23) which means that 2020/21 is now out of date after 5/4/2023.**

**Deadline submission date to HMRC for 2021/22 GASDS is 05/04/2024, however this should have reached us on or before 28/02/2024 to allow us sufficient time to process and submit to HMRC.**

**Important information about the following GASDS notes**

These notes have been updated to include some updates from HMRC. The paragraphs in italics (pages 24 - 30) were directly taken from [www.gov.uk](http://www.gov.uk) and you can access the entire text from this link: <https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme>

For GASDS rules applicable to donations collected before 6 April 2017 please follow this link: [*https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme-before-6-april-2017*](https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme-before-6-april-2017)

**Introduction**

This scheme provides for top-up payment on small cash (£30 and less) or contactless donations to eligible charities and community amateur sports clubs (CASCs)

GASDS does not replace the Gift Aid scheme but operates in addition to it and also note that it is completely different from Aggregated donations (where a gift aid declaration is sought). It requires no Gift Aid declaration and could include anonymous donors as well as donors who might choose not to sign a gift aid declaration.

You should still where-ever possible endeavour to claim donations of £30 and less as a Gift Aid by obtaining a valid gift aid declaration from the donors, since unlike GASDS, there is no limit on the amount of donations on which you can claim Gift Aid relief, subject to normal gift aid rules like the amount of income tax a donor has paid.

\*Please do not include donations from donors who have given you a valid gift aid declaration.

*The cap on the amount of GASDS top-up you can claim is £8000*

***GASDS SCHEME USED BY THE METHODIST CHURCH GIFT AID BUREAU***

*The Gift Aid Bureau of the Methodist Church claims GASDS under community building rules. There is another option of claiming on donations collected “anywhere in the UK” but if you want to use this option, you will need to register with HMRC and send your claims directly to them. This is because we are not able to claim GASDS under both options. For further information about claiming GASDS on donations collected anywhere in the UK, please refer to the following webpage: https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme*

*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*](https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme#local-authority-areas) *as a community building*

*Under the community building rules a charity can claim on a maximum of £8,000 of eligible donations per community building.*

 **The definition of a ‘community building’**

*A community building is a building (or part of a building) which a charity uses to run charitable activities.*

*These charitable activities must host 10 or more beneficiaries at least 6 times during the tax year.*

*To qualify as a community building a building (or part of a building) must meet the following conditions:*

* *Your charity must carry out charitable activities in a community building for a group of at least 10 beneficiaries at the same time*
* *The beneficiaries do not need to be the same 10 people each time*
* *Activities must be group activities - 10 beneficiaries being counselled on a one to one basis in 10 separate rooms would not be eligible*
* *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)*
* *Activities must be run in the building on at least 6 occasions each tax year*

*For example, the building used by a charity running a school would be unlikely to qualify as a community building unless children who aren’t pupils of the school can join in freely with the charitable activity.*

*In some cases, employees and volunteers will count as beneficiaries of the charity for example, at a religious service.*

*However, in other cases they will not count as a beneficiary. For example, a social worker facilitating a self-help group would not be considered a beneficiary of the charity.*

*Examples of buildings that can be community buildings include:*

* *village halls, churches, synagogues, cathedrals, scout huts etc*

*A building cannot be a community building if the building (or parts of it) is used wholly or mainly for residential purposes or the sale or supply of goods unless the charity is using part of that building exclusively to carry out a charitable activity.*

*Charities do not need to own a building for it to qualify as a community building.*

**Collections in community buildings**

You can claim a top-up payment on small donations collected during charitable activities held **in a community building**, eg a church, a cathedral, a town hall, a mosque, a synagogue or a village hall.

A condition for your Church to qualify as a “community building”, under which the claim is made, you must meet on **at least 6** different occasions in the tax year with a group of **at least 10 people. Once this condition is met, other donations made during other meetings will qualify even if you had less than 10 attendees.**

Charitable activities must be open to members of the public. You can’t charge a fee to enter the building, or the part of the building, in which the activity takes place. Activities carried out primarily for the purposes of fundraising, such as jumble sales, concerts and dinners don’t count as charitable activities and aren’t therefore eligible.

There is no limit on the number of eligible community buildings that a charity carries out its charitable activities in. If your charity has 2 community buildings, it could claim on up to £16,000 for donations received on or after 06/04/2016. That amount is made up of:

* a maximum of £8,000 in community building A
* a maximum of £8,000 in community building B

Please be aware that there are special rules around keeping records about small donations raised in a building. If your organisation is connected to another charity, other [rules apply](https://www.gov.uk/claiming-a-top-up-payment-on-small-charitable-donations#rules-apply).

If your charity or CASC is connected to another charity or CASC, the small donations amount (of up to a maximum of £8,000 is shared equally between you. This means that if a Church and a Circuit **share** a community building, then the £8,000 maximum limit is restricted to the building and not per individual claiming entity.

**Updated changes to this scheme at a glance**

Charities and CASCs can now make a claim for a top-up payment on eligible small donations without needing to:

* have been registered as a CASC or established as a charity for tax purposes for at least the 2 previous complete tax years
* have made a successful Gift Aid claim in at least 2 of the previous 4 tax years
* **Contactless donations of £30 or less are now included under the scheme for GASDS donations collected on or after 6 April 2019.**

**How GASDS claims are calculated**

GASDS is worked out in the same way that Gift Aid is calculated. This means that, where the basic rate of income tax is 20%, small donation income of eg £8,000 will entitle you to a top-up payment of £2,000.

The maximum donation that you can claim a top-up payment on is the lower amount of:

* 10 times the amount of donations you’ve claimed Gift Aid on (‘the matching rule’)
* Small donations of up to £8,000.

To satisfy the matching rule, you must make claims on Gift Aid and small donations in the same tax year that you received them. The tax year is 6 April to 5 April, even if your own accounting year is different.

Example:

If you received £100 in Gift Aid donations, you could claim a top-up payment on £1,000 worth of small donations.

***How much Gift Aid you have claimed in that year – the ‘matching rule’***

***(what qualifies/ quantifies the amount of GASDS to claim)***

*The amount of GASDS top-up you can claim also depends on the amount of Gift Aid donations that you have received and successfully claimed on in that tax year.*

*The maximum amount of GASDS top-up you can claim is 10 times the total amount of Gift Aid donations claimed on by the charity or CASC in that tax year.*

*For example, to claim a top-up payment on £500 of small donations you need to successfully claim Gift Aid on at least £50 of eligible donations in the same tax year.*

*Net Gift aid donation for the tax year = £50*

*Eligible GASDS claim is £50 x 10 = £500*

*You can only match GASDS donations to Gift Aid donations made in the same tax year. It is the tax year the donation was actually made, not the year you claim Gift Aid, which matters.*

*GASDS is always worked out on a tax year basis, so the Gift Aid donations to be taken into account must also be considered on a tax year basis, even if the charity or CASC has an accounting year that is different from the tax year.*

*Claims on gift aid and GASDS should be on donations received from 6th of April in a year up to the 5th of April in the following year*

*You must consider what tax year the Gift Aid donation was actually made to the charity.*

***Example***

*A charity submits a claim in 2021/22 for the following donations, which are all eligible for Gift Aid:*

* *£300 in tax year 2019 to 2020*
* *£50 in tax year 2020 to 2021*
* *£100 in tax year 2021 to 2022*

*This charity will only be able to claim GASDS top-ups on a maximum of £1,000 in small donations in tax year 2021 to 2022. This is worked out by multiplying the £100 Gift Aid donation in tax year 2021 to 2022 by 10.*

*The amounts on the Gift Aid claim which were collected in earlier tax years DO NOT count*

*** Reasonable steps to check donations are eligible***

*It will not always be obvious whether a donation is £30 or less when making a claim. For example, in a church collection an individual could donate* more than *£30 without the person organising the collection noticing.*

*Donations will be eligible as long as the managers of the charity or CASC have taken reasonable steps to apply the £30 limit.*

*Reasonable steps for ensuring donations are eligible include:*

* *Giving instructions to all collectors to record any donations greater than £30 so that they can be excluded from the GASDS claim*
* *Not including £50 notes in a GASDS claim*
* *Excluding cash donations known to be from non-individuals (for example, a company or trust)*
* *Excluding any donations collected or banked outside of the UK*
* *Claiming under Gift Aid rather than GASDS when it’s known that a donor has completed a Gift Aid declaration for their donation*
* *Claiming Gift Aid on donations received in Gift Aid envelopes*
* *Excluding donations where the donor or someone connected to them has received a benefit from you as a result (gifts with negligible value such as a lapel sticker are allowed)*

*Excluding membership fees as they are not small donations for GASDS purposes*

**Best practice for handling cash**

There are other rules that affect the amount you can claim on, explained on this page

Full guidance on best practice for handling cash is available from a number of sources including charity representative bodies. Best practice in handling cash donations includes the following:

* Cash received should be collected, counted and recorded by two unrelated individuals, wherever possible
* Cash should be counted in a secure environment and held in a secure place until it is possible to bank it
* When it is counted, a record should be made of the amount received by denomination of coins and notes for reconciliation with banking details
* Cash should be banked as soon as possible
* Cash should never be left unattended or in an unattended environment

**Rules for banking the cash**

Cash donations (UK Pounds Sterling and any other foreign currency) must be in bank notes or coins that have been collected and banked in the UK during the relevant tax year relating to the claim.

The cash you have collected must be paid into a UK branch of a bank or building society, as soon as possible after it is collected. Best practice is that this should be no later than the next working day.

The cash must be:

* paid into an account held by or on behalf of the charity
* banked in the UK but the bank does not need to be a UK bank – it may be a UK branch of a foreign bank

You will need to keep a copy of the record showing you paid in the deposit.

 **Record Keeping**

*If you want to claim GASDS top-up payments, you need to keep sufficient records to support your claims.*

*What records you need to keep is a matter for you, but you should be able to show that:*

* Your charity or CASC collected the small donations in the UK and kept records to confirm this
* Your charity or CASC banked any cash donations in a UK branch of a bank or other relevant institution, for example a building society
* Cash was banked in an account held in the name of or on behalf of the charity or CASC
* Contactless donations were credited into a UK bank account held in the name of or on behalf of the charity
* You kept any records of contactless donations produced by the contactless terminal so that you can monitor for any ’multiple donations from the same person
* You can identify how much was collected on each contactless terminal so that you can work out how much was collected in a particular Local Authority area
* You’ve kept a record of the denomination of all notes received (£5, £10, £20) and have removed any £50 notes which are above the £30 limit

*It is important that small cash donations are banked if your charity or CASC wants to claim a GASDS top-up.*

*Your charity or CASC****MUST NOT*** *use small cash donations to pay for expenses without banking the donations first as this will automatically disqualify making a top-up payment claim.*

*It’s also a good idea to provide fundraisers with bank giro credit forms 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.*

* If your charity wants to claim GASDS top-up payments based on amounts collected in a Local Authority Area near a community building, you must also keep a record that show:
* The address of the community building
* That the building qualified 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.

**Records MUST be kept separately of small donations (GASDS) you have received for 6 years from the end of the tax year to which they relate.**

**Collection record**

This provides an audit trail to the bank paying in slip, showing that the collection / receipts were banked.

* Record the makeup of cash
* Non-reimbursement of expenses

**Frequently Asked Questions and Answers**

**Q1.** **When did the GASDS Scheme come into effect?**

***A1.*** *The scheme applies* ***only*** *to small cash donations received on or after* ***6th April 2013****, any donations received by your church on or before 5 April 2013 will* ***NOT*** *qualify.*

**Q2.** **Will we be able to claim for cash gifts (£30 or less) currently made through the weekly Envelope scheme by non-taxpayers?  If not, it would clearly be financially beneficial for such donors to stop the Envelope scheme and make their donations as cash in collections at services.**

***A2.*** *Yes, even though the donation was in an envelope it is still a cash donation made at a charitable activity and therefore eligible for GASDS if the donor does not have a valid gift aid declaration.*

*These donations should be recorded in your GASDS records. They can also be recorded in your envelope register.*

**Q3. How should sundry expenses be recorded?**

***A3.*** *The collection record shows a line for sundry cash payments. Cash payments must not be made out from GASDS donations. These donations must be banked to qualify for GASDS top up. However, these expenses can be reimbursed from any other cash revenue.*

**Q4. We offer refreshments after morning services for which there is no charge, but donations may be made voluntarily by those enjoying them.  Could we claim on such donations?**

***A4.*** *Yes. HMRC state for Gift Aid, “'A donation only' event where people can attend the event whatever they decide to give - including people who pay nothing at all.  In this case all donations would qualify for GASDS or Gift Aid where you have a signed declaration from the donor”*

**Q5. We hold an annual gift day. At the door is a collection plate where donations are made. Those who gift-aid use envelopes but others place loose change on the plate. In the hall, we have a number of stalls, e.g., cakes, tin food, and bric-a-brac. At the end of the day, the stall holders hand their takings in, and the money is merged with the ‘entrance’ donations and shown as ‘Gift Day Income’. Can the stall takings be regarded as ‘loose change’, which in effect it is, or only the ‘entrance’ donations?**

***A5.****HMRC state, “Activities carried out primarily for the purposes of fundraising, such as jumble sales, concerts and dinners* ***DO NOT*** *count as charitable activities”. Therefore, only the donations at the door are eligible for GASDS, and the envelopes for Gift Aid.* You **cannot** claim Gift Aid on takings from stalls.

**Q6.** **Can more than one donation made by the same person on the same day be counted together or as separate donations? E.g., a person attends a service and donates £30. They then attend a presentation in the evening of the same day and make a further £30 donation.**

***A6****. The basic rule is that any cash donation made per individual per occasion of £30 or less is eligible.*

**Q7.** **A collection is made at a funeral with a request that half be for the church**

**and half be for an outside charity. Can the Church treat the amount as loose cash towards the £8,000 figure?**

***A7.*** *Yes, the half given to the Church is eligible, assuming all GASDS criteria are met. (See general rules above) However, if there was a charge for the use of the church or for services of the minister at the funeral then the donations would not be eligible.*

**Q8.** **Following the funeral for one of our members, the collection was to be split between Church and another local charity.  There was a service at the crematorium prior to one at the Chapel. A collection was held at both. The undertakers took charge of all the cash and sent a cheque for our half.  Are we able to claim?**

***A8.*** *No, you can’t, unfortunately, a cheque is not eligible. A second technical consideration is, “does your Church meet at least 6 times a year at the crematorium with at least 10 persons present?”*

**Q9.**  **How should direct debits for GASDS be recorded, if indeed Direct Debit (DD)/Standing Order (SO) is allowed under GASDS?**

***A9.*** *Only cash and contactless is allowed for GASDS.*

**Q10.** **What is the rationale for excluding cheques of £30 and less from the GASDS scheme?**

**A10.** The stated rationale made by the Treasury is: “Cheques. The underlying policy assumption is that, in certain circumstances, donors and charities do not have the time or the means to deal with Gift Aid declarations and therefore the charities are receiving anonymous donations. *To make a Gift Aid declaration a donor must complete a form with their name, the first line of their address and their postcode. Someone who is prepared to write a cheque has already taken extra time to support the charity and completing a Gift Aid declaration requires very little extra work. The charity will know who the donor is and will probably maintain a record of the donor. In those circumstances it is straightforward for the charity to collect a Gift Aid declaration and, indeed, will be in the interest of the charity to encourage the donor to make a Gift Aid declaration and to develop a continuing relationship to encourage future donations. There is no compelling reason to include donations by cheque in the new scheme.”*

**Q11.**  **Should the GASDS donation be banked separately from the main collection? This sounds ridiculous, but do you know of any requirement to bank the exact denominations of cash received from GASDS? I hope not as we usually get every combination of coins that there are and our bank will only accept five different coin bags! In addition, I often will bank 2 weeks of collections together.**

***A11.*** *The requirement is that you can reconcile the amounts received to the bank paying in record. There is no need to bank separately or change your existing routine. Please refer to the ‘best practices for record keeping’ in the notes above.*

**Q12. One of our churches does not have a building at all, meeting weekly in their village hall.  They can easily fulfil the requirement for 10 people meeting 6 times a year, which perhaps makes them a community, but the community building belongs to someone else.**

***A12.*** *Your village hall qualifies as your community building. The majority of Churches have their own building, which is their “community building”. However, many other buildings or rooms within buildings also qualify.* *A building may also be a community building for a number of charities, so long as they all meet the general conditions. A meeting room in a hotel or in Church building (The District Office) may be a community building, subject to the general rules being met.*

*What does not qualify is a building or parts of it that are used wholly or mainly for residential purposes or for the sale or supply of goods*. *Examples of buildings* ***which are not*** *community buildings:*

* *charity shops*
* *a family home*
* *residential care homes*

*Any part of a building that is used wholly or mainly for other commercial purposes is not a community building****, except at times when a charity has exclusive use of that part to carry out a charitable activity.***

**Q13.**  **Do the people donating the money have to be taxpayers or not - I know from what I've read elsewhere they don't?**

***A13.*** *“GASDS provides for top-up payments to charities on small cash donations up to £30 where it is difficult to obtain a Gift Aid declaration. An example is cash collected in street collections or at religious services. Your charity / Church does not have to know the identity of the donor, unlike with Gift Aid, payments under GASDS are not a tax relief and there is no audit trail back to the original donor’s tax record.” Therefore, both taxpayer and non-taxpayer can donate equally through the scheme. Examples where the Church could benefit from a taxpayer: A donation towards refreshments at the end of the service, a taxpayer who is a member of the envelope scheme in one Church attends a service in another Church, or attends a second service on the day and rather than let the collection plate go by, donates loose cash, or a taxpayer who chooses not to donate through Gift Aid.*

**Q14.** **Will it be necessary for every small church to make up 2 forms, similar to the examples, and keep them at least until the claim is made in 12 months’ time? If this amount of detail is not required, can we just continue with our existing system, whereby we have a collection journal in which we record the totals, which are subject to Gift Aid, and the remainder is shown as cash.**

***A14.*** *It is understood that the process (how you do it) used by a Church with a membership of 10 will necessarily be different to that in a Church with a membership of 200, but the underlying principles must be the same. The examples circulated are to illustrate the requirements contained in the HMRC guidelines which state, “The records you need to keep when counting cash”*

**Q15. We have a separate church plant, which meets for Sunday worship in a learning centre operated by the local authority for which we pay room hire.  The plant does not have a separate bank account to the main church. Are we able to claim a top up payment on up to £8,000 of small donations for each building separately as 'community buildings' if the relevant conditions are met?  Apparently, the claim forms from HMRC will provide for this situation i.e., a charity meeting in more than one community building.**

**A15.** Yes, you are entitled to claim top up on up to £8,000 for eligible offerings through the main church PLUS top up on up to £8,000 for eligible offerings through the church plant. When submitting your claim, you must breakdown the amounts claimed per community building by listing each of their addresses.

**Q16.**  **We are a small Church with only 7 members; there is a service virtually every Sunday of the year, but with an average congregation of only 6-8 each Sunday.  I therefore thought initially that we would not be eligible for the Small Donations Scheme as we have less than 10 members attending - on a Sunday. However, on reflection, we have a Messy Church about 4 times a year, which is well attended, and the Anglicans join with our congregation a couple of times a year, as at Christmas for instance.  The Church also has a monthly coffee morning, which again is well attended.**

**Would we be eligible for the GASDS?  If so, would we then be able to count in the Sunday morning collections for GASDS as well? As you can imagine, with a small Church where most of the congregation are elderly and unable to do much in the way of fundraising, it is difficult to increase our income.**

***A16.*** *For small donations to qualify under the community building rules there must be at least 10 beneficiaries taking part in the charitable activity at the time when the small donations are collected and, on every occasion, when they are collected. As the messy church is the only time when there are 10 or more people present the church would not qualify, as it has not had the minimum six occasions with 10 or more people present to obtain community building status.*

**Q17. Can our circuit claim GASDS?**

***A17.****In order to qualify, the circuit would need to satisfy the community-building requirement i.e., you would need to have a minimum of 10 people attending on at least 6 occasions in the same building. If the circuit uses a church for its meetings it would need to share the GASDS maximum between themselves as per the connected charity rules.*

**Q18. Which donations can be claimed?**

**A18.** Cash or contactless card donations of £30 or less can be claimed. The donation must be in bank notes or coins. *This will include Services; baptisms, funerals, retiring collections, benevolent fund, refreshments served after service, and collections at any other events (provided there is no charge for the use of the church or the minister). You may NOT include money raised where there is a charge or are the proceeds of a sale. For example: Concert, Coffee morning, jumble sale, etc.* Donations made by cheque, credit card, text or bank transfer are **NOT** allowable.

**Q19. How much you can claim?**

**A19.** The amount of top-up payments that a Church can claim under the GASDS depends on the amount you also claim under Gift Aid. **For every £1 of Gift Aid donations that a Church claims on, they can claim on £10 of GASDS donations** up to the £8000 limit for donations received on or after 06/04/2016. This is called 'matching rule'. To claim the maximum, you must also claim £800 of Gift Aid income.

The payment is calculated in the same way as a Gift Aid payment. So, whilst the basic rate of income tax is 20 per cent, a small cash donation income of £8,000 will entitle the Church to a top-up payment of £8,000 x 0.25 = £2,000.

**Please provide the following under Section C - GASDS (for paper forms) or under GASDS line for electronic forms:**

* 1. **Your church address and postcode (i.e., the address of the building where charitable activities take place). Please provide full address for each building if you have more than one building.**
	2. **GASDS in the “Surname” space on Excel claim forms.**
	3. **The tax year the GASDS relates to.**
	4. **Without this information, we cannot process your GASDS donation**

**Gift Aid Portal**

If you are experiencing issues in the Gift Aid Portal, where you cannot see the church information or the retrieval of password feature does not seem to be working, please kindly contact our Online Suite Support Team via email at onlinesuitesupport@methodistchurch.org.u**k**

**Thank you**

**If you require further assistance, please contact**

**The Gift Aid Team on 0207 467 5502, 0207 467 3761 or email** giftaid@methodistchurch.org.uk

**When contacting us by email, we recommend that you use giftaid@methodistchurch.org.uk, instead of individual staff work email address and quote your church ID. This is to help us keep your communication if there is a query and a member of the Gift Aid Bureau team who was dealing with the query has left Methodist Church. The above email address is accessible to everyone in Gift Aid Bureau team, and we can help you better when it is used.**

**Gift Aid Declaration**

Please treat as Gift Aid donations all qualifying gifts of money made (tick ALL relevant boxes)

Today   in the past 4 years   in the future

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

Gift Aid is reclaimed by The Methodist Church from the tax you pay for the current tax year. Your address is needed to identify you as a current UK taxpayer.

**By completing this form you confirm:**

“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.”

Please complete in capitals

**Date:**

**Church Name:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Title** | **Initials\*** | **Forename(s)** | **Surname\*** |
|        |       |       |       |
| **Address\* (House Number and first line of address at least)** |  |
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|       | **Signature (Optional)** |
|       **Post Code\*** |

**\*Please note that the details marked with \* are mandatory.**

Please notify your Gift Aid Secretary 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 a 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 HMRC to adjust your tax code.

 If you pay Income Tax at a 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 HMRC to adjust your tax code.

**Privacy Policy**

To find out how local Methodist churches process personal data see: www.tmcp.org.uk/mt-privacy; and for the Methodist Church’s data processing policy see: www.methodist.org.uk/privacy-and-cookie-policy.