



The Methodist Church

Claiming top-up payment on Gift Aid Small Donations Scheme (GASDS) donations

GASDS Claims Deadlines:

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
06/04/2015-05/04/2016	06/04/2016	05/04/2018	28/2/2018	<i>NIL-Out of date</i>
06/04/2016-05/04/2017	06/04/2017	05/04/2019	28/2/2019	8,000
06/04/2017-05/04/2018	06/04/2018	05/04/2020	28/2/2020	8,000
06/04/2018-05/04/2019	06/04/2019	05/04/2021	28/2/2021	8,000

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



Important information about the following GASDS notes

These notes have been updated to include some updates from HMRC. The paragraphs in italics (pages 1 – 8) were directly taken from 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>

Introduction

GASDS does not replace the Gift Aid scheme. The scheme is operated in addition to Gift Aid. GASDS provides for top-up payments on small cash donations where it is difficult to obtain a Gift Aid declaration.

You should still where-ever possible endeavour to claim donations under £20 as a Gift Aid by obtaining a 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.

The Gift Aid Small Donations Scheme (GASDS) allows eligible charities and community amateur sports clubs (CASCs) to claim ‘top-up’ payments on cash donations of £20 or less. Please do not include donations from donors who have given you gift aid declarations.



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Cash donations must be in bank notes or coins that have been collected and banked in the UK during the relevant tax year. Donations can be in any foreign currency.

You don't need to know the identity of the donors or collect Gift Aid declarations. (This is different to aggregated donations)

GASDS does not replace the Gift Aid scheme. The scheme is operated in addition to Gift Aid. GASDS provides for top-up payments on small cash donations where it is difficult to obtain a Gift Aid declaration. (Inserted after introduction)

You should still where-ever possible endeavour to claim donations under £20 as a Gift Aid, 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. . (Inserted after introduction)

Where a Gift Aid declaration is given even for a small cash donation, this donation cannot be claimed under GASDS. You would need to claim this under the normal Gift Aid.

You can't claim on:

- donations that come with a valid Gift Aid declaration
- membership fees
- a £20 portion of a larger gift

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

Updated changes to this scheme at a glance – Donations received on or after 6 April 2017

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 £20 or less are now included under the scheme for GASDS donations collected on or after 6 April 2017.**

Please note that the above changes relate to GASDS donations collected on or after 6 April 2017.



How much Gift Aid you have claimed in that year – the 'matching rule'

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.



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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 £100 of small donations you need to successfully claim Gift Aid on at least £10 of eligible donations in the same tax year.

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.

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

Example

A charity submits a claim in 2016/17 for the following donations which are all eligible for Gift Aid:

- £300 in tax year 2014 to 2015
- £50 in tax year 2015 2016
- £100 in tax year 2016 2017

This charity will only be able to claim GASDS top-ups on a maximum of £1,000 in small donations in tax year 2016 to 2017. This is worked out by multiplying the £100 Gift Aid donation in tax year 2016 to 2017 by 10.

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

This is because the following conditions for GASDS collected before 6 April 2017 still apply.

To be eligible to claim top-up payments under GASDS for donations collected before 6 April 2017, a charity or CASC must:

- 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, and there must not have been a period of 2 or more consecutive complete tax years between those tax years during which it made no successful Gift Aid claims - in practice this means a Gift Aid claim must be made in at least every other tax year



Keeping records

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 £20 limit*

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

If your charity or CASC uses small cash donations to pay for expenses without banking the donations first you won't be able to claim a top-up payment.

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 of small donations you've received for 6 years from the end of the tax year to which they relate.

Separate records should be kept for GASDS

Collection record

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

	GASDS	Normal Gift Aid
Required to record of the makeup of cash	Yes	No
Reimbursement of Expenses	No	Yes
Minimum number of persons present for EACH service	10 Persons	No minimum figure

Best practice for handling cash

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

The cash you have collected must be paid into a UK branch of a bank, or building society, as quickly 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.



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.



Reasonable steps to check donations are eligible

It won't always be obvious whether a donation is £20 or less when making a claim. For example, in a church collection an individual could donate £30 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 £20 limit.

Reasonable steps for ensuring donations are eligible include:

- *giving instructions to all collectors to record any donations greater than £20 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*



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The cap on the amount of GASDS top-up you can claim

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 claims send your claim 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](#) 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.



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**.

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**.

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.



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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.



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.



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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 (less than £20) 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, 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 £20. They then attend an OM presentation in the evening of the same day and make a further £20 donation.

A6.

The basic rule is that any cash donation made per individual per occasion of £20 or less is eligible.



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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?" If, as most probably the answer is, "No", then the amount collected at the crematorium would not be eligible. This is because the crematorium would not qualify as a community building for your church, though it could qualify as a community building for another charity. Also, if there was a charge for the use of the crematorium the donations would not be eligible.

Q9. How should direct debits for GASDS be recorded, if indeed D.D. is allowed under GASDS? The D.D. Sums could be within the £20 limit per week but could be received monthly or even annually.

A9.

*Only cash is allowed for GASDS. If a sum exceeding £20 had been received as cash either monthly or annually you may not allocate to individual weeks. **See General rule 1 Above***

Q10. Do I assume that we claim this extra tax (GASDS) through the Methodist Church annually as with our existing Gift Aid tax refund?

A10.

Yes, you claim using the existing process. However GASDS is not the repayment of tax.

Q11. What is the rationale for excluding cheques under £20 from the GASDS scheme?

A11.

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."

Q13. 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.



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A13.

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.

Q14. 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.

A14.

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.***

Q15. Do the people donating the money have to be tax payers or not - I know from what I've read elsewhere they don't?

A15.

"GASDS provides for top-up payments to charities on small cash donations up to £20 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.

Q16. 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.

A16.

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"



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Q17. 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' provided that 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.

A17.

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.

Q18. 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.

A18.

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.

Q19. Can our circuit claim GASDS?

A19.

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.

Q20. Which donations can be claimed?

A20.

Cash donations of £20 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.*

Q21. How much you can claim?

A21.

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 $£8,000 \times 0.25 = £2,000$.



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

- a. **Your church address and post code (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.**
- b. **GASDS in the “Surname” space on Excel claim forms.**
- c. **The tax year the GASDS relates to.**

Without this information, we cannot process your GASDS donation

Thank you