



Guidance Note No. 4

Gift Aid

What is Gift Aid?

Gift Aid increases the value of donations from individuals who are UK taxpayers to charities and Community Amateur Sports Clubs (CASCs) by allowing them to reclaim basic rate tax on a gift. The charity or CASC receiving the donation can reclaim the basic rate tax from HM Revenue & Customs (HMRC) on its 'gross' equivalent, which is the amount before basic rate tax was deducted. So, at the current basic tax rate of 20%, a Gift Aid donation of £10 is worth £12.50 to the charity.

How can it help bell restoration projects?

So long as a bell restoration project is under the aegis of a charity – usually the Parochial Church Council (PCC), the local Guild or Association or a charity set up specifically for a restoration project – Gift Aid forms a valuable addition to donations to the project. It is, however, important to meet all the HMRC requirements. This Guidance Note provides a 'roadmap' through those requirements but you are recommended to consult the HMRC website at <https://www.gov.uk/donating-to-charity/gift-aid> for full details. You should also consult the relevant Guild or Association treasurer or Gift Aid officer.

Requirements for Gift Aid donations

Apart from small cash donations (see below), all donors must make a Gift Aid declaration. This must include the donor's full name and home address, the name of the charity, details of the donation, a statement that it is a Gift Aid donation, and a statement that the amount of income tax or capital gains tax paid by the donor in the tax year of the donation is at least equal to the amount of basic rate tax the charity will reclaim.

The declaration may be made in writing, verbally or online. It is recommended that you use the Gift Aid declaration forms which can be downloaded from links on the web page: <https://www.gov.uk/claim-gift-aid/gift-aid-declarations>. There are two forms, one for single donations and another for all past present and future donations to the charity. With an up to date Adobe reader, you can download and save these, insert your charity's name and number in the relevant boxes and print them to distribute to donors. Please ensure that you use up-to-date forms, as the wording of the declaration was changed in October 2015.



However, declarations on paper can take other forms or be made verbally in person or over the phone. In the latter case the charity must send the donor a written confirmation of the verbal declaration and tell the donor that he/she may cancel it within 30 days. However the declaration is made, it is essential that all the required information and the correct wording are provided. Although the charity does not have to send the declaration forms to HMRC when claiming Gift Aid, it should keep clear records of all Gift Aid donations and declarations, as HMRC are entitled to ask to see them.

Gift Aid Small Donations Scheme (GASDS)

In addition to the standard Gift Aid scheme, charities are also able to reclaim Gift Aid on donations made in the form of collections of small amounts of money where it is not practical to obtain donation forms. Thus in the ringing context Gift Aid can be reclaimed on collections for bell restoration at meetings and in church services. The key points are that the charity does not need to know the identity of the donor and there is no need to obtain Gift Aid declarations from donors. Donations must be of £20 or less, in bank notes or coins only, up to a maximum of £5,000 in any year. The charity is expected to take reasonable measures to apply the £20 limit but is not expected to check every donation.

More information on GASDS is available on the website <https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme>, but the principal rules for claiming Gift Aid under the GASDS are:

- The maximum claim in any one tax year is £1,250;
- The GASDS claim cannot be more than 10 times the normal Gift Aid claim (i.e. for every £1 of Gift Aid donations that a charity claims on it can claim on a maximum of £10 of GASDS donations);
- The charity must have made a normal Gift Aid claim in the same tax year as the GASDS claim or in two of the last four years;
- Records must be kept for each collection of the total cash donations collected, the date of the collection and the date it was paid into a bank account.

Claiming Gift Aid

Normal Gift Aid claims must be made within **four** years of the end of the tax year in which the donations are received. However, claims on cash donations under GASDS must be made within **two** years of the end of the tax year in which they were collected.



Claims may be made online using the website <https://www.gov.uk/claim-gift-aid-online> or by post using the form ChR1, which is obtainable from the Charities Helpline <https://www.gov.uk/government/organisations/hm-revenue-customs/contact/charities-and-community-amateur-sports-clubs-cascs>. Gift Aid payment by BACS can be expected within four weeks for online claims and five weeks for claims by post.

Fund-raising events

Many bell restoration projects rely on donations raised by special events – art shows, tower open days and so on. However payments which are **required** in order to be able to attend an event are not voluntary gifts to the charity and do not qualify for Gift Aid. A solution is to set a ticket price and ask for a 'suggested donation', but the donation must not be compulsory. A common example in ringing is where a number of towers are open on a particular day. A 'day ticket' may be priced at £10, or £12 to include a voluntary donation. Tickets sold at £10 do not qualify for Gift Aid, but £2 can be claimed for Gift Aid for tickets sold at £12.

If such an event is 'donation-only', where people can attend whatever they decided to give (including making no donation), all of the donations would qualify for Gift Aid provided that you do not offer any special privileges to those giving a donation.

Sponsored events in aid of a charity (e.g. abseiling down the church tower) are different because here it is not the participant who is the donor. The people who sponsor the participant are the donors and these are the people who are entitled to use Gift Aid to increase the amount they pledge as sponsor money. Those seeking sponsorship should ask each sponsor to fill in their name, address and amount donated and, if they pay sufficient tax, to tick the Gift Aid box on a Gift Aid sponsorship declaration form, which can be found at <https://www.gov.uk/government/publications/charities-sponsorship-and-gift-aid-declaration-form>.

Membership subscriptions

To qualify for Gift Aid, charity subscription payments must be for membership only and must not give members personal use of the charity's facilities or services. These conditions still allow members to:

- receive newsletters explaining the charity's work
- visit and view the work of your charity
- take part in activities that form part of the charity's objectives.

Membership of ringing societies or their bell restoration funds usually involves rather more than this and, as a general rule, it would not be advisable to seek to claim Gift Aid on subscriptions.



The benefit rule

While many donations are gifted freely, the HMRC recognise that it is not unreasonable to provide some token of appreciation – a 'benefit'. But there are strict limits on the value of such benefits:

Donation	Maximum value of benefit
Up to £100	25% of the donation
£101 - £1,000	£25
£1,001 and over	5% of the donation, up to £2,500

For bell restoration projects, the following would not be considered as benefits:

- A simple acknowledgement, provided it is not an advertisement for a donor's business. Thus the naming of a donor in a leaflet, attaching a small commemorative plaque or adding a donor's name to a newly cast bell would be considered acceptable.
- An event put on to acknowledge a large donation with the donor as 'guest of honour', provided that the purpose of the event is to both celebrate the donation and promote the charity to stimulate more donations from the others attending the event. This would be regarded as a fund raising event and would not be treated as a benefit to the donor. However, a private event limited to the donor and a few friends would be regarded as a benefit. Inviting a donor to witness the casting of a bell bearing their name would not be regarded as a benefit provided the invitation is extended to others also.
- Literature provided to donors, provided it is produced solely for the purpose of the work of the charity and is relevant to and distributed exclusively in furtherance of the objects of the charity. So sending a newsletter to a donor to describe the progress of a bell restoration project would not be considered a benefit.

When Gift Aid cannot be claimed

Gift Aid cannot be claimed on the following:

- payments for goods and services
- donations of money from a company
- gifts made on behalf of other people, for example, a membership subscription paid on behalf of somebody 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
- a 'minimum donation' where there is no choice about payment
- gifts made using 'charity vouchers' or 'charity cheques'.



Conclusion

If you are a charity, Gift Aid is a valuable way of increasing donations to bell restoration projects. We hope that the information given above will form a useful starting point but please do make sure you check what you are planning to do on the various HMRC website links.

This and other guidance notes produced by the Bell Restoration Committee may be downloaded free of charge from the Bell Restoration Committee section of the Central Council of Church Bell Ringers web site: www.cccbr.org.uk/bellrestoration. Please check the web site to ensure you have the latest issue.