



What is Gift Aid and How Can It Help Our Group?



What is gift aid?

The main aim of gift aid is to allow UK taxpayers both individuals and companies to increase the value of their donations to charities. The original Gift Aid Scheme was introduced in 1990.

How does it work?

It works by reclaiming the tax on donations made by individuals to a charity. Charities can reclaim tax from the Inland Revenue, at the basic rate of tax paid, (on 10th April 2006 this is 22%). This works out at 28p in every pound

E.g. On a donation of £ 30, £8.40 of tax can be reclaimed - increasing the value of the donation to £38.40, well worth it?

You must be a registered charity to be applicable for this tax refund on the donations you receive.

The donation can be by cash, cheque, postal order, direct debit, standing order, debit or credit card or even in a foreign currency (including the euro)

Gifts of land, buildings, shares and securities

You can now also claim relief on gifts of certain assets to your organisation. This includes a person selling the asset to you at less than market value. A company cannot, however, get relief for a gift of its own shares to you.

Appendix A: Model Gift Aid Declaration

Gift Aid Declaration

Name of Charity

Details of donor

Title Forename(s) Surname

Address

Post Code

I want the charity to treat

*the enclosed donation of £ as a Gift Aid donation

*the donation(s) of £ which I made on

...../...../..... as (a) Gift Aid donation (s)

*all donations that I make from the date of this declaration until I notify you otherwise as Gift Aid donations

*all donations I have made for the six years prior to this year, (but no earlier than 6/4/2000) **and** all donations I make from the date of this declaration until I notify you otherwise, as Gift Aid donations.

*delete as appropriate

You must pay an amount of Income Tax and/or Capital Gains Tax at least equal to the tax that the charity reclaims on your donations in the appropriate tax year (currently 28p for each £1 you give).

Date:/...../.....

Notes:

1. You can cancel this Declaration at any time by notifying the charity.
2. If in the future your circumstances change and you no longer pay tax on your income and capital gains equal to the tax that the charity reclaims, you can cancel your declaration.
3. If you pay tax at the higher rate you can claim further tax relief in your Self Assessment tax return.
4. If you are unsure whether your donations qualify for Gift Aid tax relief, ask the charity.. Or, refer to help sheet IR65 on the [HMRC web site](#).
5. Please notify the charity if you change your name or address.

How do I know if the person donating to us has paid enough tax to claim

For most people it will normally be easy to determine if they have paid enough tax to cover the amount you will reclaim. That tax paid can be

Income tax

Capital gains tax at any rate

Tax paid on savings and income

However it does not include tax paid in the year to settle bills for any other tax year.

You can calculate the amount of tax you can reclaim using the following formula.

Amount of gift x basic rate of income tax / 100 minus the basic rate

So, with the basic rate 22%, the charity reclaims 22/78ths the gift.

How do we start claiming?

Write to H M Revenue & Customs (Charities), Charity Title Section, at the address at the end of the guide stating

Your full address, including postcode, to which they should send all communications and if registered, your Charity Commission registration number

If not registered, a copy of your governing document and details of activities, along with copies of any literature that explains your work.

The date on which the accounting period of the charity ends

This guide is produced as an introduction and is no way meant to cover the full range of issues that Gift Aid represents.

For further Information:

Inland Revenue Charities
St John's House

Merton Road
Bootle, L69 9BB

Tel: 0845 3020203 (select option 3)



HM Customs will then write to you:

Confirming your status as a charity

Issuing a reference number that you must state on all future correspondence with them.

Sending you repayment claim forms R68(2000) and R68(New Gift Aid) and a form ChN1 (PDF 83K) asking for the name and signature of an authorised signatory who will sign your repayment claims.

Who can sign repayment claims and receive repayments?

Generally, claims for repayment should be signed by an authorised official of the charity

I.e. one of the following:

- (a) a trustee of the charity;
- (b) a director of the charity;
- (c) a member of the managing committee of the charity
- (d) Charity officials can, however, nominate an individual to sign repayment claims and/or receive repayments on their behalf. An official nominee can be an employee of the charity, a third party or an agency authorised to act on behalf of the charity.

Form ChN1 (PDF 83K) should be completed if the charity wishes to nominate a person to sign for and/or receive repayments on their behalf.

If the charity or CASC wish to nominate an agency to act on their behalf a form ChN2 (PDF 39K) should be completed.

Charity officials will remain wholly responsible for the

accuracy and validity of any claim made on their behalf by any person they have so authorised.

Therefore Charity officials should give careful consideration as to the suitability of any person(s) or agency whom they authorise

Repayment will generally be made directly to the charity.

What can we claim tax back on?

A charity can reclaim tax on any donations made by individuals, whether large or small, regular or one-off - provided the conditions for the Gift Aid tax relief are satisfied. In particular, the charity will have to be able to show an audit trail from the donation to a donor

A model Gift Aid declaration is in appendix (A) or on the HMRC website. www.hmrc.gov.uk/charities

You will need to list on form R68 (New Gift Aid) the details of the donations for which you are claiming. You then calculate the tax you are reclaiming on the total amount of donations. The formula is on the bottom of the second page.

You should send your completed claim forms R68(2000) and R68(New Gift Aid) to the Bootle office. The repayment claim form R68(2000) must be signed by the authorised signatory.

The individual donor must give the charity a gift aid declaration. The declaration can be made in writing, by email or orally. It can cover one or more donations and it can be back dated to cover all donations since the 6th of April 2000. If an oral declaration is given, a record of the oral declaration must be sent to the donor