

## Gift Aid

### What is Gift Aid?

Gift Aid enables charities to claim an additional 25p from every £1 donated to them by UK taxpayers by applying to HM Revenue and Customs (HMRC). In addition to this, the Government will provide Transitional Relief of 3 pence on the pound. So charities can claim 25p from each £1 donated, and in total receive 28p until the 2011 tax year.

### How do you claim Gift Aid?

#### 1) Register with HM Revenue and Customs as a Charity

Charities don't have to register to claim Gift Aid but your charity must be recognised by HMRC for tax purposes. Recognition by HMRC as a charity is a separate process from registering with the Charity Commission for charitable status. You must contact HMRC to register for tax purposes and get a reference number.

HMRC have produced a CD Gift Aid toolkit, which has template letters for registration with HMRC. To get a copy ring them on 08453 020203. These forms can also be found on their website: <http://www.hmrc.gov.uk/charities/index.htm>

Forms you need to submit:

If you are registered with the Charity Commission you will need: **ChN3**

If you are too small to register with the Charity Commission you will need: **ChN4**

It also contains the authorisation form **ChN1** that needs to be completed and signed by the person who will sign your Gift Aid claims and submitted with your application.

This toolkit is available by contacting HMRC or the Tax-Effective Giving team.

The address to write to is:  
Her Majesty's Revenue and Customs – Charities  
St Johns House  
Merton Road  
Liverpool  
L75 1BB.

If you are unsure about what information you will need to provide HMRC, contact the charities helpline on 08453 020203.

#### 2) Make sure your donors sign a 'Gift Aid Declaration'

A Gift Aid declaration must include:

- The donors full name
- Their home address
- the name of the charity
- details of the donation, and it should say that it's a Gift Aid donation

This declaration can be used for all the future donations they make and can also be backdated for any donations that they have made over the last six years, so when you do your claim check if they have donated before! You could get money for it.



You need to make sure you keep a record of all the donations you receive and these records need to show that the donor has allowed you to claim gift aid.

The easiest way to make sure is to create a gift aid form for them to fill in when donating. This can have all the information above on it and creates a handy record in case you get audited.

Your charity must keep an auditable record of:

- all Gift Aid declarations and confirmation that you have advised the donor that they must pay at least as much UK tax (for the tax year that they donate) as the amount your charity or CASC will reclaim on the donation
- any cancellations of Gift Aid declarations
- any benefits you provide to donors

The key principle to remember is that if any donor - or person connected to the donor - benefits significantly from their donation, then their donation(s) will not qualify for Gift Aid. You cannot give them something in return that is of value. You can give them a modest gift (the cost of the gift can only be up to 25% of the cost of the donation for donations under £100 and only up to £25 for donations up to £1000).

### **3) Claim the money back from HMRC**

To get the money back use the CD Toolkit or download the forms off the HMRC website

You will need to fill in:

**R68(2000)**

**R68(New Gift Aid) schedule**

You can fill this in by hand or on the computer. Lots of experts will offer to do this for you (for a fee) but unless you are a very large charity this may not be cost effective as the forms are relatively straightforward.

### **Further Information**

For further information, please contact the Tax-Effective Giving Helpline on **0845 458 4586** or the HMRC Charities helpline on **0845 302 0203**. You can also find information:

[www.tax-effectivegiving.org.uk](http://www.tax-effectivegiving.org.uk)

<http://www.hmrc.gov.uk/charities/index.htm>