

## Gift Aid in Practice 9: Small Donations Scheme

(v3: 3<sup>rd</sup> April 2013)

The **Gift Aid Small Donations Scheme (GASDS)** allows a Gift-Aid style payment to be received on small cash donations of £20 or less up to a threshold of £5,000 of donated income per year per Church. It should benefit parishes by more than £15 million a year. The scheme begins on April 6th 2013. This guide offers practical guidance for implementation in Church of England parishes, more detail can be found from HMRC at: [www.hmrc.gov.uk/charities/gasds/basics.htm](http://www.hmrc.gov.uk/charities/gasds/basics.htm)

### Are we eligible to use the scheme?

PCCs, or charities registered for Gift Aid with HMRC, are able to use the scheme if you have:

- existed for at least 2 complete tax years before the year you want to claim for.
- made a successful Gift Aid claim in at least 2 of the previous 4 tax years without a gap of two or more tax years between those Gift Aid claims or since the last claim was made.
- not incurred a penalty relating to a Gift Aid or GASDS claim in the current or previous tax year.

### What Counts?

To be eligible, donations must be small cash donations:

- **small** – donations of £20 or less,
- **cash** – in coins or notes. Standing orders, cheques, text or online giving etc are not eligible,
- **giving/donations only**. Money from raffles, tombolas, sales and other income that would not qualify for Gift Aid cannot be included in the scheme.

from **individuals**, received **in the building**, and **on which no Gift Aid claim has been or will be made**.

Cash collections received during services will initially be the most common examples of qualifying donations for churches.

### How much can we claim?

In each tax year (6<sup>th</sup> April to 5<sup>th</sup> April), each **church** (rather than parish) can claim on up to £5,000 received as small donations in each of its church buildings<sup>1</sup> whilst running charitable activities (e.g. services) with 10 or more people. Churches are classed as Community Buildings under the Act governing the Scheme. Most church plants (meeting in schools, village halls or other community buildings) can also claim on up to £5,000 of donations on service offerings, but some venues may not count as “community buildings”. Since buildings on adjoining land are classed as one Community Building, many church halls will be not be eligible to be considered as separate community buildings.

Important Notes regarding eligibility for small churches:

- 1 For a church building to count as a Community Building, it must be used for charitable activities (e.g. worship or occasional offices) at least six times in a year, with at least ten people attending.
- 2 If any church receives less than £500 of Gift Aided donations in a year, the threshold for the small donations scheme is ten times the amount of Gift Aided donations claimed rather than £5,000.

<sup>1</sup> The Act also makes provision for each charity to receive £5,000 of donations not received during charitable activities with 10 or more people in a community building, but that this threshold is modified if the charity is connected to other charities. HMRC have stated that they consider PCCs in a diocese to be connected as they are controlled by the Bishop. This is clearly not the case, and we will challenge this position. Currently PCCs should only claim on the Community Buildings element of the scheme.

## What evidence do we need to keep?

HMRC require you to keep three pieces of evidence, none of which should be a new requirement:

- ① To be eligible, Small Donations must be banked at a bank or post-office branch in the UK. You must keep evidence which shows at least the amount claimed under GASDS was deposited.
- ② Vestry forms showing the cash collected at services, which provides evidence of the donations that are eligible. These should be signed. An example form, with accompanying notes, is available in both Word and Excel format at [www.parishresources.org.uk/giftaid/smalldonations/](http://www.parishresources.org.uk/giftaid/smalldonations/)
- ③ Evidence of the numbers attending a service, which will usually be your service register.

## Running the scheme

The majority of eligible donations will be received as offerings during church services, either as loose cash or as regular envelopes from donors for whom a Gift Aid declaration has not been received.

The example **vestry sheet** on the right shows eligible cash donations of £59.10 for this particular service. To this can be added some of the collections received in Regular Giving Envelope, but only those:

- which were £20 or less
- where the gift was in cash, not cheque
- and on which no Gift Aid declaration has been received.

All churches should already have a **method for recording regular envelope donations**, which will list weekly receipts

against each numbered envelope. For those donors for whom a Gift Aid declaration has been received, nothing changes, and Gift Aid is claimed in the usual way. For those donors without a Gift Aid declaration, the system will need to be slightly modified to make a note if the donation was by cheque, perhaps by circling it, or adding a "Ch" next to the amount. The donations from the donors without a Gift Aid declaration are eligible for the Small Donations scheme if the donation received in a week was in cash and £20 or less.

Envelope Number	Gift Aid?	Week				
		1	2	3	4	5
1	Y	£20	£20	£20	£20	£20
2	Y	£15	£15	£15	£15	£15
3	N	£20		£40	£20	£20
4	N	£10	£10	£10	CH £10	£10
5	Y	£20	£20	£20	£20	£20
Eligible		£30	£10	£10	£20	£30

GASDS. However, in week 3, Donor 3 gave £40 and since this is over £20, this must be excluded from the GASDS eligible amount. In week 4, donor 4 put a cheque in their envelope, which also must be excluded.

We then suggest that you have a **simple tracker** which records the running total of eligible donations received. This might look something like the form on the right. In this example, St Agatha's has received £2,968 of eligible donations by October 20<sup>th</sup>. Remember, your tracker needs to run on a Tax Year basis (6<sup>th</sup> April to 5<sup>th</sup> April).

20th October 2013						
Notes: £50	Regular Giving Envelopes	One-off Gift Aid Envelopes	Open Plate and Non-Gift Aided Donations?		Non-Donations?	TOTAL
	No of Envelopes	No of Envelopes	Eligible for GASDS	Not Eligible for GASDS		
£20	40.00	20.00				60.00
£10	30.00		20.00			50.00
£5	26.00	5	16.00			46.00
Coin: £2	12.00		14.00			26.00
£1	7.00		7.00			14.00
50p	0.50		2.50		3.00	6.00
20p			0.60		2.50	3.10
10p or 5p					1.20	1.20
2p or 1p					0.60	0.60
TOTAL	114.50	26.00	69.10	0.00	7.30	208.90
Cheques	12.00					12.00
GRAND TOTAL	126.50	26.00	69.10	0.00	7.30	217.90

In the example on the left, which shows just the first five of St Agatha's donors, there are two envelope donors for whom no Gift Aid declaration has been received: No 3 who gives £20 a week and No 4 who gives £10 a week. Normally the church is able to include the £30 weekly gifts received from the two donors in its tally of donations eligible for

Sunday	Non Gift-Aided Envelope Donations	GASDS-eligible Plate Collections	Total
07/04/2013	48.50	62.85	111.35
20/10/2013	46.50	59.10	105.60
Totals for Tax Year	1260.00	1708.00	2968.00

## How do we claim?

The claim will be made as part of the new Charities Online Gift Aid claims process. A separate guide to how to claim on the Small Donations Scheme will be available by the end of May 2013. You cannot use the current R68i form for claiming on the Small Donations scheme.

## Frequently Asked Questions

### **Q1: Can we only include small donations received at services with more than 10 people?**

A: Because HMRC currently judge PCCs to be connected charities, PCCs should only claim on the 'community buildings' element of the scheme. For this element of the scheme, donations need to be received during charitable activities (usually services) in the community building, with ten or more people present. The National Church is challenging this interpretation of the PCC Powers Measure, and PCCs should retain records of collections at all services, as it is possible that these can be claimed in due course.

### **Q2: How will I know whether say, a £20 note and a £10 note are part of the same gift?**

A: The donation should only be disregarded as being over £20 if you have evidence to show this – if for example, there was a £50 note (a very rare sighting on a church collection plate!) or the notes were contained in an envelope, or banded together. Otherwise you can assume that cash donations collected on a plate or in a bucket from a number of individuals are eligible.

### **Q3: Does this remove the need for one-off Gift Aid envelopes?**

A: No. Some donors will want to be able to give even small donations through Gift Aid, and if a church receives more than £5,000 of small donations, then if some are given under Gift Aid it allows the church to reclaim a higher amount overall. One-off envelopes should still be available for those who wish to give more than £20, particularly during a Gift Day when larger donations might be expected.

### **Q4: Is a gift of £20 or less in a regular giving envelope on which no Gift Aid declaration has been received eligible for the scheme?**

A: Yes, although it is always good practice to encourage givers to complete a Gift Aid declaration if they are eligible to do so, particularly those who give regularly.

### **Q5: What about collections received which will be given to other charities e.g. Christingle?**

A: The PCC can only claim on up to £5,000 of eligible donations per Community Building. If it receives more than this, it can choose which donations to claim on. If it chooses to include donations that will be passed onto another charity, these form part of the PCC's £5,000 limit. In principle, the GASDS claimed on them should also be passed on, as is the case with Gift Aid.

### **Q6: Can we count cash donations given in a wallsafe by visitors?**

A: Not currently, as HMRC require donations made in C of E churches to have 10 people or more present, and you have no evidence how many people were present when these donations were made. However, when we can persuade HMRC that PCCs are not controlled by bishops, these will become eligible.

### **Q7: We have a church plant – does it count as a 'Community Building'?**

A: In most cases, it will, but check on our special guidance on this, which can be found at: [www.parishresources.org.uk/wp-content/uploads/GA9aGASDSandChurchPlants.pdf](http://www.parishresources.org.uk/wp-content/uploads/GA9aGASDSandChurchPlants.pdf)