



Gift Aid is a generous scheme introduced by the Government to incentivise charitable donations. It enables charities to reclaim the tax which individuals have already paid on their charitable donations. At current rates, the church/charity can reclaim 25p for every £1 donated. If the donor is a higher rate tax-payer, s/he can claim additional tax relief through his/her tax-return too.

The donor must be eligible and willing to complete a valid “Gift Aid Declaration.” The Gift Aid Declaration must comply with HMRC’s requirements and you must make sure that you only claim Gift Aid on eligible donations (where, for example, the donation is freely given and the donor receives no benefit). For a model Gift Aid declaration and further guidance on Gift Aid and how to claim it, see <http://www.parishresources.org.uk/wp-content/uploads/GAB4DecsandEnvs.pdf> for further information.

## Sponsored Events

Donations made for sponsored events can be Gift Aided but you are advised to use the model sponsor form [http://www.hmrc.gov.uk/charities/appendix\\_b2.pdf](http://www.hmrc.gov.uk/charities/appendix_b2.pdf)

Remember that the participant (the person running/knitting/ abseiling down the tower) is NOT the donor; each sponsor is a separate donor and must tick the box on the model sponsor form to make their own Gift Aid Declaration if they are eligible to do so. Also remember that if the participant has to pay a

fee to take part in the event, the fee portion cannot be raised by Gift-Aidable donations.

There are some complex 'benefit' and 'connected persons' rules here;

[http://www.tax-effective-giving.org.uk/?pageid=Gift\\_Aid\\_and\\_Sponsored\\_Events.xml](http://www.tax-effective-giving.org.uk/?pageid=Gift_Aid_and_Sponsored_Events.xml)

## Tax relief on donations from companies

Tax relief on donations from companies works differently. The donation is given gross, so the charity doesn't claim any further relief. However, the company is able to off-set the donation against tax due on their profits. It is still therefore attractive for a company to make a charitable gift.

## Other Tax Efficient Giving

Whist Gift Aid is the most common form of tax-efficient giving, gifts of shares and land can also be given tax-efficiently. See [www.tax-effective-giving.org.uk](http://www.tax-effective-giving.org.uk)

## Need further advice?

Since regulations change from time to time, the links in this section will enable you to access the latest guidance, forms and templates:

1. Developed by the Institute of Fundraising, this site contains lots of useful downloads and guidance including sample sponsorship forms. [www.tax-effective-giving.org.uk](http://www.tax-effective-giving.org.uk)
2. We have a range of resources and advice on the Parish Resources website <http://www.parishresources.org.uk/giftaid/>
3. Alternatively, you can consult HMRC's detailed guidance [www.hmrc.gov.uk/charities/guidance-notes/chapter3/index.htm](http://www.hmrc.gov.uk/charities/guidance-notes/chapter3/index.htm) or call their Charities helpline on 0845 302 0203.