

Comment on...

Comment On - Gift Aid

Upon successful submission of a Gift Aid repayment claim to HMRC, charities can receive 25p per £1 of eligible donations i.e. for donations amounting to £100, your charity could receive £25 from HMRC.

What Donations Can I Reclaim On?

Any Gift Aid repayment claim must be based on valid donations. These are 'donations of a sum of money' by individuals only who have paid or will pay UK tax. Charities cannot claim Gift Aid on donations made by companies. The following conditions must also be met for donations to be eligible for Gift Aid:

- There are no conditions for repayment of the donation;
- The donation is not made via Payroll Giving;
- The donor will not get a deduction from their income for the donation;
- The donation is not part of an arrangement for the charity to purchase property; and
- The benefits (if any) received by the donor do not exceed the statutory limits (see section below).

Furthermore, the charity must also have:

- A valid Gift Aid declaration made by the donor which covers the donation;
- Evidence that they've explained to the donor the personal tax implications of making a Gift Aid donation (this can be on the declaration); and
- An audit trail linking the donation to the donor and their declaration.

How Do I Claim?

In order to claim Gift Aid your charity must be recognised as a charity by HMRC for tax purposes: it is not enough to merely be registered as a charity with the Charity Commission or OSCR. Once you have been granted charitable status for tax purposes from HMRC, you can register for a Government Gateway account and start to make Gift Aid repayment claims online.

Do I Need to Keep Any Records?

Yes! You must keep a clear audit trail linking each Gift Aid donation to the donor and the signed Gift Aid declaration. For charitable companies, these records must be kept for 6 years after the end of the accounting period in which the donation was made. For charitable trusts, these records must be kept for the later of 12 months from the date in which the Gift Aid repayment claim was made, or 6 years from the end of the tax year in which the donation was made.

For example, for a donation made on 1 December 2017 and included on a Gift Aid repayment claim on 31 January 2018; a charitable company with a year end 31 March 2018 must keep records relating to this donation until 31 March 2024. A charitable trust must keep records relating to this donation until 5 April 2024.

Gift Aid Donor Benefit Rules

Following a consultation period spanning several years, HMRC has published the result of its consultation into Gift Aid donor benefit rules. HMRC has confirmed that a two-tier system will be introduced from April 2019, with draft legislation expected to be published later in 2018.

Current System

The current system for calculating allowable donor benefits is complex; which is one of the reasons HMRC launched a consultation into its simplification. Currently charities can include donations in Gift Aid repayment claims if the benefits given to donors fall within the following limits:

Donation Amount	Maximum Monetary Value of Benefit Allowed
Up to £100	25% of donation
£100 - £1,000	Up to £25
More than £1,000	5% of donation up to a maximum of £2,500

In addition, there is also an annual limit of £2,500 on the total value of benefits a donor can receive in a tax year.

New System

The new system will replace the above limits with the following:

Donation Amount	Maximum Monetary Value of Benefit Allowed
Up to £100	25% of donation
More than £100	5% of donation up to a maximum of £2,500

The annual limit of £2,500 as above will remain in place.

How Can We Help?

Our experts assist charities in multiple ways from preparing and submitting Gift Aid repayment claims to giving advice on Gift Aid in general, or on specific donations. Please contact us on charities@chiene.co.uk.