

THE CFG GUIDE TO

GIFT AID 2020

Your Questions Answered



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WELCOME

Back in 2018 when CFG first launched Gift Aid Awareness Day and the #TickTheBox campaign, we could not have conceived where our sector would be two years on. This year, our campaign is set against a very different background to the previous two years.

In 2020, our organisations are not only feeling the pressure from the inevitable increase in demand for our services; we are coming to terms with what social distancing, local lockdowns, reduced income and reduced staff and volunteer capacity mean for us and, most importantly, our beneficiaries.

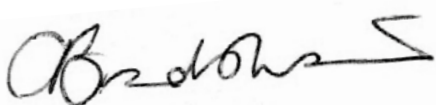
***It doesn't really need saying, but it can't be stated enough:
We are all having to do so much more, with a lot, lot less.***

At a time when every penny literally counts, we want to go that extra mile for our members. This year, CFG has compiled this handy **Guide to Gift Aid** to help you – and your donors – maximise every pound that is donated to your charity.

On the following 23 pages, you'll find articles by some of the UK's leading professional accountancy firms, consultancies and legal experts. By compiling this expertise, our aim is to answer many of your frequently asked questions and help you to quickly tap into the latest guidance.

We hope Gift Aid Awareness Day 2020 will help to reduce the £560 million in Gift Aid that goes unclaimed each year. It's vital that we do all we can to strengthen our financial resilience and be there for the next person who needs us. In 2020, we are #NeverMoreNeeded.

With all good wishes



Caron Bradshaw, CEO, CFG





GIFT AID QUICK FACTS

What is Gift Aid?

- Gift Aid is a tax relief for charities in the UK to increase donations – at no extra cost to the donor.
- When a charity receives a donation from a UK taxpayer, the organisation is entitled to claim an extra 25% paid on that donation.
- A £10 donation processed with Gift Aid becomes a £12.50 donation.



What do donors need to do?

- All donors have to do is #TickTheBox on the Gift Aid declaration form and the charity can claim 25p for every £1 given.
- Once a donor has given their permission by filling in the Gift Aid declaration form, there is no need for them to do anything else.

giftaid it

Are you eligible to
give Gift Aid?

Continue to find out... »

WHO CAN GIVE GIFT AID?

For charities to claim Gift Aid on a donation, the donor must have paid UK income tax or capital gains tax that tax year, at least equal to the tax that the organisation will reclaim on the individual's donations.

Even if you are not currently employed you are eligible to make Gift Aid if, in the tax year in which you make the donation, you are paying tax on any of the following:

- personal or occupational pension
- stocks or shares
- bank or building society savings accounts
- rental income
- overseas or UK investment dividends

Higher rate tax payers

Higher rate taxpayers are entitled to claim the difference between their rate of tax and the basic rate on the total value of the donation.

Individuals can claim the additional tax relief through their Self-Assessment tax return or by asking HMRC to amend their tax code.

Example for higher rate taxpayer:
You donate £100 to charity – they claim Gift Aid to make your donation £125.

You pay 40% tax so you can personally claim back £25.00 (£125 x 20%).

To find out more, turn to page 9.

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Read on to find
advice, hints
and tips...





Avoiding common pitfalls

It has been a difficult year for charities. With donor-giving levels down and many fundraising activities cancelled, now is the time to ensure you are getting the most out of your charity's Gift Aid claim.



haysmacintyre

Follow up with donors where you believe there to be missing or unclear information from their Gift Aid declarations. If you think there is an opportunity to claim Gift Aid, then take the initiative...

AVOIDING COMMON PITFALLS

Are you using inexperienced or poorly trained staff/volunteers to process your Gift Aid claims?

Gift Aid is complex and it is worth investing time and resources in correct training and awareness for your staff/volunteers. Give it the attention it deserves!

Can you produce a complete audit trail from donor to donation?

HMRC are increasingly interrogating claims and expect a charity to be able to document the path of a donation, including linking the donor to a valid Gift Aid declaration.

Gift Aid and tax legislation is always changing. Are you up to date with the latest changes?

Recent changes include:
Increases in value thresholds for benefits received as a consequence of the donation.
Simplification of the Gift Aid Small Donations Scheme (GASDS), making it easier for charities to access. HMRC guidance now suggests that the Gift Aid declaration should include the donor's full name, rather than just initials (see page 18).

Excluding donations from your claim

Take care not to exclude donations that are from members where they are freely given. If you have suspended your charity's membership payments, or where



it has not been possible for the usual benefits to be provided to your donors, some payments you receive may well now qualify for Gift Aid. Check to see if a claim is now possible.

OPPORTUNITIES

1. If your charity has not yet claimed or is behind with claims, do not delay, get your claim in as soon as possible.

Time limits for claims:

- Trusts: four years from 5 April in which the donation was received
- Corporates: four years from end of accounting period in which the donation was received
- GASDS: two years

2. Follow up with donors where you believe there to be missing or unclear information from their Gift Aid declaration. If you think there

is an opportunity to claim Gift Aid, then take the initiative and make contact with your donors.

3. Take care not to exclude donations where they have unusual address details. Claims can still be made for donors living in care homes, houseboats and pubs. For example, HMRC does not expect you to investigate every donor's address details; if it looks reasonable, make a claim.



By **Louise Veragoo**
NFP Tax Director
haysmacintyre



How giving
to charity can
reduce your
tax bill

Buzzacott

Donating to your favourite charities can have a feel good effect, but did you know that your generosity could also potentially reduce your tax bill?

How it works for the individual

The most common way people in the UK give to charity is by donating money. Giving through Gift Aid is a tax efficient way of making gifts or donations to UK registered charities and, subject to certain conditions, EEA registered charities.

Gift Aid can only be claimed on donations made by UK taxpayers, as Gift Aid is a repayment of the UK basic rate income tax (20%) a UK income taxpayer paid on their gift. However, instead of the tax being repaid to the taxpayer, it is repaid to the charity.

Donating through Gift Aid means that charities and community amateur sports clubs (CASCs) can claim an extra 25p for every £1 they receive.

For example, if a taxpayer donates £100 to charity, this will be deemed to be the amount received net of basic rate tax i.e. gross income of £125 x 20% (basic rate) = £25 tax, resulting in a net donation of £100. If you pay Income Tax at the basic rate, no additional relief is due on your gifts.

Higher rate and additional rate taxpayers


Once an individual has made a Gift Aid declaration, their basic and higher rate tax bands are



extended by the gross charitable donation, thereby increasing the proportion of their income taxed at the lower rates.

For example, if a higher rate taxpayer (40%) donates £100 to charity, their basic rate band is extended by £125. The charity claims the 20% tax from HMRC as usual; however, the taxpayer also benefits from the donation due to the fact that £125 of income that would have been taxed at 40% is now taxable at 20% by making the Gift Aid declaration.

The result is that the taxpayer receives additional tax relief of 20% by paying less higher rate tax to HMRC. Similarly, for additional rate taxpayers (45%), income tax relief increases to 25%.



...the higher rate taxpayer also benefits from the donation due to the fact that £125 of income that would have been taxed at 40% is now taxable at 20%...



Even more relief for high earners (between £100,000 and £125,000 per year)

The tax-free personal allowance (£12,500 for 2020/21) reduces by £1 for every £2 of income above £100,000. However, Gift Aid donations extend the £100,000 threshold, such that the personal allowance is restored by £1 for every £2 of gross Gift Aid donations. The combined effect of the extended basic rate band and the restored personal allowance gives an effective rate of tax relief of 60%.

The easiest and quickest way to claim relief is to complete a Self-Assessment Tax Return and include details of any Gift Aid donations made during the year.

Getting tax relief sooner

In your Self-Assessment Tax Return, you normally only report allowable expenses which were incurred during that particular tax year.

But for Gift Aid, the options are much more flexible. You have the choice to “carry back” any Gift Aid donations you make in the current tax year (up to the date you file your return) to the previous tax year to claim tax relief if you either:

- want tax relief sooner; or
- will not pay higher rate tax in the current year, but you did in the previous year.

This means that you can make a claim for tax relief on your 2019/20 Tax Return for any Gift Aid donations you make up to and including 31 January 2021,

if you file online (or 31 October 2020 if you submit paper Tax Returns).

You cannot do this if:

- you miss the deadline (31 January if you file online)
- your donations do not qualify for Gift Aid - your donations from both tax years together must not be more than four times what you paid in tax in the previous year.

Not paid enough tax?

A word to the wise

An important point to keep in mind: When you make your Gift Aid declaration, you are stating that you will have paid enough tax during the year to cover the 20% tax that the charity will claim from HMRC. If it turns out that you haven't paid enough tax, then you will have to make good the tax claimed by the charity via your Self-Assessment Tax Return.

Those looking to donate to charity should proceed with caution to avoid any pitfalls. For example, you cannot claim Gift Aid on subscription fees that are later paid to a charity, or if you make a charitable donation and receive benefits from the charity that exceed the allowed limits (this will depend on the amount donated).

If you have a query about any aspect of Gift Aid, whether you are looking to donate or are a charity wanting to ensure you're maximising the reliefs, Buzzacott are here to help, please visit [our website](#).



By **Ogonna Agwa**
Manager
Buzzacott

A black and white photograph of two skydivers in a purple-tinted overlay. The skydiver in the foreground is a woman with her mouth open in a shout or smile, wearing goggles and a parachute harness. Behind her is a man, also smiling and wearing goggles and a harness. They are both in a spread-eagle position, floating against a clear sky. The image is used as a background for the text.

Are you
maximising
claims on
fundraising
activities?

pem.

Charities hold a variety of events to raise funds. It is vital to know whether Gift Aid can be claimed on donations received from these, otherwise claims could be missed, or made on ineligible donations.

Below are some of the more common fundraising activities and tips on how to maximise Gift Aid claims for these. The focus is on the donor benefit rules, but the other Gift Aid requirements, such as receiving a valid declaration, will still need to be met.

Charity Auctions


Auction bids can attract Gift Aid in some circumstances. Generally, payments for items at charity auctions are purchases and not gifts. However, bidders often intentionally pay over the odds for an item so that the charity can receive a benefit. For a payment, or part of it, to be eligible for Gift Aid it is important that the donor benefit thresholds are adhered to. As a reminder, the current donor benefit thresholds are 25% of the donation for gifts of up to £100, then 5% of the donation on the amount above £100, up to a maximum benefit of £2,500.

If the item is commercially available, the benefit for Gift Aid purposes is the market value of the item. However, if it has been increased in value, e.g. signed by a celebrity, or is an item which is not commercially available, the benefit is the amount of the auction bid, so Gift Aid is not available.



If an item's auction price compared to market value means that the benefit rules are not breached, the excess over the market value can be treated as a Gift Aid donation. The donor must know the market price at the time of bidding, so they know they are paying an excess as a donation, and the same item must be available to purchase elsewhere.

For auctions of promises, generally the services will not be commercially available. However, there are exceptions, such as a local business offering their services for free, so the market value of the promise can be easily ascertained.



The focus is on the donor benefit rules, but the other Gift Aid requirements, such as receiving a valid declaration, will still need to be met...

Charity events

Many charities hold dinners or similar events to raise funds, by charging for attendance and also collecting donations at the event.

If there is a set ticket price or minimum donation to attend then it is not a gift. However, if there is a ticket price, plus a suggested donation, this enables Gift Aid to be claimed on the donation element. It must be clear that the right to attend is available even if no donation is made and no special treatment is given to those making the extra donation.

For example, a charity puts on a concert to raise £2,000, the cost being £5,000. By inviting 100 people, the receipt from each attendee needs to be £70 to achieve their goal. Rather than setting £70 as the ticket price, they charge £60 for attendance with a £10 suggested donation. The £10 would be eligible for Gift Aid but if donations are not received the charity still covers its costs and raises additional funds.

If no ticket price were charged this could put the charity's own funds at risk, which could cause tax and governance issues.

Sponsored challenge events

Challenge events, such as parachute jumps and treks, are a fun way to raise funds and generate publicity. Usually,

participants pay a registration fee and have a sponsorship target. The charity pays for the cost of the event. Sponsorship payments from individuals not connected with the participant can qualify for Gift Aid.

However, whether payments from family members (spouse/civil partner, children, grandchildren, parents, grandparents and siblings and the spouses/civil partners of these) qualify for Gift Aid depends on the donor benefit rules.

A participant is receiving a benefit equal to the cost of the event, less any payment they personally make towards the cost. Where the value of the benefit exceeds the donor benefit thresholds, Gift Aid will not be available on sponsorship payments from the participant or their family members. If they pay the full cost of the event then the benefit is nil and Gift Aid can be claimed on all donations but not the payment to meet costs.

It is difficult for a charity to know the relationships between participants and those sponsoring them so on the event documentation and sponsorship form the rules as described above should be outlined, together with a definition of who would be connected with participants.

By taking these rules into account charities can maximise Gift Aid claims for these types of events.



By
Judith Pederzolli
PEM





Dispelling the myths

It has been said many times that the tax rules in the UK are complex and confusing – Gift Aid is no exception.



AZETS

Where specific conditions are met, Gift Aid can be claimed on cash donations that are received from individuals who pay UK tax. It is acceptable to give benefits in return for cash payments and as long as the value of the benefits do not exceed HMRC's limits, the 'payments' can still qualify for Gift Aid.

But remember we are dealing with UK tax procedures. Additional rules allow some benefits to be completely ignored and others to be valued in special ways. In practice, charities aren't always aware of all the rules and do not always apply them correctly. In our experience charities frequently over-value their benefits and do not claim as much gift aid as they are entitled to.

The key questions are: Is the charity really providing a benefit? If yes, what is the acceptable Gift Aid value of the benefit.

If there is a connection between the donation and a benefit being received the benefit rules need to be considered before Gift Aid is claimed. In practice, the following rules are frequently overlooked or applied incorrectly:

The following arrangements can be ignored when calculating the value of benefits for gift aid purposes:

1. Acknowledgements of a donor's generosity unless this amounts to the promotion of a business activity.
2. Admission to view charity property where the donation is at least 10% more than the normal admission charge or the admission is for a period of at least one year (at the same time as public admission). HMRC has said that these rules do not apply to virtual and online tours.
3. Literature that describes the work of the charity and which is distributed (in hard copy or digitally) to further objects. This applies even if it has a cover price, is on sale to the public or produced by a third party. Consequently, newsletters, bulletins, annual reports, journals, magazines, members' handbooks and programmes of events normally have no value for Gift Aid purposes.
4. Fundraising events (including dinners that honour donors) are not classified as benefits for Gift Aid purposes. So, events that thank donors, promote a charity's activities and stimulate more donations from others can be ignored.
5. Surprise benefits. If a donor is not aware that they will receive a benefit when they make their donation anything they subsequently receive can be excluded from Gift Aid calculations.



In our experience charities frequently over-value their benefits and do not claim as much gift aid as they are entitled to.

When benefits are provided the following rules are sometimes overlooked when they are valued:

- Benefits that are also sold to the public should be valued according to their normal retail value. A £20 theatre ticket will be valued at £20 if it is given to a donor. If the donor has to pay £10 for the ticket, the benefit is £10. If they pay £20 there is no benefit.
- If the benefit is attendance at a free event that has no fundraising purpose and is not open to the public, the value should only be based on the direct costs associated with the event. There is no requirement to include an element of general overheads. The costs are then divided by the number of people attending the event to confirm the benefit per person. If there are no restrictions on the number of people who could attend an event the costs should be divided by the total number of invited people.
- Discounts – you will need to retain records of all the discounts received by members to be able to establish an average benefit.
- Life memberships – the value of all benefits to be received over the lifetime of the membership forms the value of the benefit. For practical purposes, the benefits received over the first 10 years are taken to be the lifetime benefits. In practice, the benefits for a 12-month period can be confirmed and multiplied by 10.
- Online or digital benefits – this will be a benefit when donors receive something that is not available to the public. The VAT status of digital content needs to be considered and could result in a requirement to charge and account for VAT in other EU countries.
- Priority booking rights - the retail value is not always obvious or available. Consider how much someone would be prepared to pay for the service. If this isn't possible HMRC will normally accept any method of valuation that is fair and reasonable.

In the current climate, charities will undoubtedly be looking to maximise Gift Aid claims wherever they can. They should make sure that fundraising literature clearly confirms the benefits being provided and they should retain evidence to support their position and basis of valuations.



By
Scott Craig
Partner, VAT
AZETS



In the current climate, charities will undoubtedly be looking to maximise Gift Aid claims wherever they can. ”

Your personal details

Mr ☐

Mrs ☐

First name
(IN FULL)

Surname

What's in a name?

There has been an ongoing discussion between HMRC and various charity stakeholders about the collection of additional information on Gift Aid Declaration (GAD) forms.



Until recently, HMRC only requested a first name initial rather than a full first name on gift aid declaration forms. This means that in some instances it has not been possible for the authorities to distinguish between two people with the same surname.

For example, if father and son John and James Smith live at the same address, their GAD forms present the same names and addresses. However, one may be a taxpayer while the other is not; the non-taxpayer would not be eligible for Gift Aid and this would be incorrectly claimed by the charity.

A report commissioned by HMRC to look into issues around Gift Aid was published in September 2016 (<https://www.gov.uk/government/publications/charitable-giving-and-gift-aid-research>), and noted the following conclusions:

- when the report was written, around £1.16bn in Gift Aid was being claimed by charities from the Government each year
- it's estimated that 8% of donations had Gift Aid incorrectly added by ineligible donors, creating a tax gap of up to £180m a year
- it's estimated that 25% of the value of donations did not have Gift Aid added even though the donor was eligible, meaning that charities missed out on £560m of potential income.

To close the tax gap created by the incorrectly claimed Gift Aid, HMRC want charities to request more information on their GAD forms. This would enable HMRC to better match the details on GAD forms with people's tax records, and to confirm if the donor has paid enough tax to cover the amount of Gift Aid

claimed by the charity. The additional information considered by HMRC for mandatory inclusion consisted of full legal names, national insurance numbers and dates of birth.


Timeline of discussions

In June 2018, the findings of the research were presented to the Charity Tax Forum, and HMRC indicated that guidance would be clarified in respect of forenames on declaration forms rather than merely initials. At the following Charity Tax Forum in October 2018, HMRC confirmed that from April 2019 they would request the donor's first full name, surname and postcode, but that this change would not apply retrospectively. The Forum members raised their concerns, particularly in relation to small charities without enough digital capability, as well as the additional costs associated with the change, fraud implications and GDPR requirements.

A further working group meeting took place in December 2018 to clarify the position and decide a way forward. Attending this meeting were members of the Charity Tax Group, as well as representatives from a number of large UK charities, such as the British Red Cross, the National Trust and Chester Zoo.

Concerns over new procedures

The charity sector's main concerns were from two perspectives – that of the donor, and of the charity itself. From a donor's perspective, there are fears that legitimate donors might find the additional information requests intrusive and be less



To close the tax gap created by the incorrectly claimed Gift Aid, HMRC want charities to request more information on their GAD forms.



willing to complete the form, meaning that Gift Aid would reduce as a result. They may be put off by the additional time needed to complete the form. They might also be concerned about the use of their personal data if they provided their date of birth, and they might not know their national insurance number off by heart.

From a charity's perspective, additional cost may be incurred to collect the information, such as system changes and staff time. If GAD forms are completed online, the issue over legibility of someone's handwriting does not exist; however, manual forms sometimes cannot be easily read, so requiring only an initial is less problematic. At the meeting, Chester Zoo estimated that at peak times, requesting full names from Gift Aid donors could amount to 14 additional hours of queuing, and would need two more staff and two more payment points to reduce the resulting queue.

Charity groups also argued that requesting a full first name would not fully resolve the problem and reduce the amount of Gift Aid claimed incorrectly. The change may actually mean that charities incur additional cost. Other approaches were suggested, such as better reporting of the contact information and reminding donors to renew their older declaration forms.

Overall, attendees of the working group were opposed to the mandatory changes to GAD forms, but did agree that charities should encourage donors to give as much information as possible. At the February 2019 Charity Tax Forum meeting, HMRC reiterated that GADs should include as much

information as possible about the donor. It has been agreed that:

- charities should try to request full names wherever feasible
- authorities are seeking gradual improvement in the completion of first names on GAD forms, rather than a mandatory change from April 2019
- there is therefore no retrospective change occurring
- if charities hold a donor's full name, they are encouraged to give this data to HMRC
- charities are encouraged to document any actions they take to improve the collection of first name information.

The Government website – Chapter 3 on Gift Aid – now states that the declaration should show:

- the donor's full name – as a minimum HMRC will accept the donor's initial and surname
- the donor's full home postal address – as a minimum HMRC will accept the number (or name as appropriate) of their home and their full postcode.

It adds: "If HMRC finds the details on a declaration are not enough to trace the donor, they may ask the charity to get more information to check the claim. If the charity fails to get this information, it's likely that the declaration will be considered invalid."

It's fully understandable that HMRC wants more information about donors, so that they can clearly identify individuals and avoid confusion over names. However, it's hoped that any future changes to GADs decided by HMRC will not have a costly impact on charities going forwards. Any charities claiming Gift Aid should prepare for these changes, with an expectation that more detail may be made mandatory in future.



To close the tax gap created by the incorrectly claimed Gift Aid, HMRC want charities to request more information on their GAD forms



By
Alice Marshall-Chalk
Manager, Charities and
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[Price Bailey](#)

Gift Aid Small Donations Scheme

Short-term help,
long-term benefit?

GASDS

Your questions
answered



Goodman Jones

Short-term help, long-term benefit?

The Gift Aid Small Donations Scheme (GASDS) was introduced in 2013 with the aim of enabling charities and community amateur sports clubs (CASCs) to claim Gift Aid-style top-up payments on small cash donations without the need to obtain individual Gift Aid declarations.

When it was introduced in 2013, one intention of the GASDS was increased funds for the sector, especially for those smaller organisations that rely on cash fundraising, such as through collection tins.

Take up was initially low – with just £6m being paid out in the first year, compared to the anticipated £50m. However, the latest HMRC statistics show that payments made under GASDS were £40m for 2018/19. This is encouraging and suggests that the tide may have turned on take up of the scheme. One likely reason is that the rules on claiming under GASDS were relaxed in 2017.

Despite another intention of the scheme being simplification, GASDS has been criticised for being too complicated, with too many rules and conditions putting organisations off claiming.

A survey carried out by NCVO, CFG, and the Institute of



Fundraising in 2014 highlighted difficulties organisations were facing in understanding the eligibility criteria and claims process, and even being aware of the scheme.

Following on from this, and after much campaigning by the sector, the rules have been relaxed. Some of the rules are still complicated, especially where an organisation has multiple community buildings, but the various rules changes do seem to have helped increase the amount claimed.

As well as the relaxation of the rules, from my experience there is also now increased awareness of the scheme with more charities actively taking the time to understand the process and make a claim.

However, income generation is seemingly an ever-present concern, and the concern is greatly heightened at present due to the COVID-19 pandemic.

The most recent results from the ProBono Economics, CFG and IoF Covid Charity Tracker surveys show a charity sector funding shortfall of over £10bn, as a result of an expected sector-wide drop in income (c. £6bn) combined with increased demand for services (at a cost of c. £4bn).

Organisations are, therefore, keen to maximise income and take full advantage of all available tax reliefs, yet GASDS was designed to provide additional support to those organisations, often community-led organisations, that rely on cash fundraising.

The impact of the pandemic is such that public fundraising events have been severely affected over the last few months, with many either not happening at all or being moved online. This has also coincided with a reduction in the use of cash over the last few months. The sector is, therefore, facing a further loss of funding through no or reduced GASDS claims.

So is there a bright spot on the horizon? Well, possibly thanks to the Gift Aid Emergency Relief campaign, led by a coalition of sector bodies which is proposing various changes to Gift Aid.

The proposal is in two parts. Firstly, the introduction of Gift Aid Emergency Relief for two years from the beginning of the 2020/21 tax year. This would see the Gift Aid reclaimable increase from 25p per £1 to 33.33p per £1. As this is just a change to the rate of gift aid

claimable, there is no additional or new process through which claims are made – these are made by the charity in the same way that it has always claimed.

The second proposal is to make various changes to GASDS:

- To remove the matching rule - scrapping the cap whereby a GASDS claim cannot exceed 10 times the Gift Aid claim;
- To increase the limit of eligible donations from £8k to £10k, on a permanent basis; and
- To increase the amount claimable to 33.33p per £1.

The above would be hugely beneficial to the sector. Any increase in the claim amount will always be welcomed (although any increase must always be balanced alongside cost to the Exchequer and likelihood of abuse of the scheme – the proposal includes details on guarding against fraud).

Longer-term it would be fantastic if the matching rule were to be scrapped permanently, alongside an increase in the donation limit, perhaps also together with simplification of the community building rules (such as removing the rules around donations collected in the same Local Authority area).

Together, these measures would provide long-term additional benefit, whilst reducing the admin burden and encouraging improved take-up of the scheme.



By
[Martin Bailey](#)
Partner
[Goodman Jones LLP](#)

GASDS

Your questions answered

The Gift Aid Small Donations Scheme or GASDS was introduced back in April 2013 to allow eligible charities and Community Amateur Sports Clubs (CASCs) to claim on small cash donations – for example cash collected buckets via street collections, or at religious services.

The rules on claiming under GASDS were relaxed in 2017 and this seems to have had a positive impact on the amount claimed.

HMRC statistics show that payments made under GASDS were £40m for 2018/19, compared to £6m in the first year – but still short of the anticipated £50m per year when the scheme was announced. With scope for more charities to claim, or maximise a claim, under GASDS, it is worth reviewing the rules.

Can any charity or CASC claim?

To qualify as an eligible charity or CASC, an organisation must:

- Be registered as a charity with HMRC.
- Have claimed Gift Aid:
 - in the same tax year as you want to claim GASDS
 - without getting a penalty in the last two tax years

What is an eligible donation?

The scheme is available to cash donations (including contactless card payments) of £30 or less for donations on or after 6 April 2019 (£20 or less for donations on or before 5 April 2019).

The donation must have been made by an individual, banked in a UK bank account, and must be used for charitable purposes. No benefit can be received by the donor in return, so membership fees do not qualify as GASDS donations – nor do amounts given through payroll giving.

How much can be claimed?

25% of the eligible donation up to a total of £2,000 – i.e. on gross donations of £8,000.

In addition, the GASDS claim cannot be more than 10 times the Gift Aid claim for that tax year – so if a charity receives £100 of Gift Aid donations then GASDS can be claimed on up to £1,000 worth of donations (claim of £250).



Is a donor declaration needed like Gift Aid?

No – the scheme was designed for small cash donations where obtaining a signed gift aid declaration is difficult or impractical (such as street collections). A charity or CASC does not actually have to know the identity of the donor, unlike with Gift Aid.

If Gift Aid is claimed on such a donation, then it does not qualify for GASDS.

Does the donor claim tax relief?

No, donations made via GASDS are not tax relief for the donor, so higher-rate tax payers cannot claim further relief.

What if the charity is connected to another charity?

If two charities are connected then all of the connected entities share the £2,000 limit between them. If connected through recent merger, it may be possible to take on the other charity's claims' history.

If charities are connected and share a community building, then an additional claim may be possible under the community building rules.

Community Buildings

Charities that also have two or more 'community buildings' may be able to claim additional top-up payments per building, subject to meeting certain conditions. A 'community building' qualifies as such if the following conditions are met:

- a charity must carry out

charitable activities in the building for a group of at least ten beneficiaries at the same time.

- the beneficiaries do not need to be the same people each time.
- activities must be group activities.
- beneficiaries must not be charged for access to the part of the community building where the charitable activity takes place.
- the charitable activity must also be open to members of the general public (or a section of the public).
- activities must be run in the building on at least six occasions each tax year.

Buildings used wholly or mainly for residential purposes, for the sale or supply of goods, or for commercial purposes (except at times when the charity is carrying out a charitable activity in the relevant part and the charity has exclusive use of that part) do not qualify.

The charity does not need to own the building. To claim for two or more community buildings, these must be in the same Local Authority area.

How to claim

Claims are made via the usual Gift Aid claim form. Where amounts are claimed for different community buildings, the donations must be split by building.

Is there a time limit for claiming?

GASDS claims must be made within two years of the end of the tax year in which the donation was collected.



With scope for more charities to claim, or maximise a claim, under GASDS, it is worth reviewing the rules.



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About CFG

Charity Finance Group (CFG) is the charity that inspires a financially confident, dynamic and trustworthy charity sector. We do this by championing best practice, nurturing leadership and influencing policy makers.

With sincere thanks to our contributors and supporters in the production of this guide.

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