

Scottish Episcopal Church

Responsibilities of the Gift Secretary

The Gifts Secretary is responsible for the administration of Gift Aid and submitting tax claims to the HM Revenue and Customs (HMRC).

Rules on Gift Aid

The rules on Gift Aid are available from the HM Revenue and Customs (HMRC) Charities website ([here](#))

The HMRC has stated the following on collections;

Managing Gift Aid

Donors will have to make a **declaration**. Guidance is provided by the HMRC Charities from the Gift Aid declaration requirements section of their website.

The HMRC has confirmed that there is no set design for a Gift Aid declaration. Gift Aid declarations can be made in writing either on paper or electronically, for example on the Internet, or by email, fax, mobile phone or text message. They can also be made verbally - in person or by telephone. However, by law, any Gift Aid declaration you receive (whether written or verbal) must contain the following information:

- the name of your church/charity
- the donor's full name - as a minimum initial and last name
- the donor's home address - as a minimum the house number and postcode
- whether the declaration covers only the present duration or past and/ or future donations as well
- a statement or verbal confirmation by the donor that Gift Aid is to apply - on a written form or on a website, a tick box is sufficient.
- confirmation the donor has been given an explanation that they must pay at least as much UK income tax and/or capital gains tax (for the year of the donation) as the amount that will be claimed by your charity and any other charities they donate to.

HMRC has produced a checklist which shows all the information you need to include in your charity's Gift Aid declarations (available from HMRC website [here](#)).

Gift Aid declarations can be worded so that they apply to:

- a specific donation or donations only (including past donations)
- a specific donation plus all future donations
- a specific donation, specified past donations plus all future donations.

Declarations that include all future donations are known as enduring declarations. Donors need to understand that they must pay at least as much UK Income Tax

and/or Capital Gains Tax (in the year in which they donate) as the amount that will be claimed by your charity and other charities that they donate to will reclaim on their gifts for the tax year. So this must now be stated clearly on new Gift Aid Declarations.

It should be noted however that, the HMRC will continue to accept Gift Aid claims on donations using forms based on the wording in the old declaration until 31 December 2012 after that, the new form of words will have to be used. Where a charity has already received a Gift Aid Declaration form based on the old wording it will not be necessary to ask the donor to supply a new declaration with the new wording. It is only new declarations that need to be based on the revised wording. Charities may chose to replace their existing enduring declarations with new ones based on the new guidance if they so wish but there is no requirement that they do so.

HMRC doesn't require you to use an official Gift Aid declaration form, but if a charity uses the HMRC model declarations it can be confident that when fully completed fully the declarations will meet their requirements. The HMRC model Gift Aid declaration forms can also include additional information to suit the needs of the Charity such as data protection disclaimers, bank mandate details etc.

There are three model HMRC Gift Aid declaration forms, each one for a different situation. Please note the wording shown in italics on the first two model declarations is optional but should be included if possible.

- [A model gift Aid declaration covering a single \(one off\) donation](#)
- [A model Gift Aid declaration that covers a specific donation and either qualifying past donations or all future donations or both. Declarations which cover all future donations are known as enduring declarations](#)
- [A model sponsorship and Gift Aid form - where the donor can sign a Gift Aid declaration at time of sponsorship](#)

Reclaiming tax on Gift Aid

R68 claim forms and schedules will be issued automatically after each claim has been paid. These claim forms may only be signed by a claimant who has been notified as an 'authorised claimant' to the HMRC Charities using the relevant form. The HMRC will introduce a new online system for charities to register their details for Gift Aid and to make Gift Aid claims.

Help and advice may be available from your Diocesan office and, if you do not have a local accountant or tax adviser, the HMRC Charities will be able to advise you on how to make a claim.

Collections for the benefit of the church

If the church is recognised as a charity by HMRC, Gift Aid can be claimed on money collected for the benefit of the church. In order to make a repayment claim your church must obtain a Gift Aid declaration from the donor.

Linking cash donations to Gift Aid declarations can be difficult, so you might want to consider using a church envelope scheme. This is where you can collect cash donations in envelopes so that they can show an audit trail linking the donation to the donor.

For one-off donations, your church may choose to pre-print the Gift Aid declaration on the envelope for completion by the donor. If the donor is a regular supporter, your church may already hold their Gift Aid declaration, in which case the envelope needs to show either the donor's name or a unique identifier such as a reference number which can be cross-referenced to a donor register.

When the envelope is opened and the contents are counted, an official from your church should record the amount on the envelope it came in, and in a donor record. You should keep the envelopes as part of your normal record keeping.

From April 2013 charities that receive small donations of £20 or less will be able to apply for a Gift Aid style repayment without the need to obtain Gift Aid declarations for those donations. The amount of small donations on which the new repayment can be claimed will be capped at £5,000 per year. Guidance on the on administering these donations has still to be issued by the HMRC.

Church collections passed on to a charity

If a church collection is collected on behalf of another charity and simply passed directly on to that charity then the money collected does not form part of the church's income, as it is merely acting as a go-between for the donor and the charity. The charity (and not the church) should therefore claim any Gift Aid - providing the usual Gift Aid rules are met.

Church collections given to a church fund for a charity

If a church chooses to set up a fund to raise money for a charity then the money collected forms part of the church's income and the church (which is a charity in its own right) must claim any Gift Aid due.

The church should then pass both the reclaimed tax and the donation to the charity, rather than the church keeping the reclaimed tax. This is because the person donating money to the fund will probably expect everything collected, including reclaimed tax, to go to the charity.

Other methods of tax-efficient giving

Some people organise their charitable giving through the **Charities Aid Foundation** as it is tax efficient and enables them to bring all their giving together in one place. Their website address is: <http://www.cafonline.org/>

Another method of regular giving that may appeal to employed people is Payroll Giving. Payroll Giving is a unique way for people to give regularly to charity. It allows employees, or occupational pensioners, to give money to any UK charity directly

from their pay, before tax is deducted. This means that it costs the donor less and charities get more. For additional guidance about Payroll Giving, promotional materials and useful links visit the Payroll Giving Centre website, operated by the Institute of Fundraising. <http://www.payrollgivingcentre.org.uk/>

There are other opportunities for donors to make tax efficient gifts to the charity as follows: A donor can claim **Income Tax relief** and as a result lower their tax bill if they:

- give land or buildings in the UK or qualifying shares to a charity
- sell these to a charity at less than their market value

The donor will get **relief from Capital Gains Tax** when they:

- give any asset to a charity
- sell any asset to a charity for less than its market value

If a donor **leaves a gift to a charity in their will, its value will not be included when valuing your estate (your money, possessions and property) for Inheritance Tax purposes.** Gifts made to a charity in the seven years before your death are exempt from Inheritance Tax. Legislation will be introduced in the Finance Bill 2012 to provide for a reduction in the rate of IHT from 40 per cent to 36 per cent where 10 per cent or more of a deceased person's net estate (after deducting IHT exemptions, reliefs and the nil-rate band) is left to charity. The measure will apply to deaths on or after 6 April 2012.

What should Gift Secretaries do?

- **Continue to publicise the opportunities for tax efficient giving to their congregations**
- **Arrange for Gift Aid Declarations to be completed**
- **Prepare a system that will provide the information required for the length of time agreed by the HMRC.**

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The General Synod of the Scottish Episcopal Church does not accept responsibility for any loss or liability which may arise from reliance on information or expressions of opinion contained in this document.

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