

giftaid it

Gift Aid Checklists

NEW
UPDATED
VERSION FOR
2011



data developments

SOFTWARE FOR CHARITIES AND CHURCHES



Shelagh Ibbs BA (Hons)

Shelagh joined Data Developments in 2003 from the Wolverhampton Adult Education Service where she was part of the senior management team. She is a member of the Diocesan Accounts Group that was responsible for producing the accounts guidelines for the Church of England (*the 'Blue Book'*) and is presently responsible for the training programmes offered by Data Developments.


Data Developments (UK) Ltd ("DD Ltd") has made every effort to ensure the accuracy of this document. DD Ltd makes no warranties with respect to this document and disclaims any implied warranties of merchantability and fitness for purpose.

The information in this document is subject to change without notice. Data Developments Ltd assumes no responsibility for any errors that may appear in this document. Names and data used in examples herein are fictitious unless otherwise noted.

Acknowledgements

A number of people have given help and advice in producing this booklet. I am especially grateful to John Preston, Church of England National Stewardship and Resources Officer who suggested the idea and generously agreed to review the draft in detail.

I would also like to thank Gordon Uphill, formally of Portsmouth Diocese, Terry Gray of Chichester Diocese and Theresa Moses and Mary Spredbury of London Diocese who volunteered to read the booklet and all of whom made valuable comments and suggestions.



Gift Aid Checklist and FAQs.

THIS BOOKLET HAS BEEN WRITTEN BY AND IS SPONSORED BY DATA DEVELOPMENTS.

Data Developments has supplied software for churches and charities administration since 1985 and has marketed a program for covenants / gift aid management since 1989.

Donations Co-ordinator will record details of donors, donations, sponsored events, and automatically generates both the R68 Schedules and R68 Claims. It will produce several types of thank you letters, audit trail and statutory reports, including calculations for transitional relief. For more information contact Data Developments (UK) Ltd tel: 01902 824044 or go to the website: www.datadevelopments.co.uk.

Contents

1.	Introduction – What is gift aid and how does it work?	3
2.	Checklists:	
	a. What to look for on a completed declaration.	6
	b. How to manage oral declarations.	6
	c. What to do with electronic declarations.	6
	d. What information to keep for each donor.	7
	e. What information to keep for 'Planned Giving' envelopes.	7
	f. What information to keep for one-off gift envelopes.	7
	g. What other documents to keep.	7
	h. What not to claim Gift Aid on.	8
	i. How Gift Aid donations of money can be given.	8
	j. When can't you claim Gift Aid on donations?	8
	k. Time limits for making a claim.	9
	l. What do you need to be able to use the R68(i)?	9
	m. Where to find the R68(j).	
	n. What to check on the R68(i).	10
	o. Things to do to encourage people to Gift Aid donations.	11
	p. What to look for in Gift Aid computer software.	12
3.	FAQs (Frequently Asked Questions) and more information about the Checklists.	13
4.	Common Gift Aid terms and what they mean.	30

This guide will call the 'Gift Aid Declaration' the 'declaration'.



1. Introduction – What is Gift Aid?

Gift Aid is a Government scheme. It is a way for charities or Community Amateur Sports Clubs (CASCs) to increase the value of gifts of money from UK taxpayers by claiming back the basic rate tax paid by the donor. It can increase the value of donations by a quarter at no extra cost to the donor. Gift Aid is worth nearly £1 billion a year to charities and their donors.

The Gift Aid scheme is administered and managed by HM Revenue & Customs (HMRC), their website (www.hmrc.gov.uk) has detailed guidance notes for charities. Chapter 3 of these guidance notes is all about Gift Aid and this booklet is based on HMRC's guidance.

Gift Aid is a way for charities or Community Amateur Sports Clubs (CASCs) to increase the value of gifts of money from UK taxpayers by claiming back the basic rate.

You can find more information by looking at the Frequently Asked Questions (FAQs) numbers shown in the third column of the tables. There are useful addresses on the back cover.

giftaid it

How does Gift Aid work?

Imagine Jane pays income tax at the basic rate of 20% on her annual salary. If Jane gives you a donation of £100 you can claim back the tax, which she has already paid, on this money – in this case £25!

Remember: to give you £100 Jane has earned £125 (gross amount - pay before tax) 20% of this gross amount is £25.

Tip:

A simple way to work out the amount of Gift Aid that can be claimed on a donation is to divide the donation by 4. (assuming basic tax rate of 20%)

Important: Donors who pay 40% higher rate tax or 50% additional rate tax can claim extra relief on their donations to your charity. If a donor claims age-related allowances or **tax credits** (see **FAQ 2**), Gift Aid donations can sometimes increase their entitlement.

Of course there is a limit to the amount of gift aid that can be claimed on a person's donations and that is the total amount of tax they have paid during the year.

How do you get the extra money?

1. Charities send a R68i Repayment claim form to HMRC with a schedule of all their Gift Aid donors and the amounts of their donations.
2. HMRC will check the claim and will pay the 20% Basic Rate Tax paid by all the donors by BACS directly into the Charity's bank account.



2. Checklists for:

Checklist

- a. What to look for on a completed declaration.
- b. How to manage oral declarations.
- c. What to do with electronic Declaration.
- d. What information to keep for each donor.
- e. What information to keep for 'Planned Giving' envelopes.
- f. What information to keep for one-off gift envelopes.
- g. What other documents to keep.
- h. What not to claim Gift Aid on.
- i. How Gift Aid donations of money can be given.
- j. When can't you claim Gift Aid on donations?
- k. Time limits for making a claim.
- l. What do you need to be able to use the R68(j)?
- m. Where to find the R68(l).
- n. What to check on the R68(j).
- o. Things to do to encourage people to Gift Aid donations
- p. What to look for in Gift Aid computer software.

What to look for on a completed declaration:

HMRC has a model Gift Aid declaration on its website that shows everything a charity must have in a Gift Aid declaration, but Charities can produce their own declarations based on HMRC's model.

For the HMRC recommended declaration go to www.hmrc.gov.uk

The declaration has two parts:

- 1) Information you want from the donor.
- 2) Information you need to give to the donor.

Both are important

a) What to look for on a completed declaration

✓ = Yes	Item	FAQ
	The church or charity's name.	20
	The donor's name – at least the donor's initial and family name.	20
	The donor's home address – at least the house name or number and full postcode.	20
	A statement for the donor to tick saying which gift(s) they want gift aided or on a one-off form, saying that this gift is to be gift aided.	20
	An explanation saying that the donor must have paid as much tax as the charity will claim in gift aid on their donations in the current tax year.	20
	The declaration does not need a date - but it is good practice.	20
	The declaration does not need to be signed - but it is good practice.	20

Remember a donor can cancel a declaration at **any** time.

b) How to manage oral (verbal) declarations

✓ = Yes	Item	FAQ
	Keep any tape / phone recording of the donor giving their declaration.	21
	Read back to the person the declaration information they have given.	21
	Tell them they can cancel their declaration at any time.	21
	Record the date they gave you the information.	21
	If you do not have a recording of the declaration:	
	Send the donor a paper copy of their declaration.	21
	Send a note with the declaration saying they can cancel within 30 days.	21
	The declaration is not valid until you have sent the donor a copy.	21
	Good practice: do not claim on their donations until 30 days after you have sent the declaration.	21

c) What to do with electronic declarations

✓ = Yes	Item	FAQ
	Keep a copy of the emails containing declarations, either on paper or on computer.	
	Reply to the donor's email confirming the declaration.	
	If a declaration is sent by text message keep the text message.	
	Good practice: confirm the declaration by letter or email.	

d) What information to keep for each donor

✓ = Yes	Item	FAQ
	The donor's name – at least the donor's initial and family name	6
	The donor's home address – at least the house name or number and full postcode.	6
	The donor's declaration.	6
	The amount of each donation.	7
	The date of each donation.	7
	The way the donor gave each donation eg standing order, cash etc.	7
	Note on the record if the donation was for a special purpose eg 'Youth'.	7
	A record of any goods or services given to the donor for their donation.	7
	Copies of letters you send to the donor about their donations.	7
	Copies of letters the donor has sent to you about their donations.	7
	If the donor cancels their declaration – keep the cancellation letter.	7

e) What information to keep for 'Planned Giving' envelopes

✓ = Yes	Item	FAQ
	A register of donors that shows the envelope number for each donor.	15
	The amount and date of the donation written on the envelope.	15
	A register showing the date and amount in each envelope given by each donor.	15
	A sample of one complete month of envelopes for each of the past four years.	15

f) What information to keep for one-off gift envelopes

✓ = Yes	Item	FAQ
	The one-off gift envelope.	16
	The amount of the donation written on the envelope.	16
	The donor's name and address written on the envelope.	16
	The box on the envelope ticked to show the donor wants you to Gift Aid it.	16
	A note on the envelope explaining that they must have paid tax at least equal to the Gift Aid the charity will claim in the tax year.	16
	All one-off gift envelopes for four years after the Gift Aid was claimed.	16

g) What other documents to keep.

All documents to do with tax should be kept for four years

✓ = Yes	Item	FAQ
	Copies of any circulars you have sent that include Gift Aid information.	9
	Copies of all R68(i) forms you have sent to the HMRC.	9
	Copies of all special Gift Aided sponsorship forms.	29
	Paying-in book stubs.	10
	A copy of all bank statements.	10
	All letters from the HMRC about Gift Aid.	11

h) What not to claim Gift Aid on

✓ = Yes	Item	FAQ
	Open collections or 'loose plate' collections unless the cash was given in a sealed envelope with the donor's name or reference and covered by a valid declaration.	14
	Donations of money from limited companies or PLCs.	
	Payments in kind.	4
	Loans.	4
	Loan waivers.	4
	Debt / loan conversions.	4
	Donor's expenses that the donor says you do not need to pay.	4
	Gifts of materials.	4
	Money paid at auctions. See FAQs section.	4
	Gifts made on behalf of someone else.	4
	Payments for school fees.	4
	Payments to purchase books, jumble sale items, food etc.	4
	Payments for admission to events (jumble sales, concerts etc) See FAQs section.	4
	Payments for raffle or lottery tickets.	4
	Giving by Charity Vouchers.	4
	Donations made through Payroll Schemes.	4
	Donations that give the donor (or a relative) services or goods worth more than the limit of the benefits!	5

i) How Gift Aid donations of money can be given

✓ = Yes	Item	FAQ
	Cash - in a sealed envelope, which shows the donor's name or the donor's envelope number and covered by a valid declaration.	3
	Cheque.	3
	Direct Debit.	3
	Credit Card.	3
	Debit Card.	3
	Postal order.	3
	Standing Orders.	3
	Internet banking transfers.	3
	Foreign currency.	3

j) When you can't claim Gift Aid on donations

✓ = Yes	Item	FAQ
	The donor has not completed a declaration.	
	When the donation is given on a date not covered by the declaration.	
	When their donation is not money.	19
	When the donor has not given his or her own money.	
	Donations given by Limited Companies – different rules apply.	18
	Donations given after a donor has cancelled their declaration. see FAQ section	22

k) Time limits for making a claim

✓ = Yes	Item	FAQ
	<p>All claims must be made within four years of the end of the accounting period to which the claim relates.</p> <p>For example donations made in the accounting period which ended 31st December 2011 the final date a claim can be made for them is 31st December 2015.</p> <p>For donations made in the accounting period which ended 31st December 2011 HMRC will pay interest from 1st January 2012.</p> <p>Are your donations within these limits?</p>	
	<p>All claims must be made no later than four years after the end of the tax year to which the claim relates.</p> <p>For example a claim for repayment of Gift Aid on donations received during the tax year that ended on 5 April 2010 must be received by HMRC before 5 April 2014</p> <p>Are your donations within these limits?</p>	

l) What do you need to be able to use the R68(i)?

✓ = Yes	Item	FAQ
	1. Access to the Internet.	
	2. A printer	
	3. Adobe Reader version 9 or above (free from Adobe.com)	
	4. Information on your organisation.	
	5. Information on the donations your organisation has received.	
	6. The end date of your financial year.	

m) Where can you find the R68(i) form?

✓ = Yes	Item	FAQ
	<i>The R68(i) is designed to be filled in online or downloaded from the HMRC website onto your computer. It can be found by going to:</i>	
	1. www.hmrc.gov.uk	
	2. Click Forms (on the left of the screen under Quick Links).	
	3. In the box type R68.	
	4. Click Find Form.	
	5. Click 'R68(i) Gift Aid and tax repayment claims'.	
	6. Click 'R68(i) (PDF.134KB)' – this will open the form ready for you to use.	
	7. If you want to save the form click the Save icon on the top toolbar and choose your location.	

n) **What to check on the R68(i)? All the information must be the same as shown on your HMRC Charity registration. If any of the information has changed you must tell the HMRC of the changes by using form ChV1 at least one month before making a claim.**

✓ = Yes	Item	FAQ
	1. About your organisation.	
	a) Name of your charity.	
	b) The charity's reference number (starts with X or C).	
	c) The name of your authorised person.	
	d) The telephone number of the authorised person.	
	e) The charity's full correspondence address.	
	f) If you have more than 200 donors and are sending your claim on a CD – have you ticked the 'Submitting information on a disk' box on the first page.	
	2. Accounting period	
	a) Have you entered the last day of your financial year?.	
	3. Payment details	
	a) If the gift aid is coming to the charity have you ticked the Charity box?.	
	b) If using a nominee/collection agency have you ticked the box?.	
	c) If the nominee/collection agency has a reference have you entered it?.	
	4. Gift Aid Schedules – click the 'Create Schedules' and the form creates the relevant schedules.	
	a) Have you entered all the donations for each schedule?	
	b) Have you entered the correct donation dates?	
	c) Have you entered the correct totals for each person on a schedule?	
	d) If you have entered aggregate donations do you have gift aid declaration for each person?	
	5. Other Income Schedule – this section is not related to gift aid.	
	a) Have you entered the gross payment received that is the total payment including the tax.	
	b) Have you entered the total tax paid.	
	6. Tax back calculation and amount of claim	
	a) Have you checked the total donations are correct?	
	b) If the amounts are incorrect check the donations you entered.	
	c) You can still change the schedules before you print the form. Do not make any changes on the printed form.	

	7. Additional information – enter information helpful to processing your claim but the following must be included.	
	a) If using aggregate donors have you stated it here for example: 'This claim has been aggregated in accordance with the guidance'.	
	b) If sending the claim on a CD have you stated that here?	
	c) If you have included amounts from sponsored events have you stated that here? See FAQ 29.	
	8. Print the R68(i) – The R68(i) has done all of the gift aid calculations:	
	a) Have you checked the totals on the R68(i)?	
	b) If the totals are not what you expect check and correct the donations you have entered.	
	c) If you entered additional information is it correct and complete?	
	d) Once printed have you signed and dated the R68(i)?	
	e) Have you written anything else on the R68(i)? If so the claim will not be processed and you must check and reprocess the R68(i).	
	f) Have you addressed it to: HMRC Charities Repayments St John's House, Merton Road, Liverpool, L75 1BB	
	g) <i>You must not change any figures or write extra information on the printed form.</i>	

n) Things to do to encourage people to Gift Aid their donations

✓ = Yes	Item	FAQ
	Information:	
	Use the Gift Aid logo.	36
	Put prominent notices about Gift Aid on notice boards.	36
	Update the notices regularly.	36
	Make sure the notices include the basics:	36
	1. Gift Aid logo.	
	2. Simple sentence on 'What is Gift Aid?'	
	3. Simple example of the effect it can have.	
	4. Who to ask for more information on Gift Aid – local contact.	
	5. Declarations next to the notice board or a note to say where they can be found	
	6. Where to put completed declarations or the person to give them to.	
	7. A 'thank you' for taking the time to read the notice.	
	Tell donors about oral declarations.	36
	Tell donors the name of the person who will record oral declarations.	36
	Talk to people about Gift Aid when you are appealing for funds.	36
	Tell people they can Gift Aid a sponsored event.	36

Useful Addresses

Gift Aid Toolkit:

See HMRC - Free copies are available on request

HMRC:

HM Revenue & Customs Charities
St John's House
Merton Road
LIVERPOOL
Merseyside
L75 1BB

Tel: 0845 302 0203

Fax: 0151 472 6268

www.hmrc.gov.uk

Gift Aid Toolkit:

www.hmrc.gov.uk/charities/gift-aid-toolkit.htm

Gift Aid Web Information Service:

www.direct.gov.uk/giftaid

Parish Resources Website:

www.parishresources.org.uk

Information on Tax-effective Giving Initiative:

www.tax-effectivegiving.org.uk



data developments

SOFTWARE FOR CHARITIES AND CHURCHES

Wolverhampton Science Park, Stafford Road, Wolverhampton, West Midlands WV10 9RU

Tel sales: 01902 824044

Tel support: 01902 824045

Email: sales@datadevelopments.co.uk

www.datadevelopments.co.uk