

Gift Aid Update

September 2013

Small Donations Scheme

[From: John Preston - National Stewardship and Resources Officer, Church of England]

Can I remind you of our guidance on the web:

- general guidance on the scheme: <http://www.parishresources.org.uk/giftaid/smalldonations/>
- guidance on Church Plants and Community Buildings: <http://www.parishresources.org.uk/wp-content/uploads/GA9aGASDSandChurchPlants.pdf> and
- guidance on the claims process: <http://www.parishresources.org.uk/giftaid/claiming/>

We have now had a response from HMRC in relation to the connectedness of PCCs. Disappointingly they are maintaining their line that the Diocesan Bishop, DBF and DBE have "a significant degree of control". My reading is that this position is based on a desire to minimise the risk to the budget HMRC have allocated to the scheme, rather than have seriously engaged with the legal issues and seek the "right" solution. We continue to disagree, and are considering the next steps we should take to combat this view.

However, I am aware that there are a significant number of diocesan training events taking place this autumn, and so I'm writing to let you know that it may now be some months before we are able to change HMRC's view, and that we should therefore continue to train parishes to claim only on the connected buildings element.

[MAB: For readers not fully up to speed on this discussion, I include an extract from the latest "GASDS Frequently Asked Questions" guide published by Church House. The full guide can be downloaded from the diocesan website at: <http://www.stalbans.anglican.org/finance/briefing-notes/>

The **Small Donations Gift Aid Scheme** (or GASDS) was introduced in April 2013. It's underlying purpose is to allow charities or Community Amateur Sports Clubs (CASCS) to claim 'top up' payments on small cash donations where it is difficult or impractical to collect a Gift Aid Declaration.

Hence, whilst this scheme is called the '**Gift Aid** Small Donations Scheme' (GASDS) and you claim at the same rate as with normal Gift Aid (25 pence for every £1 given), this is really only a "**Gift Aid-style**" scheme because the money you reclaim is not linked at all to the donor's tax affairs. HMRC refers to what you reclaim as a payment rather than a repayment.

The scheme has two elements: a '**top-up**' element of up to £5k of eligible donations available to each charity, and a '**Community Buildings**' element of £5k. Only the latter element currently applies to Church of England parishes (see later). The Government introduced these two elements to try to cover fairly all the different charities in relation to their organisation and management arrangements. For example, some are national

charities with a single national structure and many linked outlets, and others have a lot of individual local groups linked to a national organisation where the individual groups are separate charities.

HMRC currently assert that all PCCs in a diocese are 'connected' to each other and to the DBF, and would need to share the 'top up' amount between all the churches in the diocese. The reporting arrangements for this are far too complex for this to be practical (For instance, HMRC require all the HMRC numbers of 'connected charities' to be submitted). The national church is continuing to challenge HMRCs interpretation of the PCC Powers Measure. Consequently, at this point in time, **Church of England parishes can only claim on the Community Buildings element.**

Gift Aid Online

[From: Charity Tax Group (CTG)]

There is now a large useful amount of information available on the Charities Online pages on the HMRC website at <http://www.hmrc.gov.uk/charities/online/index.htm> , including a breakdown of the three different claiming options and how to make a claim.

Based on feedback from this seminar series and responses to the recent Charities Online survey, we are aware that many charities planning to use **Option 2** (the database to database solution) have not yet made the transition, as they are waiting on software suppliers to release upgrades or software solutions, or testing these new packages. CTG have raised this concern directly with HMRC and they have written to both charities and software providers to try to support this process.

Nevertheless, there is concern that some charities are struggling to be ready in time for 1 October 2013. HMRC has stated that if charities are facing problems in meeting the deadline, they will consider these on a case-by-case basis. This offers some reassurance, but will not be sustainable if a large number of charities find themselves in this position.

[MAB: Latest guidance from Church House on Gift Aid Online can be found at:

<http://www.parishresources.org.uk/giftaid/claiming/>]

Please note that

from Monday 30th September, the HMRC Charities helpline new number will be 0300 123 1073