

## Frequently Asked Questions

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### A. Introduction

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 HMRC's interpretation of the PCC Powers Measure.

Consequently, at this point in time, **Church of England parishes can only claim on the Community Buildings element**, and these FAQs are written from this perspective, and will be revised when as and when HMRC's view changes.

Available Advice:

**Church of England Advice:** There is specific guidance on the GASDS scheme at: [www.parishresources.org.uk/giftaid/smalldonations](http://www.parishresources.org.uk/giftaid/smalldonations) and on claiming Gift Aid and GASDS at: <http://www.parishresources.org.uk/giftaid/claiming/>

**HMRC Advice:** HMRC has produced a range of guidance on their website including:

a list of 'Frequently Asked Questions' regarding Charities Online available here:  
[www.hmrc.gov.uk/charities/online/faqs.htm](http://www.hmrc.gov.uk/charities/online/faqs.htm) ;

simple guidance on GASDS here: <http://www.hmrc.gov.uk/charities/gasds/index.htm> and their more detailed guidance at <http://hmrc.gov.uk/charities/guidance-notes/chapter8/index.htm>

It is not always intuitive how this advice relates to Church of England parishes, and these FAQs are designed to help interpret HMRC's guidance in the church context.

## B. Eligibility & Community Buildings

### 1. Is our church eligible to claim using the scheme?

**A All PCCs** (whether registered with the Charity Commission or excepted from the need to do so) and charities are able to use the scheme if you:

- Are **recognised** by HMRC as an entity for tax purposes (this currently includes churches, PCCs and deaneries)
- Have existed **for at least 2 complete tax years** before the year you want to claim for.
- Have made a **successful** Gift Aid claim **in at least 2 of the previous 4 tax years without a gap of two or more tax years** between those Gift Aid claims or since the last claim was made.
- Have **not incurred a penalty** relating to a Gift Aid or GASDS claim in the current or previous tax year.

### 2. What Is a Community Building?

**A** Currently HMRC requires our churches to claim on small donations only through the 'community building' element of the GASDS. Such buildings include churches, village halls, town halls and schools. They must be:

- **Accessible to the public** at some or all times
- **Used for charitable activities** by the claiming charity e.g. worship or occasional offices)
- **at least six times in a year**
- when **at least ten people** (of any age) were in attendance on each occasion.
- and **none of the group** is required to pay to access the building, or the part of the building, in which the activity is carried out

### 3. What is NOT considered a Community Building?

**A** Any building or part of a building **used wholly or mainly for commercial purposes would not normally be a Community Building except** at those **times when a charity has exclusive use of it, or a part of it, say a meeting room**, to carry out a charitable activity. The charitable activity needs to address the eligibility elements in Question 2 above. Buildings that are used wholly or mainly for residential use, or for the sale of goods, are **NOT** 'Community Buildings'. Thus charity shops, family homes and residential care homes would **not** be classed as Community Buildings.

### 4. We have two churches in our parish: does this mean that we only have one GASDS allowance to share between the two buildings?

**A** No. Each church is a separate Community Building, and you will be able to claim on

up to £5k of eligible small donations, received in each church. The threshold is not transferable, so if one church received £6k of eligible small donations and the other £4k, you would only be able to claim on £9k (£5k maximum + £4k).

#### 5. Is our church hall considered a separate Community Building?

**A** Since buildings on adjoining land are classed as one Community Building, **many church halls will be not** considered to be separate community buildings. However, if your church hall is located away from your church, your hall may be eligible BUT see eligibility elements under Question 2 above. (NB If your church hall is some distance from the church, then it would be worth getting written confirmation from HMRC that it would count as a separate Community Building.)

#### 6. Is our church plant considered to be a separate Community Building?

**A** Most church plants (meeting in schools, village halls or other community buildings) can also claim on up to £5,000 of donations on service offerings, providing your church's activities in the school meet the eligibility elements under Question 2 above, ie. you run services with 10 or more people at least six times a year. You will then be able to claim on small cash donations (see Question 8) received whilst the church is running charitable activities (services) with 10 or more people. Specific guidance is available at as a link from the main GASDS guidance page:

[www.parishresources.org.uk/giftaid/smalldonations/](http://www.parishresources.org.uk/giftaid/smalldonations/)

#### 7. Our church is being re-ordered over a period of three months, and we are meeting in the local Village Hall. Would we be able to claim on donations made in the Village Hall during that time, in addition to claiming on donations made in the church for the rest of the year?

**A.** Yes. A village hall is a Community Building and so long as the Church meets the eligibility elements under Question 2, donations received at services in the Village Hall will qualify. Assuming that this is not adjoining the church, then the Village Hall would count as a separate Community Building.

### C. Identifying 'small donations'

#### 8. What counts as a 'small donation' received in a Community Building?

**A** To be eligible, donations must be **small cash donations only** from **individuals** received **in the Community Building**, and **on which no Gift Aid claim has been or will be made:**

- **Small** - donations of £20 or less
- **Cash** - in coins or notes
- **Giving/donations** only
- given only **when 10 or more people** (of any age) **are present** at a service (these do not need to be the same 10 people each time)

NB. Cash collections (including donations received in regular giving envelopes) received during services, including baptisms, weddings and funerals, will initially be the most common examples of qualifying donations for churches.

#### 9. Who should be included when counting if 10 or more people are present?

**A** You should simply record the same number as is recorded in the **Service Register**. HMRC now recognise that for an act of worship, employees

and volunteers will also be beneficiaries, and they will count towards the group of 10 people'.

**10. What DOES NOT count as a 'small donation'?**

**A** The intention of the scheme is to allow a Gift Aid style payment **where it is difficult or impractical for the donor to complete a Gift Aid Declaration**. For the giving methods described in this section, it is easier to complete a Gift Aid Declaration, so if for instance you have time to write a cheque, it's not unreasonable to fill out a Gift Aid Declaration.

- (a) Gifts by Standing Order, cheque, text, online giving or bank transfer **are not** eligible for this scheme.
- (b) Money from raffles, tombolas, sales and other income (including trading receipts from bookstalls, magazines etc.) that would not qualify for Gift Aid **cannot be included** in the scheme.
- (c) Charity or CASC **membership fees are not** small donations for GASDS purposes.

A cash payment that **results in a benefit** to the donor **cannot be eligible**. The only exception is where a gift with a negligible value is given to a donor, for instance a lapel sticker or badge, to acknowledge the donation.

**11. Can we use the GASDS to claim on offerings made during a service at one of our local residential care homes?**

**A** Not Currently. See Question 3 above - which explains that a building that is used wholly or mainly for residential use cannot be a Community Building.

**12. Can our church claim using BOTH the 'Community Building' element of the scheme AND the 'top up' element of the GASDS, ie. (i) "small cash donations collected in services with 10 or more people" AND (ii) "other small donations collected at other times"?**

**A** Not currently. At this time, PCCs should ONLY claim on the Community Buildings element. However, records of donations which would qualify for the 'top up payment' (wall safe donations, donations made outside services, or at services with fewer than 10 people) should be retained for a future possible claim.

**13. Can we claim donations in cash of £20 or less (a) placed in our wall safe, (b) at our Church Office located 1/2 mile from our church, or (c) to our vicar or wardens in their travels around the parish but outside of the church building?**

**A No.** These donations cannot be counted towards the 'Community Buildings' element, a) there is no evidence that there were 10 people or more present, b) and c) are outside of the Community Building. If HMRC change their view of the connectedness of PCCs, all of these will become eligible.

**14. Can we use the GASDS to claim on:**

**a) money donated at a flower festival in the church building?**

No. HMRC now say that activities where beneficiaries are not interacting as a group do not count as charitable activities.

**b) . money donated for coffee (or e.g. brunch) or votive candles?**

No. HMRC now say that the benefit and donation are implicitly linked, even if there is no requirement to make a donation to have a cup of coffee or to light a candle.

**c) our church fete, jumble sales, and concerts?**

There are a number of criteria:

- (a) To count within the Community Buildings element, (currently the only one that a PCC can currently claim on), the activity must be within the church building, and be a charitable activity.
- (b) Most of these events will be for fundraising purposes, and as such will not be charitable, as required under the Community Buildings element.
- (c) If PCCs become able to claim on the top up element of the scheme, then genuine donations received in cash of £20 or less at these events will count wherever they are held, This will exclude any receipts for raffles, for goods purchased from stalls, or ticket sales at a concert. Please see Q10 for reference.

**D. Handling 'small donations'**

**15. What is the best practice for handling the cash?**

- A** Best practice in handling cash donations includes the following:
- Cash received should be collected, counted and recorded by two unrelated individuals, wherever possible
  - Cash should be counted in a secure environment (vestry, parish office as soon after the service as possible) and held in a secure place (safe) until it is possible to bank it.
  - When it is counted, a record should be made of the amount received (A Vestry Sheet) This may split out different **denominations of coins and notes** to make it easier to fill in the paying in slip at your bank which requires information by denomination. You must ensure your record separates out £50 notes, cheques and donations that you know to be in excess of £20 from donations eligible for GASDS.  
An example form, with accompanying notes, is available in both Word and Excel format at: [www.parishresources.org.uk/giftaid/smalldonations/](http://www.parishresources.org.uk/giftaid/smalldonations/)
  - Cash should be banked as soon as possible
  - Cash should never be left unattended or in an unattended environment

**16. How will I know whether, say, a £20 note and a £10 note are part of the same gift?**

**A** The donation should only be disregarded as being over £20 if you have evidence to show this - if for example there was a £50 note (a very rare sighting as a church offering!) or the notes were contained in an envelope, or banded together. Otherwise HMRC are content for you to assume that cash donations collected on a plate or in a bucket from a number of individuals are eligible.

**17. Does this remove the need for one-off Gift Aid envelopes?**

**A** No. Some donors will want to be able to give even small donations through Gift Aid, and if a church receives more than £5,000 of small donations, then if some are given under Gift Aid it allows the church to reclaim a higher amount overall. One-off envelopes should still be available for those who wish to give more than £20, particularly during a Gift Day when larger donations might be expected.

**18. Is a gift of £20 or less in a regular planned giving envelope on which no Gift Aid declaration has been received eligible for the scheme?**

**A** Yes, although it is always good practice to encourage givers to complete a Gift Aid Declaration if they are eligible to do so, especially those who give regularly.

**18a. Really?? Even if we know the donor is not a tax payer ??**

**A** Yes. The scheme takes no account of the tax status of donors.

**19. What if someone who gives £20 a week using a planned giving envelope is away for a week, and then hands in two envelopes, each with £20 in?**

**A** Since the regular giving envelopes are numbered, the two envelopes can be identified as coming from the same individual. As the gift from that individual received at the service is more than £20, it cannot be included. If the two £20 notes were placed loose on the collection plate, then they would, as it wouldn't be known whether they had come from the same person.

**20. Is a gift of £20 or less in an adequately completed Gift Aid Declaration giving envelope eligible for the scheme?**

**A** No. The scheme is designed to deliver a 'top up' benefit **only where there is little or no chance of you securing a Gift Aid Declaration**. Thus gifts via GAD envelopes **must be included** in your normal Gift Aid claim. Some donors will claim additional relief on their Gift Aided giving, so it is important that all Gift Aid donations are recorded as such.

**20a. What if the gift of £20 or less is in a BLANK Gift Aid Declaration giving envelope?**

**A** Then it is eligible, as there is no Gift Aid declaration. However, an envelope which has been partially completed, but unsigned, should be claimed through Gift Aid as a signature is not required for it to be a valid declaration.

**21. What happens when a giver knows that they have passed their taxable threshold in using Gift Aid?**

**A** If a donor has passed their taxable threshold, it is vital that the Parish no longer claim Gift Aid on their donations. If there is room left within the Small Donations Scheme threshold, and the donations are eligible (cash, and of £20 or less), then they can be claimed under the GASDS.

**22. Can I claim for small donations given during a church service where there are fewer than 10 people present?**

**A** Whilst HMRC persists in defining parishes as 'connected' charities, Church of England entities will need to claim using the "Community Buildings" element of this scheme. In this case, only services with 10 or more people can be included.

NB. If the C of E is able to change HMRC's view, then all services will count.

**23. Can I claim for small donations made before 5 April 2013?**

**A** No. The scheme only applies to small donations made on or after 6 April 2013.

**24. Are we claiming within the church's accounting year or the tax year?**

**A** GASDS reclaims must be calculated with the tax year (6<sup>th</sup> April to 5<sup>th</sup> April the following year). You must ensure you have received the required amount of Gift Aid donations during the same period (currently at least one tenth of the amount on which GASDS is being claimed, see Question 25) - this is not an issue for the majority of churches.

**25. Is there any relationship between our Gift Aid reclaim and our Small Donations reclaim?**

**A** Yes. The amount of Small Donations that can be claimed cannot be more than 10 times the amount of Gift Aid donations you have received in the same tax year. So once you have received £500 in Gift Aid donations per church, you will be able to claim the full Community Buildings amount of £5,000. You need to keep your usual Gift Aid records for donations you're claiming Gift Aid on. They need to show that you have received sufficient Gift Aid donations in the period claimed for in order to match the amount you claim under the GASDS. So for example, if you have only claimed on £300 of Gift Aided donations (i.e. reclaiming £75), you can only claim on a maximum of £3,000 of Small Donations (claiming a payment of £750).

**26. Can we claim for foreign currency?**

**A** Yes. Bank notes and coins can be of **any currency** up to a sterling equivalent of £20.

**E. Keeping Records and Banking**

**27. What evidence do we need to keep?**

**A** HMRC requires you to keep **three pieces of evidence**, none of which should be a new requirement:

- (a) To be eligible, Small Donations **must be banked at a bank branch in the UK**. You must keep as evidence **cash deposit slips** which **show at least the amount claimed under GASDS**. Small donations do not need to be banked separately.
- (b) Vestry forms showing the cash collected at services, which provide evidence of the donations that are eligible. It is good practice that these records are signed. [See Question 15 above: recording coin and banknote denominations.]

An example form, with accompanying notes, is available in both Word and Excel format at: [www.parishresources.org.uk/giftaid/smalldonations/](http://www.parishresources.org.uk/giftaid/smalldonations/)

- (c) Evidence of the numbers attending a service, which will usually be your service register. If you do not use the service register to record non-worship events in your church or acts of worship or other events in another building, then you will need to fill out and keep the kind of record sheet available in section (b) above.

**28. How should we record donations collected while running charitable activities (including worship) in a community building?**

**A** HMRC stipulates that if the cash was collected from group members while the charity was running charitable activities in a Community Building you will need to keep the following additional records:

- The address and postcode (see next question) of the community building
- The date the cash was collected
- A note of what the event was
- A note of the number of beneficiaries attending the event. You do not need the exact number of beneficiaries if it's clear that the numbers attending were a lot more than 10 people. So a note, for example "more than 20", would be acceptable.

**29. Do we have to use the suggested vestry record?**

A No. Providing you are able to show records of ineligible donations have been separated from eligible cash collected at a service, that you can demonstrate that there were more than 10 people present (usually service register) and that you've banked it in the UK (usually deposit slips), then this is perfectly acceptable. Some churches use a cash book or ledger. These are fine, providing ineligible donations are identified and separated out.

**30. Do we have to produce a separate vestry record for each service?**

A. Ideally, yes, as attendance may vary (i.e. donations given in a service with less than 10 people will be ineligible – and you must separate such services out). However, parishes can aggregate attendance if there are 10 or more at every service in a church (but you **must** keep records separately for each church building.)

## **F. Claiming Thresholds**

**31. How much can we claim?**

A Churches are classed as Community Buildings under the Act governing the GASDS Scheme. In each tax year (6th April to 5th April), each **parish** can claim on up to £5,000 received as small donations in each of its church buildings (which may include church plants - see Questions 2, 5 & 6 above) whilst running charitable activities (e.g. services) with 10 or more people. A parish can claim centrally for two or more community buildings, even if there is just one Charity Commission registration for the parish - or a joint bank account / annual financial report.

## **G. Making a Claim**

**32. How do I make a claim?**

A. Claims on the GASDS scheme will need to be claimed through one of the new routes for claiming Gift Aid, and will be done as part of the Gift Aid claims process. You cannot use the R68(i) form for claiming on the GASDS. Guidance is available at: <http://www.parishresources.org.uk/giftaid/claiming/>

**33. How often can I make a claim?**

A. You can make a claim as often as you wish. If you make a number of claims during the year, then you must ensure that you meet the 'Gift Aid matching principle' (see Questions 24 and 25) at the end of the tax year – and only claim on £5,000 of eligible donations. Note that the time limit for making a GASDS claim – within 2 years of the end

of the tax year (e.g. 2013/2014 to be claimed by 5<sup>th</sup> April 2016).

**34. How do I find out the postcode for a church, church hall or other building?**

**A** To make a claim for collections made in Community Buildings you have to provide the address and postcode of the building. If you don't have the postcode you can use the Royal Mail postcode finder to get it at: [www.rovalmail.com/postcode-finder/](http://www.rovalmail.com/postcode-finder/)

Some buildings are not shown on this postcode finder - usually because the building does not have a letterbox and the owners don't want mail sent to the address. For these buildings look up the postcode of the building next door, or the closest building on the same street and use that postcode.

**G. Collecting small donations for other charities**

**35. What about collections received which will be given to other charities e.g. Christingle?**

**A** The PCC can only claim on up to £5,000 of eligible donations per Community Building. If it receives more than this, it can choose which donations to claim on. If it chooses to include donations that will be passed onto another charity, these form part of the PCC's £5,000 limit.

NB. When you reclaim the 'top up payment' for the GASDS it is good practice to pass this on to the recipient charity, as is the case with Gift Aid claimed on gifts made via your charity which are then passed on.

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