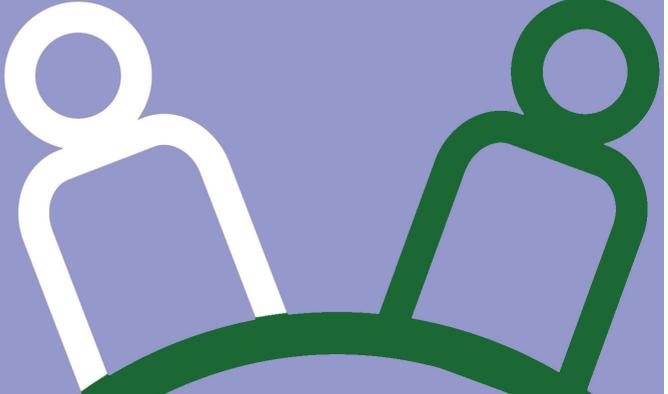




The
United
Reformed
Church



They've asked me to be a

Gift Aid Secretary

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Introduction

This booklet has been primarily written for those who are considering taking up, or have recently been appointed to, the role of Gift Aid Secretary in their local United Reformed Church. It focuses on the core responsibilities, and necessary skills and abilities of post holders – and only covers the key tasks required of Gift Aid Secretaries. It does not cover every possible quirk and nuance of a particular church's gift-aid related circumstance. A broader look at church finances and the role of the Treasurer can be found in our companion booklet: *They've asked me to be a church treasurer* (www.urc.org.uk/ask).

It's quite likely that it was the church treasurer who approached you about becoming Gift Aid Secretary. Church treasurers are responsible for overseeing the operation of the Gift Aid scheme, and while some treasurers may also do the day-to-day administration, it's both sensible and practical to delegate this work.

What is Gift Aid?

Gift Aid is a government scheme, administered by Her Majesty's Revenue and Customs (HMRC), that enables charities (including churches) to claim a refund of basic-rate UK tax on donations made by UK taxpayers. It's a fantastic scheme – the additional income generated obviously makes a huge difference to the finances of any church – and we wholeheartedly recommend churches make use of it.

There are two related schemes:

- The Gift Aid scheme: for individuals who pay UK tax. Once donors have completed the simple paperwork the church can reclaim 25p for every £1 donated.
- The Gift Aid Small Donations Scheme (GASDS): this allows churches to make a claim for repayment of basic rate tax on small cash donations of up to £30 or less subject to a maximum threshold of £8,000 in any one tax year.

The skills and attributes of Gift Aid Secretaries

It's likely that you've been asked to take on this role because the treasurer or another Elder has recognised in you the necessary characteristics and skills. Chief among these are your honesty and a very organised approach to creating / maintaining systems and keeping high quality records. Decent computer skills are also essential.



The details of organising the paperwork, and submitting the claim can be learnt – if you are ready for the challenge and willing to learn. And don't worry about the things you don't yet know – there is plenty of excellent help and advice available not least from the Association of Church Accountants and Treasurers (ACAT); and as the URC, centrally, pays for membership of ACAT for all United Reformed churches there is no reason not to access their expertise. To access your ACAT membership you'll need login details which can be obtained from your church treasurer.

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Administering Gift Aid and GASDS

It's more likely that you'll be taking over the administration of the existing Gift Aid scheme than starting one for the first time. The information here is relevant whatever the circumstances of your church – and if you are working with an established system, we recommend you read this section carefully to check that the administration of your church's scheme is operating in line with HMRC requirements.

The Gift Aid scheme for individuals

The bare bones of the scheme are simple. The church registers with HMRC; asks all eligible givers to complete a Gift Aid Declaration (GAD); keeps a record of all eligible donations and periodically submits a claim to HMRC who pay the reclaimed tax back to the church.

Registering

Churches must first register with HMRC. It's a straightforward process, click here for more information, and to register.

Once registered, you will want to explain the scheme to the congregation and ask all eligible givers (i.e., tax-paying members of the congregation) if they would like to participate – and if they do then they'll need to complete a GAD.

Gift Aid declarations

All donors are required to make a GAD to confirm that UK tax has, or will be, paid which is at least equal to the amount of tax being reclaimed.

Although there is no standard form of GAD, here's an example form from the gov.uk website, which you could easily amend with the details of your church. Whether you adapt the template or produce your own form, make sure it includes all the information detailed here:

- The name of your church
- The name of the donor
- The address of the donor, including post code
- A note of which payments the declaration is to cover (the form can apply to a single payment or to a series of payments (e.g., all previous donations and this donation; or this donation and all future donations))
- A statement that the gift is to be treated as Gift Aid
- A statement that the donor is a UK taxpayer and understands that if they pay less Income Tax and / or Capital Gains Tax in the current tax year than the amount of Gift Aid claimed on all their donations it is their responsibility to pay any difference
- The GAD does not need to be signed (although many Gift Aid Secretaries feel more comfortable in making claims if the GAD carries a signature).

Please note: the statement that the donor must have paid sufficient tax was introduced by HMRC in 2012. HMRC have confirmed that old declarations for regular donations which do not include this wording remain acceptable. However, churches might prefer to get their declarations up-to-date and arrange for donors to provide new declarations. (If you do this, make sure you keep the old declarations as well.)

If you receive a donation from someone who has not provided a Gift Aid Declaration, you can ask that person if they would be prepared to make it a Gift Aid payment after the event. If they agree, you should send them a

statement containing all the above information and informing them that unless you receive a note from them to the contrary within 30 days, it will be treated as a Gift Aid payment. You should keep a copy of your letter as the declaration. Alternatively use GAD wording which refers to gift aiding amounts already given (see the fourth bullet point above).

Where you have Gift Aid Declarations which cover more than one payment, it is also necessary to keep a note of any changes to the Declaration (e.g., change of address). This is so that should HMRC conduct an audit of your records, they can check each of the donors' tax returns using the original declaration and the information about any changes.

Record-keeping

GADs: As is clear from the above the GAD is at the heart of the scheme and all declarations must be retained carefully by the church. However you choose to keep the GADs it's crucial that your record keeping system will allow all declarations to be easily found – and updated if necessary – at any time. GADs must be retained while the donor is making donations and for six years after payments have ceased.

Weekly envelopes: If donors give by weekly envelopes then these envelopes form essential documents in support of any tax claim. Envelopes should be kept for the current year plus one month's envelopes for each of the preceding six years.

Donors that cease paying tax

It's really important to make sure that donors continue to pay UK tax – not least because the donor will have to make a repayment to HMRC if the total tax they've paid in the year is less than that which has been reclaimed. At the time of writing (during the Covid-19 pandemic) this warning may be particularly pertinent as some donors may have reduced incomes and stopped paying tax.

If donors cease paying tax for any reason then their GAD must be withdrawn from the date you received their notification. If they start paying tax again in

the future, and wish to re-join the Gift Aid scheme they'll need to complete a new GAD.

Making a Gift Aid claim

Claims for Gift Aid can be made up to four years after the end of the accounting period to which the claim relates. (So, for donations made during an accounting period ending on 31 December 2021, the final date on which a Gift Aid repayment claim can be made to HMRC Charities is 31 December 2025.)

The four-year rule aside, we recommend churches submit claims more regularly. Some consider best practice to be submitting claims quarterly, and we'd recommend claims are submitted at least annually.



HMRC prefers claims to be made online and all the information you need to do so is available here. Despite the clear preference for online claims, churches may submit a paper application on form ChR1, which is available from the HMRC charities helpline.

Keeping the audit trail intact

The reason you're required to keep records is to be able to demonstrate a transparent and intact audit trail from donor to church bank account – and you can do this with the GADs, the offering envelopes and standing orders. It will make your life much easier – and provide an indisputable audit trail – if donors give by standing order and we suggest you encourage your donors to give in this way. And do be aware that HMRC may visit your church in order to audit your Gift Aid claim. If you are not able to produce any GAD covering the full period of the claim the church will be required to repay the full amount of any tax reclaimed.

The Gift Aid Small Donations Scheme (GASDs)

The Gift Aid Small Donations Scheme (GASDS) was introduced in April 2013 to enable charities and churches to claim Gift Aid on small cash donations,

where no Gift Aid Declaration had been given. For example, cash collected in buckets via street collections, in donation boxes in museums and art galleries or in plate collections and visitor donations in wall safes.

A Small Donation is a cash donation of £30 or less – and from 6 April 2019 contactless card donations up to £30 have been eligible to be claimed under GASDs. A church can only claim up to £8,000 in Small Donations of donated income per tax year per church. The majority of eligible donations will be received as offerings during church services, either as loose cash, card payments or as regular envelopes from donors for whom a Gift Aid declaration has not been received.

There are two different elements to the scheme – single church pastorates should use the ‘Top Up’ element of the scheme, while the ‘Community Buildings’ element of the scheme is for multi-church building pastorates. Whatever element of scheme you’re applying under, you need to keep a record of the eligible donations received, excluding all donations which identifiably exceed £30, and a trail from receipt to the church bank account. If claiming under the ‘Community Buildings’ element you also need to keep a record of the number of people in attendance on each occasion when money was received (since there have to be at least ten people present for the scheme to apply). When your church has reached the £8,000 threshold within the current tax year you can include this information along with your church’s periodical Gift Aid claim. Please be aware that you must claim on cash donations under the Gift Aid Small Donations Scheme (GASDS) within two years of the end of the tax year that the donations were collected in.

The United Reformed Church has produced information for those operating the Gift Aid Small Donations Scheme (GASDS).

The last word

Gift Aid and GASDs can make a tremendous difference to church income, and although it may take a little time to set up the systems and record keeping required the effort is more than worth the reward and we strongly recommend you do make use of both Gift Aid and GASDs. And don’t forget to make use of the excellent online resources from both HMRC and ACAT.

This is one in a series of booklets designed to give information to those who have been asked to consider taking on a role in the United Reformed Church.

The booklets can be read and downloaded at www.urc.org.uk/ask



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