

# Gift Aid Update



Keeping you in touch with Gift Aid issues - for Churches using the Diocesan Gift Aid Lite Scheme

Issue 5  
April 2008

## The Chancellor announces:

### 'Gift Aid will be paid at a transitional rate of 22%'

After months of trying to plan and prepare for the reduction in our income through the tax rate drop, the Chancellor's announcement in the budget was very welcome - although the details of this announcement are a little more complex than it first appears.

Hopefully, you should have all received the circular sent out immediately after the budget and HMRC briefing papers. If not, please let me know.

### Aggregating claims

We now have the facility for donations of no more than £10 to be aggregated to a total of £500 per claim. This will not apply to sponsored claims. I am proposing to create an 'aggregated one off donor record' for each church to which the total of one offs for a particular claim will be added, thereby showing as a one line entry on the claim form.

One offs which are over £10, will either be added to an appropriate 'regular' donor record and claimed with the regular giving, or will be treated as a new record with its own entry on the claim schedule. As more information becomes known and we have worked with the system, this may need changing a little. Audit trails for the money must continue as normal and I will amend procedures here to ensure easy audit trails to support the one line entry. **It is still important that I have sight of the original one off envelopes, or a readable copy - please.**

### Other points.....

A Gift Aid new information service has been launched - [www.direct.gov.uk/giftaid](http://www.direct.gov.uk/giftaid). Not sure how useful this will be but you might like to have a look.

There are also a couple of other good resources which might be worth looking at:

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

[www.stewardship.org.uk](http://www.stewardship.org.uk)

Auditing changes have also been made, which will be reflected in the processing of the Diocesan Gift Aid Audit Programme and monitored by HMRC.

There are also other areas which are being looked at which will become evident in due course.

SADLY, there has been no change regarding Higher Rate taxpayers, so we must generally just make our congregations aware that they can reclaim the extra tax.

**Both** the Transitional relief and the aggregating of claims were topics requested in our Diocesan response to HM Treasurer last summer!

### More office important info!

My hours have now been formalised - I do not work on Mondays, am in the rest of the week 9 - 5 pm.

**Telephones** - my extension number changed - sorry! I can now be contacted on 0161 828 1424. Please accept my apologies to the many of you who left messages on my old extension, which I did not receive and therefore not responded.

Thank you for your patience during the January learning curve. Hopefully a lot of the problems have now been ironed out.... then along came the budget! We are currently working with the software suppliers to amend the programme to reflect the recent changes. I hope to be able to give you a figure on your remittance slip for the Transitional relief which will be added by HMRC. Dealing with the aggregated one offs is also challenging - more news next time....

### PCC Annual Accounts -

Reminder - these accounts must be submitted to the DBF before any claims can be made in the autumn. To save any delay in claiming during this period, please arrange for this copy to be forward asap after your AGM.

- I have recently scrutinized last years accounts - COVENANTS appear in many. Please check with your Treasurer that this terminology has been removed!
- 2008 Annual accounts - I recently checked with HMRC whether the new Transitional Relief should be shown separately in next years account. I was advised that they are happy a one line entry of the tax refund and relief together.

Please ensure that any one offs to be included in the 'print run' for the June quarter, are received in the office by Monday 17<sup>th</sup> June 2008

## Mailing

Please let me know if you did not receive the mailing sent out just before Easter.

The information regarding Gift Aid Lite was just for your information - you already use it!

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## Tax Year Figures

When forwarding the remittance advices for the next quarter, I will also be forwarding a report which will advise the annual figures for donors. This is to assist you with the preparation of your annual acknowledgement letters. These still need to be prepared for the tax year and not the calendar year.

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## Why keep envelopes?

I am constantly being asked about the purpose of writing the amount on the envelopes and balancing to the cash, only to throw them away for 11 months of the year! To satisfy HMRC Auditors of the existence of your envelope scheme, you **MUST**

- Write the amount on the envelope when opening
- Balance the amount on the envelope to the cash contained inside.
- Retain a sample month of envelopes per year for six years.

IN MANCHESTER our advice goes one step further - we recommend that you retain ALL the current years' envelopes until all claims have been completed that year - then throw away all bar the one month.

To comply with Charity law, two people should be present when the envelopes are opened.

It is good practice to add the initials of those opening envelopes to them. Checks should also be made each week, to ensure that the amounts in the envelope register agree with the weekly sheet.

## Fact Sheets

We will shortly have available two fact sheets concerning the opening and the recording of envelopes. Various other fact sheets are also planned.

## Remittance matters

**Remittance slips** - These are usually sent out on the same day as your claim is posted to HMRC. Please note that there will be anything from a 2 week - 6 week delay before the money is either received in your parish share account, or your bank account.

**Receiving refunds direct to PCC bank account?** If you previously were paying your parish share in full by standing order and receiving tax refunds back to your account, BUT are not doing so this year, please contact me immediately.

**Perhaps** you have just started paying parish share in full by Standing order - again please contact me.

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## Repayment Interest

You will probably have noticed that HMRC has added interest to the claims made last quarter.

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## One offs again!

Those of you who sent one offs last quarter which were not claimed, will be listed on a blue sheet accompanying the Donations Received report. You may well receive two blue reports. One will be for 2007 and the other for any donations received in 2008. This is necessary as a separate claim schedule will be needed for each calendar year.

**If**, you are now forwarding one offs which are not yet on the computer, please ensure that totals are split between 2007 and 2008.

**Also**, I have recently received one off envelopes from several parishes - without parish name on. Please would you all check that any one off envelopes in use contains your Church name!

**And**, please ensure that those involved in the opening of envelopes know the importance of not destroying any important details.

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**The Chancellor** may well have handed us a financial lifeline for the moment, but can I encourage you all to ensure that you continue to make the most of the opportunities available within the Gift Aid Scheme

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## Donations due reports

Please continue to amend folios as necessary and delete any donors not now contributing. Changes of address should also be advised.

It is also essential that I receive a date of last payment for each donor. This date should be the date on which they paid their last donation within the specified period.

If you wish to cancel an entry - please put the appropriate date in the 'valid to' column together with brief explanation why it is being cancelled, i.e. deceased, moved away etc.