

Ref: Gift Aid/Budget 2008/SW
18th March 2008

Susan Warren
Diocesan Gift Aid Adviser

To: Church Gift Aid Secretaries

Finance Department
susanwarren@manchester.anglican.org
Tel. 0161 828 1424
Fax. 0161 828 1480

Dear All,

H M Treasury - 2008 Budget update

We have been talking about the implications for our Diocese with the reduction in the basic rate of income tax from 22% to 20% for many months now. You may also have been aware of the HM Treasury consultation in which our Diocese played an active role.

The Chancellor in his Budget speech said - 'this Budget also announces that Gift Aid will be paid at a transitional rate of 22% for three years, with no increase in administrative burdens in claiming Gift Aid for charities'.

It has now become clearer what was meant and how we obtain the transitional relief.

The way we claim tax on donations received after 6th April 2008, will be affected. Claims on these donations will need to be calculated at the 20% basic rate of tax, (calculation 20/80). The new Transitional Relief will be added automatically by HM Revenue and Customs, bringing the total repayment back to the 22% rate.

Claims made on 2008/09 donations, made prior to the new legislation receiving Royal Assent in July 2008 will have the 'Transitional Relief element' paid once the Royal Assent has been received.

Please note that claims made after 6/4/08 on 2007/08 tax year donations will **not** attract transitional relief. Any claims which span the end of the tax year (April) **must** be made on separate schedules, i.e. 1/1/08 - 5/4/08 at the 22% rate and 6/4/08 onwards at the 20% rate - transitional relief will only be paid on the appropriate schedule.

Also, the way in which we can make claims on donations below £10 has changed and can now be aggregated, up to a limit of £500 per claim. This will primarily be of help to those making claims on one off envelopes. If this option is utilised it will be essential to retain the supporting information in such a manner that an audit trail is readily available. More information will follow.



I am attaching two HM Revenue and Customs bulletins which explain the new proposals. You will also see that some work is still being done and I will ensure that as new information and decisions are made, you will be notified. This information will also be made available on the Manchester Diocesan website.

We have not yet been advised of all Church Gift Aid Secretaries. If you have received this as a Treasurer, would you please forward, as a matter of urgency, the appropriate name, address, telephone number and email address to Lisa Cummings - (email: LisaCummings@manchester.anglican.org) or if you prefer tel. 0161 828 1400.

Should you have any queries regarding the new arrangements, please contact Sue Warren - 0161 828 1424 (susanwarren@manchester.anglican.org).

With best wishes

Yours sincerely

Susan Warren