

USEFUL GUIDANCE ON CLAIMING AND ADMINISTERING YOUR CHURCH'S DONATIONS

1. Recommended monthly/quarter periods:

Please use the month end or quarter end dates, not last service in the month dates, as your claiming dates. This will help to ensure you are claiming Gift Aid and Gift Aid Small Donations Scheme (GASDS) accurately, and not under or over claiming.

The quarter end dates are shown below:

1st Jan – 5th April

6th April – 30th June

1st July – 30th September

1st October – 31st December

2. Dealing with your collection – suggested system

Please ensure you are using a HMRC compliant cash vestry sheet, as shown on page 2 (contact us if you need one). If you are using it, please complete the following steps:

- Remove the envelopes from the 'plate' giving, so that only the loose notes and coins are left behind.
- Extract any one-off envelopes from the planned giving envelopes.
- Count the planned giving envelopes and complete the 1st section – move to one side.
- Mark envelopes with the amount donated, stating whether a cheque was included, and the initials of the counter.
- Count one off giving and enter into the 2nd section.
- Mark envelopes with the amount donated.
- Count and enter figures into the open 'loose' plate section.
- Enter any other money received as appropriate.
- Ensure the vestry sheet is signed by two people who are not related.
- Merge all cash and enter into your bank/building society/Post Office paying in book.
- Bank as soon as possible.

Vestry Collection Record

Date of collection: _____

Church:

	Planned Giving Envelopes ¹	One-off Gift Aid Envelopes ¹	Open Plate ²		Other Income ³		TOTAL
	No of Envelopes:	No of Envelopes:	Eligible for GASDS	Not Eligible for GASDS	Eligible for GASDS	Not Eligible for GASDS	
Notes: £50							
£20							
£10							
£5							
Coins: £2							
£1							
50p							
20p							
10p or 5p							
2p or 1p							
TOTAL							
Cheques							
GRAND TOTAL							

Notes

¹ Ensure you record the number of envelopes received for both types of donations.

² **Open Plate Donations:** Only cash donations of £30 or less are 'eligible for GASDS'. £50 notes and cheques should be recorded in the right-hand column, as should any donations that you know to be over £30 from an individual donor (e.g. two £20 notes in an envelope or secured with an elastic band).

³ **Other Donations:** Donations received from wall boxes, external collections or home communions can now be included. Excluded items include payments for tea/coffee money, candles etc.

Counted by _____ & _____ (please sign).

3. GASDS claiming and maintaining the required HMRC audit trails

During the last few months, the Gift Aid Lite team has provided advice and guidance to several churches regarding the Gift Aid Small Donations Scheme (GASDS). In some cases, this has unfortunately resulted in the churches being instructed not to claim on historic cash-based donations, and with future donations only being claimable once their cash counting and audit processes have been improved to meet HMRC requirements.

Expected counting and banking processes

To ensure your cash donations in numbered envelopes and the open plate are GASDS claimable, please make sure you are completing the following steps:

- Recording the total amount of cash donations collected and the date of the service.
- Two non-related individuals are counting the monies.
- Each envelope should have the following information written on it: the counter's initials, the donation amount, and cheque, if not a cash donation.
- A full cash breakdown/vestry sheet should be used for each donation date (a template copy can be requested via email or downloaded from Parish Buying).

- Some churches have an envelope register on the reverse of the vestry sheets, so the donation amounts (stating if it was a cheque) are recorded against each number. This means the Treasurer/Gift Aid Secretary does not need the original envelopes to process a HMRC claim.
- This cash record maintains a clearly identifiable audit trail to the bank paying in slip.
- If the monies are not banked every week, or the bank/building society/Post Office does not accept part bags of coins, please use a carried forward and brought forward system to maintain this audit trail.

Make sure you follow HMRC's GASDS guidance: "It is important that small cash donations are banked if your charity wants to claim a GASDS top-up. If your charity uses small cash donations to pay for expenses without banking the donations first, you will not be able to claim a top-up (GASDS) payment."

Banking cash intact

Please do not use your cash collections to reimburse expenses, or use them for petty cash, prior to paying in the monies at your bank, building society or Post Office. HMRC requires a clear audit trail between your cash records and your paying in slips to claim GASDS legally.

Device donations

Donations of £30 or less from a giving device (not online) are eligible for GASDS, and please ensure these donations are paid directly into the church's bank account.

GASDS rules and eligibility

Cash and device donations of £30 or less donations can be claimed via GASDS. Many churches rely heavily on their GASDS claims of up to £8,000 of donations per tax year, resulting in a GASDS claim of up to £2,000. If your church is part of a multi-church parish or benefice, with a single HMRC Gift Aid reference, and you are not claiming GASDS for each church, please get in touch.

Further information

Please visit the following weblinks:

www.gov.uk/claim-gift-aid/small-donations-scheme

www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme

<https://parishresources.org.uk/resources-for-treasurers/record-keeping/>

<https://parishresources.org.uk/resources-for-treasurers/giftaid/small donations/>

Of course, if you have any questions or queries, please do not hesitate to get in touch using our contact details on the back page of this newsletter.

4. GASDS claiming on device donations

HMRC has agreed to relax the Gift Aid Small Donations Scheme (GASDS) eligibility rules for donations given using a giving device (for example, a CollecTin or Payaz Giving Station).

HMRC has agreed that: "A single donation of £30 or less given on a single date via a donation/payment device using a credit or debit card authenticated via Contactless or Chip and PIN, (including a mobile phone or smart watch), is eligible for the Gift Aid Small Donations Scheme (GASDS)".

This definition can be applied to all future and historic donations that meet the HMRC eligibility criteria. This means that all claims for GASDS must be made on a tax year basis, and claims must be submitted within two years of the end of the tax year in which the donation is received.


Please don't forget you can claim Gift Aid and GASDS on the gross donation amounts, not minus the transaction fees. Online donations are not eligible for GASDS.

5. HMRC allows one-off Gift Aid declarations to be used to claim donations made using a giving device

HMRC has agreed to accept a version of a one-off declaration so that Gift Aid can be claimed on device donations. This will be particularly useful to churches using a giving device that doesn't allow a donor to complete a Gift Aid declaration on it, or there is a queue to donate, and people want to add Gift Aid to their donation.

Previously, Gift Aid was only claimable if a declaration had been completed as an integral part of the donation process on a device. For information, existing ongoing paper declarations cannot be used.

It is important to highlight that a normal one-off Gift Aid declaration cannot be used for this purpose. This is because the additional following information is required:

<p>Insert charity name/logo</p>	
<h3>Gift Aid Declaration when donating via a device</h3>	
<p>I would like to enhance my device donation through Gift Aid.</p> <p>I am a UK taxpayer and understand that if I pay less Income Tax and/or Capital Gains Tax than the amount of Gift Aid claimed on all my donations in that tax year it is my responsibility to pay any difference.</p> <p>Gift Aid is reclaimed by the charity from the tax you pay for this tax year. Your home address is needed to identify you as a taxpayer.</p>	
<p>PLEASE PRINT CLEARLY</p> <p>Title: _____ First name(s): _____</p> <p>Surname: _____</p> <p>Full home address: _____</p> <p>Post code: _____</p> <p>Signature: _____ Date: _____</p> <p>Please could you provide the following details as it will enable this church to identify your generous gift and claim Gift Aid on it:</p> <p>Gift amount: £ _____ Donation date & time: _____</p>	
<p><small>This Parish complies with its obligations under the General Data Protection Regulation and as such will only use your personal data for the purposes of processing Gift Aid as required by HMRC and claiming appropriate tax relief.</small></p>	

- Donation amount.
- Donation date and time.

This is to ensure that a Treasurer or Gift Aid Secretary can clearly identify the relevant donations on the statements provided by their payment processor, so that double claiming of Gift Aid and GASDS does not take place.

Please use the template declaration design shown above to create a version for your church. If you would like a copy to be emailed to you, please send a message to giftaid@manchester.anglican.org

6. Record retention - essential

HMRC expects accurate audit trails and record keeping for your church's Gift Aid and GASDS claims, for example:

- All declarations to be retained until six years after the last claim has been made against a cancelled declaration.
- All one-off envelopes must be retained against the claim made against them for six years plus the current tax year.
- Planned giving (numbered) envelopes:
 - Current tax year = all.
 - Previous tax year = all, until all claims completed, and acknowledgment letters are dealt with.
 - Previous years = retain one sample month (both Gift Aid and non-Gift Aid) and the rest can be destroyed.
- All supporting records must be retained for six years.

The record keeping requirements for digital giving (online and devices), and online bank statements, is no different to those for paper records. Yes, you may be able to access these records from the third-party provider you use at your church. However, what would happen if this organisation closed, or you moved your account to a competitor and closed your existing account?

Therefore, it is important you download and save copies of any digital Gift Aid declarations and store them in similar way to your paper declarations and one-off envelopes. Additionally, your supporting records also need to be downloaded and saved (e.g. a monthly spreadsheet) just like you would do with your church's monthly bank statements.

This guidance applies to Gift Aid and GASDS, and the HMRC GASDS guidance has been updated to include digital giving. It has removed the reference to checking for multiple donations from the same person. It changed from this:

- *you kept any records of contactless and chip and pin donations produced by the contactless or chip and pin terminal so that you can monitor for any 'multiple donations' from the same person*

To this:

- *you kept any records of contactless and chip and pin donations produced by the contactless or chip and pin terminal*

The updated guidance can be found here

www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme#chapter-83-administration

7. Fit and proper person test

All Parochial Church Councils (PCCs) need to comply with legislation introduced in 2010 that requires churches (and charities) that reclaim Gift Aid must be able to demonstrate that their PCC members and any church staff and volunteers who manage church funds are 'fit and proper persons.'

HMRC has its own way of defining and determining whether people managing charity money, including Gift Aid money, are indeed fit and proper. This is someone who has not been involved in tax fraud, identity theft or any other kind of fraud and who is not disqualified from acting as a charity trustee or company director.

A fit and proper person will ensure that the church's funds, including Gift Aid repayments, are used only for the church's charitable purposes. 'Managers' has a broad definition in this context; HMRC says it means anyone with general control over the management of the charity or the application of its funds. In church terms, the 'managers' therefore means:

- all members of the PCC
- any staff or volunteers who manage significant amounts of church money
- those who claim Gift Aid relief on behalf of the PCC

HMRC assumes that charities do not knowingly appoint people who are not fit and proper and will not routinely check that a charity's 'managers' are fit and proper. This means that PCCs must demonstrate that they have taken reasonable steps to ensure that their 'managers' are fit and proper.

It is recommended that all members of the PCC sign a nomination form to confirm that they are not disqualified as charity trustees. An example of such a form can be

downloaded from Parish Resources: <https://parishresources.org.uk/wp-content/uploads/9-Gift-Aid-Fit-and-Proper-Persons.pdf>

Those PCC members nominated before the Annual Parochial Church Meeting should already have completed such a form, but in some parishes the form might not be completed for those nominated during the meeting. It is essential that all those elected confirm that they are not disqualified from serving, and the nomination form acts as written confirmation of this.

In order to comply with the broader requirement, the PCC might ask other staff and volunteers who are responsible for significant amounts of spending to complete and sign the form on the page three of the Parish Resources document. For example, a treasurer who is not a member of the PCC should complete this form (or a similar one), as should the Gift Aid Secretary. This would not need to include those who are responsible for administering small amounts of money e.g. money received for refreshments after services, small youth group funds, or are simply counting and banking collections.

You should keep the PCC nomination forms, and the declaration forms on file for as long as a person is in post and for 4 years afterwards. Then if you are ever asked, you can use the forms to demonstrate that you have taken steps to ensure that, to the best of your knowledge, all of your 'managers' are 'fit and proper.' Make sure you remember to ask new 'managers' (e.g. members of the PCC and relevant staff or volunteers) to sign a Declaration when they are first appointed too.