

UG Gift Aid guidance

Introduction

Gift aid is a useful means by which donations made by UK personal taxpayers (Income or Capital Gains Tax) attract a refund to the Chaplaincy from the UK's HM Revenue & Customs (HMRC). This has to be arranged through the Diocesan Office as it is they who are the registered charity, not the Chaplaincies. This user Guide outlines what must be done.

Typically recovering a Gift Aid contribution from HMRC might arise from the following sources.

SINGLE DONATIONS

For single donations (typically of value in excess of £50 from a UK taxpayer), the donation should be passed to the Diocesan Finance Team (preferably in sterling) for processing accompanied by a 'gift aid form' completed by the donor (this can be obtained from the Diocesan Finance Team or from the HMRC website). In regards of single donations, these can be of a general nature or for specific reasons (eg a donation in respect of undertaking a wedding blessing or a funeral – for which the UK 'fees' do not apply but for which the Chaplaincy can reasonably expect a donation of an equivalent sum)

PLATE GIVING

Plate giving (by UK taxpayers) can also attract recovery from HMRC if the donations are paced in a 'gift aid' envelope (the Diocesan Finance Team will advise on the wording to be used).

Processing donations:

To enable such donations to be processed by Diocesan Office (as the UK registered charity), Chaplaincies need to do the following (generally on a quarterly basis subject to agreement with the Diocesan office):

- In emptying each envelope write the donation (and of course the currency) on the envelope.
- Prepare and supply the correct documented return to the Diocesan Finance Team. This includes:
 - The period covered by the return (eg January – March 2022)
 - The date of the earliest donation in that period.

For each donor:

- The date of the last donation from that donor in the period.
- The total donations made by the donor (converted to sterling) in the period.
- Their initial and surname.
- Their UK house number/name (ie the one used for their HMRC records)*

- Their UK Post Code*
- (* special arrangements are agreed with HMRC in respect of UK taxpayers not domiciled in the UK – the Diocesan Finance Team will advise on this)

The total amount of donations in the period:

The 'form' currently (2022) used for this is set out in the Annex to this User Guide.

Transfer the requisite sterling sum from the Chaplaincy Account to the Diocesan Account (to comply with the requirement that it is the Diocese not the Chaplaincy that is the registered charity). The Diocesan Finance Team will then claim the tax from HMRC and refund the Chaplaincy with the value of the original donations plus the tax refund (less a small handling fee to cover the office costs – the Diocesan Finance Team will advise on what this is).

Calculating the appropriate entries:

How the 'calculations' for each donor are accomplished is a matter for local agreement and may range from: a simple sorting of the envelopes from a given donor in a given period to a spreadsheet approach which does all of the calculations and prepares the return. Which is best for a Chaplaincy will depend on the availability of experience between simple paper approaches or IT competence.

Record Keeping:

To comply with HMRC requirements (and of course, the HMRC reserve the right to audit a chaplaincy's approach at any time):

- The individual envelopes must be maintained for 12 months
- A representative months of envelopes for a given period plus any other records created by the Chaplaincy (including the return to the Diocesan Finance Team) must be retained for 7 years

The process is overall quite straightforward and provided the correct procedure is followed, as outlined above (or as otherwise notified by the Diocesan Finance Team) there is no liability to the Chaplaincy (each donor is responsible for their donation and their ability to ensure that they have paid sufficient tax in a given year to cover the monies reclaimed from HMRC).

Footnote

The process set out in this User Guide explains the UK's Gift Aid requirements applicable to UK tax payers. Local National Tax Authorities have, in some instances, their own arrangements for income taxed in that country. Local advice should be sought if it is intended to take advantage of local national systems.
