

Guide to using Gift Aid for CASCs

1. What is Gift Aid?

Gift Aid enables registered CASCs to increase the amount of a donation from an individual by a tax rebate of 25p for every £1 donated from 6th April 2011. The donation must satisfy certain qualifying conditions. Gift Aid generates nearly £2million per year in HMRC tax rebates to CASCs. This guide deals with CASCs only as there are slightly different rules for Charities.

2. Who qualifies for Gift Aid?

Only registered Charities and CASCs qualify to receive Gift Aid on donations. Givers must be UK taxpayers paying income tax and/or capital gains tax.

3. What qualifies for Gift Aid?

The donation to the CASC must be exactly that – a gift of money with no goods or services in return for the giver unless the benefits are of token value within specified limits. For further information on what does and doesn't qualify for gift aid see www.hmrc.gov.uk/charities/gift_aid/basics.htm#2 and for the limits on benefits in return see www.hmrc.gov.uk/charities/gift_aid/basics.htm#3. Membership subscriptions for CASCs do not qualify for Gift Aid. There is however a method of generating Gift Aid with subscriptions (see the paper 'Gift Aid and subscriptions to sports clubs' on this website). Certain types of fund raising can qualify for Gift Aid (see the 'Gift Aid and fundraising' paper on this website).

4. Is it worth claiming Gift Aid?

The sports club will have to decide whether and when it is worth claiming Gift Aid on a practical level. It requires some effort on the clubs behalf to claim and this should be balanced against the amount of Gift Aid the club expects to receive. For example, if the club is only going to receive £50 per year in donations that qualify, it may not be worth the club claiming the £12.50 Gift Aid. As explained below a club can save up several qualifying donations and claim these all at once (maybe once a year) to reduce administration time.

5. Gift Aid Processes

There is no separate registration required for the CASC or giver.

a. For the Giver

Givers must be UK income and/or capital gains taxpayers. This is important as HMRC will reclaim the Gift Aid claimed by the CASC from the giver if insufficient tax has been paid. The giver must have paid enough income or capital gains tax to cover the tax rebates on his or her gifts to CASCs and Charities during the tax year.

Givers must not receive anything in return unless the benefits are of token value within specified limits as mentioned above.

Givers must fill in a declaration form and give this to the CASC for record keeping purposes. There are three different declaration forms – the giver must fill in **one** of the relevant forms depending on the type of donations below:

1. Gift Aid declaration for a single donation – this form is for single donations and needs to be signed by the giver. HMRC's model form can be found at: www.hmrc.gov.uk/charities/single-donation.pdf.
2. Gift Aid declaration for past, present and future donations – this form is for repeated donations to the same CASC over time and needs to be signed by the giver. HMRC's model form can be found at: www.hmrc.gov.uk/charities/appendix_b1.pdf.
3. Sponsorship and Gift Aid declaration form – this form is used by the person participating in the sponsored event and will have more than one givers' declaration on (providing they can get more than one sponsor!). Each giver makes the declaration by way of a 'tick' next to the givers details. HMRC's model form can be found at: www.hmrc.gov.uk/charities/appendix_b2.pdf.

All HMRC model forms highlight the responsibilities of the giver when donating under Gift Aid. If the giver is giving to more than one CASC or Charity, one form needs to be filled out for each.

Givers can donate using cash, direct debit, credit card, debit card, postal order or by standing order. Cheques can also be used but do not count as being received until the cheque has cleared.

Higher and additional rate taxpayers can also receive an income tax rebate on donations they make to CASCs. For a 40% higher rate income tax payer this works out at a 25p in the pound income tax rebate for the giver. The CASC is unaffected by the giver being a higher or additional rate taxpayer - it still receives 25p in the pound. The additional rebate can be claimed by the giver either by Self Assessment or in the giver's PAYE coding.

b. For the Club

Record keeping - CASCs must keep records of Gift Aid declaration forms received and benefits provided to givers. The records must be kept in the same format as they were received but can be kept in either hard copy or electronically scanned. The club should be prepared to supply these to HMRC on request. For further information on records to be kept see: www.hmrc.gov.uk/charities/gift_aid/record-keeping.htm.

Claiming Gift Aid from HMRC - in order to claim payment of Gift Aid CASCs must use the R68(i) form which can be found at: www.hmrc.gov.uk/charities/r68-claim.pdf. The form is an 'intelligent form' which must be filled in on screen – boxes are automatically filled in depending on your answers. Gift Aid for donations from more than one individual are listed on the form. This can reduce the administration for the CASC which may choose to do a claim for Gift Aid, say, once every 3 months. Once completed the form must be printed, signed, dated then posted to HMRC. Guidance notes on how to fill in the form can be found at: www.hmrc.gov.uk/charities/complete-form-r68i.htm. Tax rebates should be received within 5 weeks.

6. Alternatives for claiming Gift Aid

There is an alternative to the club filling in the required paperwork for Gift Aid declarations and tax repayment claims. Many CASCs have chosen to use an on-line giving provider such as JustGiving, Virgin Money Giving or BT MyDonate as a method of collecting donations and claiming Gift Aid. Using on-line giving takes much of the administration away from the CASC as Gift Aid declarations

are made on-line using the provider's website and the on-line provider deals with the repayment claims of Gift Aid from HMRC. The provider then passes on the Gift Aid payment to the club less processing fees which vary between providers.

Tim and Richard Baldwin

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