

7. Finding and getting money

7.10.7 Gift Aid FAQ

Can anyone make a Gift Aid donation?

No, the donor must be a UK taxpayer, and must have paid at least as much UK income and/or capital gains tax for the year of donation as the amount that will be claimed by your charity or CASC and any other charities and CASCs they donate to.

Can we accept joint donations?

Yes, if you receive a donation from a joint bank account and do not have a Gift Aid declaration from both account holders, you can assume that it is from the person who has made the declaration, unless the evidence clearly suggests otherwise.

Can we claim Gift Aid on donations by charity cheques or vouchers?

No, donations made by charity voucher, charity cheque or charity card have already had Gift Aid tax claimed and added to the donor's account. You cannot include them in your tax claims.

Can we use Gift Aid when we sell Christmas cards?

No, Gift Aid cannot be used for payments to buy goods such as Christmas cards, although additional voluntary donations can be Gift Aided.

Can we use Gift Aid when we sell items donated to our charity shops?

Yes, this involves converting the item into a cash donation by the charity acting as an agent for the donor, selling the item and then offering the cash back to the donor. If the donor then chooses to donate the cash to the charity then Gift Aid can be used. A clear record linking donors to items and the cash they have raised is essential as is permission to Gift Aid the cash raised from that item. More information can be found by contacting HMRC on 0845 302 0203.

Can we Gift Aid school fees?

No, Gift Aid cannot be used for the payment for services such as school or college fees, or admission to events (however, the parent teacher association can use it when asking for donations towards general school funds).

What about charity auctions?

In some cases part of the money bid for an item in a charity auction can be increased through Gift Aid. This is so only where the item has a clear market value, which must be stated at the time of the auction. For example, if £700 is bid for a pair of travel tickets that cost £500 at the travel shop on the high street, the excess of £200 can be treated as a donation eligible for Gift Aid. You should get a Gift Aid declaration from the donor in respect of this donated element, if you do not already have one. Celebrity-endorsed or unique items do not have a clear market value, but are worth whatever is paid for them. The price bid for these cannot, therefore, include a donated element.

What about raffles and lotteries?

No, buying a ticket for a raffle, lottery or '100 Club' draw is a payment for the right to enter and take part in the competition, regardless of who wins and the value of the prize. It is not, therefore, a donation and Gift Aid cannot be used.

Is foreign currency eligible for Gift Aid?

Yes, you can Gift Aid a donation of foreign currency. You and the donor will simply need to record the value in sterling on the date it is given.

What about adventure challenge fundraising events?

Sponsorship money raised for these events, commonly overseas treks or bike rides, is eligible for Gift Aid if all the normal rules are met, including the benefit rules. It is likely that donations by the participant and their family will not be eligible for Gift Aid because they provide a benefit to the participant in excess of the permitted limits. (The benefit to the participant is the cost of taking part in the event less any payment they have paid as a deposit). But sponsorship by other people unrelated to the participant will usually be eligible for Gift Aid. It is recommended by the HMRC that the position is made clear to both potential participants and donors in your event literature. At Cancer Research UK, they make the position clear with the following wording:

"When you sponsor someone to take part in an ultimate challenge event who is related to you, it is possible that you may not be able to take advantage of Gift Aid. This is only the case if you are a 'connected person: A connected person is a wife or husband, a relative (brother, sister, ancestor e.g. mother), lineal descendant (e.g. grandson) or the wife or husband of a relative of the person taking part."

Can membership fees be Gift Aided?

Yes, charity membership fees (not CASCs) can be Gift Aided, providing the benefits don't exceed HMRC's benefits rule.

What if things go wrong?

Where you hold a Gift Aid declaration, but it turns out that the donor has not paid enough tax to cover the tax you have reclaimed from the HMRC, it is the donor who will incur a tax liability for the shortfall. The charity's tax claim is not legally affected. You may, however, want to discuss the matter with the HMRC to see whether anything may be arranged on the donor's behalf.

Further information

Giving Wales

Helpline 0800 2888 329

givingwales@wcva.org.uk

Payroll Giving Scheme

www.charitablegiving.co.uk

Institute of Fundraising

www.tax-effectivegiving.org.uk

HMRC Charities

Helpline 0845 302 0203

charities@hmrc.gov.uk

www.hmrc.gov.uk

Disclaimer

The information provided in this sheet is intended for guidance only. It is not a substitute for professional advice and we cannot accept any responsibility for loss occasioned as a result of any person acting or refraining from acting upon it.

For further information contact

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