

Important Information for
Church Treasurers and
Finance Committees

The Gift Aid Small Donations Scheme (“GASDS”)

Commencing on 6th April 2013

United Reformed Church Finance Office
26th February 2013

The Gift Aid Small Donations Scheme (“GASDS”)

1. What is GASDS?

- 1.1 A new Government initiative commences on 6th April 2013 which will enable church congregations to claim an annual government grant of up to £1,250 for every church building in which services of worship are held and a collection taken.
- 1.2 It will be known as The Gift Aid Small Donations Scheme (or GASDS for short) and is intended to provide charities with a cash grant on small loose cash donations which are received during services, but which cannot qualify for the church Gift Aid scheme.

2. How much will my church receive?

- 2.1 You will be able to claim £1,250 each year provided that over the course of the year your loose cash collections exceed £5,000 overall.
- 2.2 If they do not exceed £5,000 you will be able to make a lower claim.

3. What is a “small donation”?

- 3.1 Any sum given during collections at services in cash and which does not exceed £20 per donor can qualify as a “small donation”
- 3.2 This does **NOT** include cash donated in numbered offertory envelopes by members of the congregation who are in the church Gift Aid scheme, irrespective of amount.
- 3.3 You will therefore appreciate the scheme is aimed at members of the congregation who donate by placing loose cash in the collection bags or on the plate, or in non-gift aided envelopes.
- 3.4 It does not include cheques no matter how small the sum. It applies only to cash but it can be in a foreign currency.

4. What records of proof must the church maintain?

- 4.1 There is very little proof required and therefore little extra work involved. This is because the church will already be recording loose cash giving on its *Weekly*

Cash Sheet or other recording medium.

- 4.2 The normal banking arrangements and the entering of the figures into the church financial records will remain largely unchanged.
- 4.3 A small additional confirmation will, however, be required from the church counting teams each week. They will be asked to confirm that the total of the loose collections cash (including that taken from Non-gift aid envelopes) did indeed consist only of “small donations”
- 4.4 This will be very simple to achieve in almost all cases because only large denomination notes (e.g. £50 notes, if you ever see one) need be excluded together with any other evidence that the counters saw indicating that a single donor gave more than £20.
- 4.5 By way of example, if the counters opened a non-gift aid envelope containing a £20 note and a £10 note, they must exclude £30 from the total of that week’s “small donations” cash. Clearly, the evidence indicated that £30 came from a single donor and the whole sum does not qualify to come within GASDS. So regular givers by envelope not in the Gift Aid scheme should be encouraged not to aggregate gifts for several weeks, e.g. after a holiday absence, into one envelope.
- 4.6 In most cases, in most churches, in most weeks, the total of the loose money (including contents of non-gift aid envelopes) will represent the total of the small donations qualifying for the GASDS grant.

5. How does my church claim GASDS?

- 5.1 To claim GASDS, your church must first be registered with HMRC for Gift Aid Relief (GAR) and there must have been claims made for GAR in at least two of the previous four tax years.
- 5.2 A claim for GASDS
- is limited to £1,250 in any one tax year (i.e. on small cash donations of up to £5,000)
 - has to be made within one year of the end of the tax year to which the claim relates
 - has to be ‘matched’ by a GAR claim on donations equal to at least 10%

of the cash donations included in the GASDS claim (e.g. if the maximum is being claimed there must be a minimum of £500 in GAR donations).

5.3 Claims can be made for each place of worship. If your claims cover more than one congregation, reference should be made to the HMRC website, which will be publishing details of the scheme shortly, together with information about claiming GAR from April 2013 with new paper forms and an online repayment service, at this link: <http://www.hmrc.gov.uk/charities/online/index.htm>.

6. Why is Government doing this now ?

6.1 The scheme was first announced early in 2011 with the aim of helping charities to claim a gift aid style payment on small cash donations which are received in circumstances where it may be difficult to persuade donors to join the gift aid scheme.

6.2 It provides the United Reformed Church (as well as churches of other denominations) with the opportunity to obtain some additional benefit from the loose and envelope small cash sums donated by members of the congregation, especially by those who are no longer taxpayers and who therefore cannot use Gift Aid.

6.3 It is very limited in its scope and should never be seen as a replacement for gift aid. Also, GASDS as an initiative may not last very long in these difficult economic times. Our constant attention, therefore, must still be directed at encouraging members of the congregation to join the church Gift Aid scheme.

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Based on a document produced by John Conlan of Baker Tilly, Birmingham, for Roman Catholic dioceses and parishes