

Don't look a Gift Horse in the mouth

Gift Aid and GASDS

Gift Aid is a welcome and generous government provision that recognises the value to society of churches, charities and community amateur sports clubs. More recently the new Gift Aid Small Donations Scheme can increase income by up to £2000 although initial take up is rather less than expected. Churches need to make the most of this government support and avoid the pitfalls on the way.



In 2015/16 the UK government paid out £1.26 billion in Gift Aid payments to churches and charities. For the Church of England in 2014 Gift Aid was worth £88 million, of which £81 million was unrestricted. Gift Aid cashes out as a lot of maintenance, ministry and mission year on year.

Some do, some don't

Less than half of UK charities claim Gift Aid in a given year. Some cannot claim Gift Aid, others struggle with online claiming and it appears that many smaller charities don't claim because the donations are small. It is also worth noting that the level of Gift Aid reclaims increases with the size of gift. Thus, 80% of those who give £100 or more will Gift Aid their gifts but just 19% of those giving less than £10. The National Audit Office estimates that a 10% increase in Gift Aid take up amongst those giving less than £100 would generate an additional £94 million to charities. The challenge, however, is to influence how 2.5 million donors make their donations. ⁱ

Churches and Gift Aid

Churches are mostly well placed to meet this challenge. They are generally effective at claiming Gift Aid with robust administration and effective recruitment processes because of a personal relationship with most givers. As a result religious charities receive an estimated 30% of all Gift Aid. ⁱⁱ

But complacency is not an option and it remains vital to ensure simple, personal ways of explaining Gift Aid and inviting new church members sign a declaration. New members accustomed to making smaller gifts to charity may be unfamiliar with Gift Aid and some are nervous about the link with taxation. Don't make assumptions about your congregation. A recent stewardship campaign in a congregation of around 150 adults saw eleven new Gift Aid declarations signed.

Can I Gift Aid this?

Gift Aid is relatively simple but beyond the basics a cocktail of HMRC rules and creative church fundraising makes life a little more complicated. Chapter seven of *Beyond the Collection Plate* identifies some key questions churches ask and offers guidance on what donations are and are not eligible for Gift Aid.

The Small Donations Scheme ⁱⁱⁱ

The government introduced the Gift Aid Small Donations Scheme (GASDS) in 2013 to enable charities to claim a Gift Aid type payment on smallest donations of £20 or less, where a Gift Aid declaration was difficult or donors reluctant. The scheme aspired to £105 million in 2015-16 but actually paid a more prosaic but still handy £26 million. ^{iv} One factor is

that charities cannot claim GASDS unless they are claiming Gift Aid and at the time of writing the 2016 revision did not remove this requirement. Moreover, Anglican and Roman churches have had to wrestle in different ways with complexity due to HMRC concerns about 'connected charities'.^v Nonetheless GASDS is worth up to £2,000pa to churches; worth pursuing!

Notes and Resources

- ⁱ Gift Aid and Reliefs on Donations (www.nao.org.uk) p22.
- ⁱⁱ Give and Let Give; Joe Saxton and Sarah Eberhardt. www.nfpSynergy.net (2014).
- ⁱⁱⁱ Gift Aid Small Donations Scheme by Anthony Seely; House of Commons Library briefing paper 06330. A handy summary of GASDS.
- ^{iv} UK Charity Tax Relief Statistics 1990-91 to 2015-16 at www.gov.uk. A 2016 summary of GASDS can be found as a download [here](#).
- ^v See the Anglican guidance at [Parish Resources](#).