

Fact Sheet – Gift Aid

What is Gift Aid?

Gift Aid is a simple way for Community Amateur Sports Clubs (CASC) to increase the value of gifts of money or donations from taxpayers by claiming back from the Government the basic rate of tax paid by the donor.

When an individual, sole trader or partnership gives money to your organisation through gift aid, you can take their donation which is money they have already paid tax on and reclaim the basic rate of tax from the HM Revenues and Customs (HMRC) on its gross equivalent – the amount before basic rate of tax was deducted.

What are the Gift Aid rules?

All donors must:

- Pay enough UK income tax and/or capital gains tax themselves to cover the amount of tax the organisation will reclaim from the government
- Complete a Gift Aid declaration form for the organisation, which should include:
 - name
 - home address
 - organisation's name
 - confirmation it is a gift aid donation
 - confirmation the donor has paid UK tax to cover the tax the organisation will reclaim.

A declaration can be made to cover individual donations, a series of donations as well as donations made during a specific period and all future donations. All donations can be backdated for up to six years prior to the date of the declaration provided that the donation was made since 6 April 2000.

If a donor pays the basic rate of tax, they cannot claim further tax relief on the payments. If they pay a higher rate of tax, they can claim higher rate relief on the payments by entering the donations in the gift aid box on their self assessment tax return.

Your organisation must keep adequate records to support any claims to the government for Gift Aid and details of all donations. All donations and tax repayments through Gift Aid can only be used for charitable purposes.

What are the benefits of Gift Aid?

As a CASC, you can reclaim the basic rate of tax on Gift Aid donations – this is 20% from 6 April 2008. For example, if a donor pays tax at the basic rate of 20%, they actually have to earn £12.50 to receive £10 in their pay packet (£12.50 x 20% = £2.50 income tax). Your organisation can reclaim the basic rate of tax through Gift Aid on a donation of £10. This would be worth £12.50 to your organisation.

For all Gift Aid donations made between 6 April 2008 and 5 April 2011, HMRC will also be operating transitional provisions, paying the organisation a Government supplement of three pence on every £1 donated. This means a £1 Gift Aid donation is worth a total of £1.28 to your organisation.

How do Community Amateur Sports Clubs apply?

Please contact the HMRC website at www.hmrc.gov.uk/charities. You can download guidance notes and further information including how to order a “Gift Aid Toolkit” CD-ROM.

You can also telephone the HMRC Charities Helpline on 0845 302 0203 or email them at charities@hmrc.gov.uk or write to them at:

HM Revenue and Customs Charities
St Johns House
Merton Road
Liverpool
L75 1BB