

GIFT AID SMALL DONATIONS SCHEME – UPDATE 2019

Introduction

In 2013, the Government introduced the Gift Aid Small Donations Scheme (GASDS). To summarise, the Scheme enables charities, which includes churches, to claim payment of an amount equivalent to Gift Aid for cash donations of £20* or less (*see *Update below*). This is without the need for the donor to complete a Gift Aid Declaration. However, the GASDS only applies to churches that are registered with HMRC to claim Gift Aid.

Donations under the Scheme must be made by an individual, in cash* (*see *Update below*), received in the UK by the church, and used for charitable purposes. Cheques, standing orders and direct debit donations are not eligible. The claim can be made alongside the usual Gift Aid repayment claim.

The maximum amount of the GASDS top up that a church can claim is limited to ten times the amount of Gift Aid claimed on donations made in that same tax year under the Gift Aid scheme. Claims are limited to a basic allowance of £8,000 per charity per annum, resulting in a maximum top-up payment of £2,000 (£8,000 x 25% - whilst basic rate income tax is 20%) which can be received by the charity each tax year. In addition, there is a two year time limit for GASDS claims to HMRC.

The GASDS is particularly ideal for churches, where donations are frequently made anonymously in collection plates or boxes. There is the stipulation, nevertheless, that the donations must be “loose”. In other words, two £20 notes rolled up together would not qualify as that would clearly be a gift of £40 which is over the limit. However, if the notes are loose, then both will qualify as individual donations under the Scheme.

Update April 2019:

Since 6th April 2019, charities may now claim Gift Aid on:

- Cash donations of £30 or less
- Contactless card donations of £30 or less

For further information, visit this useful Stewardship link:

www.stewardship.org.uk/downloads/briefingpapers/gift-aid-small-donations-scheme-a-practical-guide.pdf

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