



## GUIDE 3: Gift Aid Declarations

(v4a: 29th October 2015)

### Overview

This guide is for parishes needing to create a model Gift Aid Declaration (p1-2) and/or wanting to use Gift Aid envelopes. (p3-4) **In October 2015 HMRC announced a new wording for declarations. This must be used on new declarations signed after 6<sup>th</sup> April 2016 (although existing stock of printed materials can be used up). Existing enduring declarations do not need to be renewed.**

### What is a Gift Aid Declaration?

A Gift Aid Declaration is the donor's declaration that s/he wishes your church to reclaim tax on his/her donation. In signing the declaration, the donor also confirms that

- ① s/he is a UK taxpayer and
- ② will pay as much or more income / capital gains tax in the tax-year than all the churches and charities to which s/he donates will reclaim in that tax year on his/her donations, and
- ③ understands that if they do not, they are responsible to pay any difference.

All Gift Aid donations must be accompanied by a valid declaration which provides name and address details; otherwise, your church cannot reclaim the tax from HMRC. Since there are a number of important elements that a declaration must contain, so we recommend that you use something similar to the one on the next page.

Technically, HMRC does not require the declaration to be signed or dated by the donor but it is a good idea to include this as it makes for a much better audit trail.

A declaration can cover a single one-off donation, in which case the date and the amount of the donation is usually included on the form, or if it is a one-off giving envelope, the amount is written on the envelope afterwards.

A declaration can also apply to all future donations made by the donor to the church if the donor wishes. This is called an 'enduring declaration' and can be cancelled at any time. It is the obvious option for your regular donors so that they don't have to complete a new declaration every week or month. A declaration can be back-dated to apply to all donations made by the donor in the previous 4 years.

### Record Keeping

For declarations relating to one-off donations (including declarations on Gift Aid envelopes), you should keep them for 6 full calendar years after the end of the year in which the tax was reclaimed.

Enduring declarations which relate to 'all future donations' should be kept permanently (or at least until 6 years after the donor cancels the declaration or ceases to give).

If you are audited by HMRC (see separate Guidance note), you will need to be able to prove that for all donations on which you have reclaimed tax, there was a valid Declaration so it is vital to make sure declarations are valid and kept safely.

## Sample Declaration for Regular Giving

*giftaid it*

### Gift Aid Declaration for Regular Giving

St Agatha's Anytown PCC

*If you are a UK taxpayer and eligible to Gift Aid your donation, please complete the form below and give it to one of the church staff or post it to [Parish Office address/ Gift Aid officer's /Treasurer's address]. This will increase your gift by 25p for every £1 given (at current rate), at no extra cost to you or us. Thank you.*

Please treat as Gift Aid donations all qualifying gifts of money made from the date of this declaration and in the past four years. I am a UK taxpayer and understand that if I pay less Income Tax and/or Capital Gains Tax than the amount of Gift Aid claimed on all my donations in that tax year it is my responsibility to pay any difference.

Title \_\_\_\_\_ Full Name: \_\_\_\_\_

Address (including postcode):

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ Postcode: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

#### NOTES

1. Please notify the church/PCC if you:

- Want to cancel this declaration
- Change your name or home address
- No longer pay sufficient tax on your income and/or capital gains. Gift Aid is linked to basic rate tax, currently 20%, which allows charities to reclaim 25p for every £1 donated.

2. If you pay Income Tax at the higher or additional rate and want to receive the additional tax relief due to you, you must include all your Gift Aid donations on your Self-Assessment tax return or ask HM Revenue and Customs to adjust your tax code.

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## Gift Aid and Envelopes

Gift Aid envelopes are an easy way for your cash donors to Gift Aid their donations. They are suitable for any size of donation, large or small, cash or cheque, regular or one-off. The envelopes can be personalised to your church and can be dated with one for every Sunday of the year for your weekly regular donors. You will probably want to order two types of envelopes:

1) some numbered envelopes for your regular donors' weekly gifts (these may have dates printed on them.)

and 2) some undated envelopes for one-off donations from visitors or for collections at other services and occasions. You can get special envelopes for Christmas, Easter, harvest festivals, children's services and so on too.

**With numbered/dated envelopes**, each regular giver is allocated a number and he/she receives an envelope with his/her number on for each Sunday of the year. He/she does not need to write his/her name on the envelope or sign a Declaration each week because you can identify him/her from the number on the envelope and thus match the donation to an original Gift Aid declaration. The dated envelopes also make it more likely that if he/she misses a Sunday, he/she will still make a weekly offering and can just put two envelopes in the plate the following Sunday. Most Gift Aid envelope suppliers also supply weekly recording systems to help your Treasurer or Gift Aid/Planned Giving Officer with his/her record-keeping. Of course, dated envelopes may be used by non-Gift Aid donors (eg pensioners who do not pay sufficient tax to be eligible for Gift Aid) to help them maintain regular giving habits; make sure you know which numbered envelopes are Gift-Aided and which are not.

**Occasional envelopes** are ideal for visitors, for one-off/occasional donors and for donations to specific appeals. The envelope incorporates a Gift Aid declaration and your one-off donors will need to complete the declaration on the envelope in full. You'll need to keep the envelope as you would any Gift Aid declaration.

**St Agatha's PCC, Anytown.**

### **GIFT AID DONATION**

*giftaid it*

Please print clearly

TITLE \_\_\_\_\_ FULL NAME \_\_\_\_\_

HOUSE No./NAME \_\_\_\_\_

POSTCODE \_\_\_\_\_ DATE \_\_\_\_\_

TICK  I wish Gift Aid to apply to the enclosed donation. I am a UK taxpayer and understand that if I pay less Income Tax and/or Capital Gains Tax than the amount of Gift Aid claimed on all my donations in that tax year it is my responsibility to pay any difference.

The declaration on occasional envelopes can be simpler than the model form on the previous page, as in the example above. Another bonus is that you can now amalgamate lots of one-off small donations into one line on the Gift Aid claim schedule, which saves you a lot of work (see Guide 11).

## Counting up and recording envelope-giving

When counting up the offering after a service, you need to write the amount that was in the envelope on the outside of the envelope and keep the envelopes as a record. Of course, it may be the treasurer, wardens or other volunteers who count up, not you, in which case you should ask them to make sure they follow the pointers below. In Gift Aid audits, problems are most often found to occur at this stage (counting up in the vestry after the service) so here are some points to help make sure that cash (loose and in envelopes) is handled according to good financial practice:

- Counted immediately after the service on the premises
- Counted by 2 people, who are not related or live in the same household
- Gift Aid envelopes, non-Gift Aid envelopes and loose cash should be separated
- The loose cash should be counted, checked by the other person and the amount noted. The loose cash should then be set to one side whilst the envelopes are dealt with.
- Each envelope should be opened and the amount in it should be written on the envelope, and checked by the other person
- When all envelopes have been opened, the total cash from the envelopes on the table should be counted and should match the totals on the envelopes
- The total of the donations should then be recorded in the Parish registers
- The envelopes (with amounts written on) plus a note of the totals should be passed to the Gift Aid Secretary, who then records the amounts on some kind of donor record spreadsheet.

## Where do we get envelopes from?

There are at least five well-established suppliers of weekly envelope systems for churches, so the market is reasonably competitive. In alphabetical order, here are 3 options: •

Donation Envelopes Ltd, 0845 226 1847; [www.donation-envelopes.co.uk](http://www.donation-envelopes.co.uk)

• Envelope Systems, 01767 681717; [www.envelopesystems.co.uk](http://www.envelopesystems.co.uk)

• Lockie Limited, 01942 402510; [www.lockiechurch.com](http://www.lockiechurch.com)

You might ask which suppliers neighbouring churches use and choose one offering good quality, service and value for money.

Most suppliers require, or offer a promotional discount for, payment with order. A check on published price scales showed that no one supplier was consistently cheapest across all comparable products, and that most price points were fairly similar. Remember to place your order (and pay upfront) at least 3 months before the start of a new envelope year to get the best discounts.

## Envelope scheme tips

- Remember that larger envelopes make it easier for donors to give £5, £10 or £20 notes!
- Have a stash of Gift Aid envelopes strategically placed in your church along with prominent notices (and pens!) encouraging visitors to Gift Aid their donations. Even with the Small Donations Scheme, it is still worth promoting Gift Aid envelopes as some donors may prefer to give through Gift Aid as higher rate donors can reclaim additional tax relief.

- You should also put a regular paragraph in the weekly notice sheet to help visitors understand that the church is funded primarily by donations. For example: “Most church members support our work locally through regular bank standing orders or weekly envelopes. If you are a visitor and would like to support our work, please place your gift in one of the Gift Aid envelopes on the ends of each pew. If you are an eligible taxpayer, you can increase the value of your gift by 25% at no extra cost to yourself simply by filling in the Gift Aid declaration on the envelope. We can then reclaim the tax you have already paid from HMRC.”
- If your church passes the collection bag or plate along the pews, why not have a small card printed for donors who give by Bank Standing Order, which they can pick up before the service from the church entrance and drop into the offertory plate? The wording on the card could include a suitable text and something along the lines of: “I support God’s work here directly from my bank account”. It saves them the embarrassment of not putting anything into the plate, and recognises their regular support for the church. It also helps visitors to see that everyone is contributing.
- Envelopes are ideal for one-off and visitors’ donations but you should encourage your regular weekly givers not to use them! Encourage regular givers to give by monthly or weekly standing order from their bank account rather than through weekly envelopes. Standing orders save time (no opening envelopes, counting and banking cash), money (lower stationery costs) and trees (less paper), and make for more reliable income and more consistent cash-flow.

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Disclaimer: The Parish Resources Gift Aid Guides in the series are intended as guidance only. You should consult HMRC or other professional adviser if you are in doubt as to the Gift Aid regulations. This Fact Sheet was produced in October 2015 and is available to download from the Parish Resources website at <http://www.pariahresources.org.uk/giftaid.htm>