

Claiming Tax Back on Gift Aid Donations

Gift aid can be very valuable to charities and to community amateur sports clubs (CASCs), as for every £1 donation made under the scheme, the charity or CASC can reclaim 25p from HMRC.

To benefit from the gift aid scheme, the recipient must be recognised as a charity or CASC for tax purposes.

Qualifying donations

Gift aid can only be claimed on donations made by individuals who have made a declaration giving the recipient permission to make a claim and who are UK taxpayers. The declaration must include the name of the charity or CASC, the name of the donor, and the donor's home address. Gift aid declarations should be kept for six years.

The individual must have paid sufficient income tax or capital gains tax. The tax paid to the charity is funded by the tax paid by the individual – who receives tax relief on their donation.

Gift aid cannot be claimed on donations made by limited companies or those made under the Payroll Giving scheme. Payments that are for goods and services purchased from the charity or CASC are not donations and as such do not attract gift aid. Likewise, payment of membership fees cannot be made under gift aid.

Small donations

It is also possible to claim gift aid on small donations, such as those obtained via a collection, without the need for a gift aid declaration. Under the gift aid small donations scheme (GASDS), gift aid can be claimed on cash donations of £20 or less, and on contactless card donations of £20 or less where these are made on or after 6 April 2016. From 6 April 2016, the charity can claim up to £2,000 in a tax year (for earlier years, the figure was £1,250). However, the amount that can be claimed under the GASDS cannot be more than ten times that claimed under the gift aid scheme and supported by gift aids declarations. So, to claim the maximum £2,000 under the GASDS, the charity must claim a minimum of £200 under the gift aid scheme, with the necessary gift aid declarations. Records of cash donations should be kept.

Making a claim

A claim for gift aid can be made online (see www.gov.uk/claim-gift-aid-online), using either compatible software (such as a database) or a spreadsheet of donations. Applications can also be made by post on form ChR1, which can be obtained from the charity's helpline. Claims under the GASDS are made in the same way.

Gift aid claims must be made within four years of the financial period in which the donation was received; for small donations, the claim must be made within two years of the end of the tax year in which the donations were collected.

Gift aid is paid by BACS, normally within four weeks where the claim is made online and within five weeks where the claim is made by post.