

Archdiocese of Southwark



Gift Aid Handbook

November 2017

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ROMAN CATHOLIC ARCHDIOCESE OF SOUTHWARK

GIFT AID SCHEME

Introduction

This guide is intended to assist Parish Priests and Gift Aid Organisers in administering the Gift Aid Scheme and dealing with any queries, which may arise.

The Gift Aid scheme was amended by the Finance Act 2000 for donations made by individuals on or after 6 April 2000. The main changes were:

- Abolish the £250 minimum limit for Gift Aid donations so that the scheme applies to any donation, whether large or small, regular or one-off.
- Abolish the Covenant scheme with its legal Deed of Covenant and give all relief for such payments under the Gift Aid scheme.
- Replace the requirement for donors to give the charity a Gift Aid certificate with a requirement to give a new, simpler and more flexible Gift Aid declaration.
- Allow donors to give a written Gift Aid declaration by post, by fax or by Internet or an oral declaration over the phone.

The Roman Catholic Archdiocese of Southwark, like all other Roman Catholic Dioceses in the U.K. is a Registered Charity. **The Registered Charity Number is 1173050.**

Under U.K. law, registered charities are permitted to claim back from HM Revenue & Customs (HMRC) basic rate income tax on all donations where donors have paid income tax and/or Capital Gains tax, whether at the basic rate or some other rate, at least equal to the amount that the Charity reclaims on their donations.

A claim to the Inland Revenue for the refund of tax can only be submitted providing that the donor has signed a Gift Aid Declaration and there is firm evidence that a donation has been made and proper records are kept to support the evidence.

The Gift Aid Scheme enables the Church to substantially boost its income from the faithful. It should be encouraged wherever possible. The Gift Aid Office will be happy to supply publicity leaflets and give other assistance in helping promote the scheme.

Section 1

GIFT AID DECLARATIONS

- 1.1 What is a Gift Aid Declaration?**
- 1.2 Who can make a Gift Aid Declaration?**
- 1.3 What a Gift Aid Declaration must contain**
- 1.4 To complete a Gift Aid Declaration**
- 1.5 Requirement to pay sufficient tax**
- 1.6 What can be included in Gift Aid**
- 1.7 What cannot be included in Gift Aid**
- 1.8 Methods of Donation**
- 1.9 Gift Aid and Companies**
- 1.10 Cancellation of Declaration**

1.1 WHAT IS A GIFT AID DECLARATION?

Before a Charity can reclaim tax on a donation made by an individual, it must have received a Gift Aid Declaration from the donor containing certain information and confirming that the donation is to be treated as Gift Aid. ***Without this declaration a donation from an individual will not qualify for Gift Aid.***

A charity must keep adequate records to be able to link the donor to the making of a declaration.

Donors will be able to give the Charity a declaration:

- In advance of their donation, at the time of their donation, or at any time after their donation (subject to the normal time limit within which tax can be reclaimed – usually four years).
- It covers a single donation or any number of donations.

1.2 WHO CAN MAKE A GIFT AID DECLARATION?

Anyone whose donations to the Church are made out of taxed income can complete a Gift Aid Declaration. Therefore anyone in the following categories can Gift Aid. Individuals who are resident in the UK and are:

- ◆ Working and paying UK income tax under PAYE.
- ◆ Self-employed UK taxpayer.
- ◆ Retired and paying UK income tax on a pension.
- ◆ Not working but paying UK income tax on investments.
- ◆ Paying UK income tax on unearned income (shares/rents/etc.)
- ◆ Individuals who are Crown servants or members of the UK armed forces serving overseas.
- ◆ Other non-resident individuals, provided they have income or capital gains charged to UK tax at least equal to the gross amount of the donation (i.e. the donation before deduction of basic income tax.)

1.3 WHAT A GIFT AID DECLARATION MUST CONTAIN

- The donor's name and home address (including postcode)
- The charity's name (or be made in circumstances where the charity is identified i.e. the name of the parish)
- Identify the gift or gifts to which the declaration relates, and

- Confirm that the identified gift or gifts are to be treated as Gift Aid donations.
- Exact wording as specified by HMRC in October 2015 which is:
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 to HMRC. Gift Aid is reclaimed by the charity from the tax you pay for the current tax year. Your address is needed to identify you as a current UK taxpayer.
- The donor's signature. This is not a requirement but if not completed, the donor could at some later stage deny having made a declaration, in which case the charity would be liable to repay the tax claimed on the gift/s.
- The date of the declaration. This is not a requirement but would need to be completed if the donor states 'all donations I make from the date of this declaration'.

Parishes should always use the forms used by the Diocese (see Appendix 1). If a parish wishes to personalise their forms or use a slightly different format, please contact the Gift Aid Office for approval to ensure that the essential information required by HMRC is shown on the forms.

1.4 TO COMPLETE A GIFT AID DECLARATION

- The Donor should print his/her title, full name and home address, which must include the postcode.
- The form must be completed in ink.
- ***Joint names are not acceptable.***
- The Donor should tick one of the two options in respect of commencement of the Declaration.
- The donor should sign the Declaration and enter the date on which the Declaration was completed.

1.5 REQUIREMENT TO PAY SUFFICIENT TAX

Donors have to pay an amount of UK income tax and/or capital gains tax at least equal to the amount that the charity reclaims on their donations in each tax year.

As the position of a taxpayer making Gift Aid donations can change from one tax year to the next, it is recommended that Charities remind donors of the need to have paid sufficient income tax on their donations. This can be done by means of a separate letter to each donor or a note in the Parish Newsletter prior to submitting the annual claim.

Donors have a duty to advise a charity if they have not paid sufficient tax otherwise they will be held responsible for any reclaim of tax made by the charity.

Higher rate taxpayers who Gift Aid their donations can earn additional tax relief if they declare their Gift Aid donations on their self-assessment tax returns. *Those higher rate taxpayers who wish the Charity to receive this benefit should increase their level of giving by 30p for each £1 previously given. The Gift Aid Office can supply a leaflet which explains how this works.*

1.6 WHAT CAN BE INCLUDED IN GIFT AID

All gifts to the Church for which a material benefit cannot be gained. There must be documentary evidence tracing the payments made by the individual donors and the donations must be banked in the parish bank account.

- ✓ Offertory Contributions.
- ✓ Special Collections authorised by the Trustees as listed in the Diocesan Calendar.
- ✓ Christmas and Easter Offerings (as long as they are paid into the parish bank account in the first instance).
- ✓ Second or retiring collections for parish purposes.
- ✓ Mass Stipends provided that they are properly recorded in the Parish Mass Register in accordance with the provisions of Canon Law and that their receipt is properly documented and identifiable.
- ✓ Stole Fees.
- ✓ Additional donations given by individuals throughout the year.
- ✓ Collections for third party charities (which are registered UK charities or which are administered by the Church in other countries) can qualify for Gift Aid on the strict understanding that the tax refund claimed by the parish on these donations **MUST** be passed on to the third party charities together with the amount donated for their benefit.
- ✓ Sponsored events providing you consult the Gift Aid Office in advance, in order to ensure that the proper procedures have been followed as required by HMRC.

1.7 WHAT CANNOT BE INCLUDED IN GIFT AID

Outright payments to a Charity in return for services, rights or goods are not gifts to Charity and so are not eligible for Gift Aid Tax refund. Therefore, payments for Catholic papers, C.T.S. pamphlets, football pools, clubs, bingo, raffles or totes, bazaars or fetes, gifts in kind or work for the benefit of the parish do not qualify.

Also payments that have already received tax relief cannot be treated as Gift Aid donations i.e. under a Payroll Giving Scheme or by Charity voucher (see 6.1 and 6.2).

1.8 METHODS OF DONATION

A donation must be a payment of a sum of money and donors must donate their own money. A donation cannot be made in kind, by loan waiver or by debt/loan conversion.

As documentary evidence is required to verify the receipt of each donor's contributions, it is recommended that one of the following methods of giving are used:

- By numbered and dated weekly envelope.
- By Direct Debit or Standing Order.
- By cheque – This is only valid once the cheque has been honoured.

Donations can be given in cash providing a clear audit trail exists and the cash is recorded separately in the parish records.

1.9 GIFT AID AND COMPANIES

From 1st April 2000 Gift Aid donations made by companies to charities must be paid without deduction of income tax. **A Gift Aid declaration is not required and no Gift Aid can be claimed on these donations.**

A company simply makes the payment to the Charity and deducts the amount when working out its profits for corporation tax purposes.

Sole traders give through Gift Aid as any individual would and must complete a Gift Aid Declaration. Any donation will be treated as paid out of taxed income and the Charity will reclaim basic rate tax on it from the Inland Revenue.

1.10 CANCELLATION OF DECLARATIONS

Donors are entitled to cancel their declaration at any time. They may do so by notifying the charity in any form of communication (i.e. letter, telephone, verbally etc.) The charity should keep a record of the cancellation, including the date of the donor's notification. Any donations received before the date of notification will still qualify as Gift Aid donations.

Section 2

GIFT AID SMALL DONATIONS SCHEME (GASDS)

2.1 What is the GASDS Scheme?

2.2 Community Buildings

2.3 Claiming procedure

2.1 WHAT IS THE GASDS SCHEME?

The Gift Aid Small Donations Scheme (GASDS) was introduced by HMRC in April 2013 which enabled charities that receive small cash donations of £20 or less to apply for a top-up payment without the need to obtain Gift Aid declarations for those donations (or have to prove that the donor was a tax payer).

Initially, the donations were capped at £5,000 per annum but this was increased to £8,000 in April 2016. This equates to an extra £2,000 per tax year for each Mass centre (Community building) in the Diocese.

There is a 2 year limit for claiming GASDS donations and a claim cannot be made until you have submitted your gift aid claim for each of the 2 years.

Charities must be able to show that they have recorded and banked cash collected into a UK bank account (see Appendix 2).

The loose plate cash must be counted separately from the cash in gift aid envelopes. Some parishes may open the gift aid envelopes, record the cash within those envelopes and then add this cash to loose plate cash, count the total cash then deduct the gift aid amount thereby giving you a loose plate total – HMRC will not accept this calculation method.

2.2 COMMUNITY BUILDINGS

GASDS can be claimed for each Mass centre (Community Building) within a parish under the HMRC community buildings rules.

The rules are that a charity is running charitable activities in a community building where at least 10 people meet in the same building on at least 6 occasions each year. The people meeting must be beneficiaries of the charity.

Cash donated at each Mass centre must be counted and recorded separately for you to be able to claim the GASDS payment.

2.3 CLAIMING PROCEDURE

Currently, the information needed in order for us to claim this payment is included on the parish financial return (see Appendix 3) so is not the responsibility of the gift aid organiser. Occasionally, we have to contact the parish for more information if the upper limit is not reached at a particular Mass centre.

Section 3

FINANCIAL RECORDS

3.1 Recording of Donations

3.2 Parish Register of Donors

3.3 Envelope Exchange

3.4 Retention of envelopes for Inspection

3.5 Retention of records for Inspection

3.6 Parish financial records

Though the overall responsibility for parish accounts and record keeping lies with the Parish Priest, his task can be eased with assistance from parishioners. It is not suggested either that the Parish Gift Aid Organiser will need to undertake all the tasks mentioned in this Handbook but it is important that both Parish Priest and Organiser should have an understanding of the total situation and the current requirements of HMRC.

3.1 RECORDING OF DONATIONS

By numbered and dated weekly envelope.

The envelopes are normally opened by the parish counters on a rota basis and they record the amounts received on the envelopes. **It is recommended that all Parishes use the recommended software to record their Gift Aid donations (GiftWise).** It is now Diocesan policy that, should a current Gift Aid Organiser be replaced, that their replacement should start using GiftWise. Otherwise, a manual or computerized Contributions Ledger must be maintained for the recording of weekly donations. If records are entered on computer, a hard copy should be taken at regular intervals, i.e. monthly or quarterly as well as frequent back ups.

If the records in the Contributions ledger is maintained by the Organiser, then it could contain all the relevant information i.e. envelope number, name etc. but if the records are entered by someone else, then it should only have the envelope number (in order to protect confidentiality).

Whatever system is used, all envelope records must show the following:

- ❑ The envelope number.
- ❑ The total amount collected in the week per donor.
- ❑ The actual Sunday date must be shown, i.e. it is insufficient to show Week 1, Week 2 etc.
- ❑ Sub-totals for each individual record where there is more than one column/page.
- ❑ Total of the amount collected by the parish for each Sunday.
- ❑ Totals for each individual record at the end of each tax year.
- ❑ All records must be totalled properly and the figures inked in.

Please note – All cash donations must be recorded on the actual Sunday they are received and not apportioned over a period. Thus if a donor gives £10 inside 5 envelopes on the same date, the total to be entered in the ledger MUST be £10 instead of allocating £2 each against the specific weeks.

By Standing Order

Any donor with a bank account can arrange for the transfer of funds to the parish bank account. (See Appendix 4 for specimen form - all the parish needs to do is to put its bank details on the form.) This provides a clear audit trail from donor to parish. A separate ledger or spreadsheet must be maintained showing the amounts donated by each donor monthly. The records must be added up to show the total of the monthly amount received by the parish as well added across to show the total given by each donor.

Donations from joint bank accounts. The charity may assume that the donation is from the person who made the Gift Aid declaration even if it is authorised by the other account-holder, unless it holds evidence to suggest that the donation is from that other account-holder.

By Cheque

Separate records should be kept for those donors who give at random intervals but if they put their cheque in the numbered envelopes, then those amounts should be recorded in the envelope totals. Please remember that donations by cheque are only valid pending clearance of the cheque. If the cheque is not honoured, a donation has not been made.

Mass Stipends

If a claim includes Mass stipends given by Gift Aid donors, a separate record must be kept of the relevant donations. REMEMBER a claim can only be made if the stipends are banked by the parish in the first instance.

3.2 PARISH REGISTER OF DONORS (for parishes not using GiftWise)

The Parish must keep a register showing the following details:

- ❖ Name and address of each donor.
- ❖ Method of payment. If payment is made by envelope quote the unique envelope number.
- ❖ Net amount payable in the year (for existing covenants only).

The form will depend on individual choice, i.e. record cards, ledger or register sheets or on computer. The Gift Aid Office will provide at the start of each tax year, a full list of all donors on register as at 6th April.

Most parishes use this Master Listing as their main record, supplementing it with a register sheet to include those new donors signed during the year after the printing of the Master Listing. However, the Office will be happy to supply updated Master Listings at other times of the year if requested.

If you advise this office, the unique envelope number will be shown alongside the appropriate donor's name on the Master Listing. This is invaluable where the contributions ledger shows the envelope number only (in order to protect the confidentiality promised to donors).

3.3 ENVELOPE EXCHANGE

Donors sometimes use their envelopes in the collection of a neighbouring parish. The parish which receives the envelopes can retain the contents but should pass the envelopes to the originating parish (noting the amount given on the envelopes, thus enabling them to reclaim the tax thereon). This should be done on a regular basis and immediately after the end of the tax year. They can be sent to this Office and will be passed on. A separate record should be kept of the envelopes received from other parishes.

3.4 RETENTION OF ENVELOPES FOR INSPECTION

HMRC ask that after the envelopes are entered into the contributions ledger, a representative sample i.e. ***one month's envelopes should be kept in each year for 6 years***. Please note that this is mandatory as it is the only means of verifying the audit trail.

However, it is best practice if all the envelopes are retained until a claim is submitted as this will overcome any problems where a donor disputes the amount given.

3.5 RETENTION OF RECORDS FOR INSPECTION

The record keeping system in which the amounts donated are entered, provide the evidence that is required by HMRC. It is ESSENTIAL therefore that these records are maintained on a regular basis and such records are kept safely and are available for inspection for a period of 6 years.

3.6 PARISH FINANCIAL RECORDS

The records must be kept for at least 6 years to cover any inspection that HMRC may wish to carry out. The records should include Cash Books, cheque stubs, paying-in books, bank statements, Weekly Cash sheets, and the contributions ledger.

Banking procedures – HMRC, in making an inspection of parish account books, will wish to relate the figures shown in the books with the amounts shown on the bank statements. Parishes are therefore strongly advised to credit all monies received into the parish bank account and not to hold back any cash to cover immediate expenses, such as housekeeping etc. The total amount received each week should be recorded in the account books and this amount should match the amount shown on the paying-in slip. The parish can draw a cheque for petty

cash from the bank on a regular basis to cover immediate needs. If this procedure is adopted, an accurate record of all parish income should be available.

The basic accounting principle is that all receipts should be banked intact.

Audit Trail – In order to check the audit trail from receipt to banking, HMRC would like to see the parish Weekly Cash sheets incorporate the amount collected by weekly envelope as follows (see Appendix 2 for a cash counting template):

- Gift Aid envelopes
- Loose Plate (Offertory) showing small donations (£20 or less) separately for the Gift Aid Small Donations Scheme which started in April 2013
- Second Collection (if any)
- Other items listed – Mass stipends, Votive candles etc.

Ideally, the total amount collected should be banked weekly and expenses incurred by the parish priest should be drawn by cheque.

Section 4

CLAIMING PROCEDURE (For Parishes not using GiftWise)

- 4.1 One-off Donations in excess of £1,000**
- 4.2 End of year Documentation**
- 4.3 Completing the Claim**
- 4.4 Payment to Parishes**
- 4.5 Letters to Donors confirming contributions**
- 4.6 Parish Financial Return**

4.1 ONE OFF DONATIONS IN EXCESS OF £1,000

If a donor gives the parish a cheque in excess of £1,000, you should take a photocopy of the cheque and paying-in slip and forward it to this Office for a special claim once you are certain that the cheque has been honoured. In this instance, the Diocese only charges a handling fee (currently £5) instead of the usual deduction. Care must be taken to ensure that this donation is not included in the annual claim a second time. You should also check with the donor that they have or will have paid sufficient tax to cover any large donations they make.

4.2 END OF YEAR DOCUMENTATION

- A Master Listing of all Gift Aid donors and Covenantors current on the day of printing.
- A pre-claimed report (if applicable).
- A Claims form for the tax year (duplicate copy available on request).

4.3 COMPLETING THE CLAIM (either manually or via the Excel based turnaround report)

- Enter the exact amount received during the tax year to be claimed i.e. all donations from 6th April to the following 5th April. Please remember that Gift Aid donors cannot be deemed to make late payments.
- Please **DO NOT** add in donations which may have been missed from the previous year. If a significant sum is involved, please advise this Office so that a supplementary claim can be made for the previous year.
- Enter the date of last payment which would normally be the last Sunday in the tax year in the case of those donors who give by envelopes. Claims forms that do not show the date of last payment (an HMRC requirement) will not be processed. If a donor pays by Standing Order, please show the date the amount is credited on the bank statement. If the last payment in the tax year is by cheque, then please show the date the cheque is banked by the parish.
- The pre-claimed report show details of those donors where an interim claim has already been made on one-off donations in excess of £1,000. Please ensure that there is no duplication.
- Please make an entry against each donor and if no amount is shown, please advise the status. If no note is made, it will be assumed that there is 'No Claim' to be made.
- Where a donor has died during the tax year, please enter the date of death and only make a claim for donations up to the date of death.
- **Tax Payer Status** – Prior to submitting the annual claim, a note should be placed in the parish newsletter asking donors to advise the Organiser or Parish Priest if they have not paid sufficient tax to cover the amount being reclaimed by the charity.

Section 5

PAYMENT TO PARISHES

5.1 PAYMENT TO PARISHES

5.2 LETTERS TO DONORS CONFIRMING CONTRIBUTIONS

5.3 PARISH FINANCIAL RETURN

5.1 PAYMENT TO PARISHES

The Gift Aid Office makes a claim to HMRC each month. When a claim has been processed by the Inland Revenue and payment has been made to the Diocesan trustees, payment will be made to the parish. A payment schedule can be printed from GiftWise or will be sent showing the amount claimed for each donor and after deduction of the Diocesan Fee and the cost of envelopes if appropriate, a bank transfer will be made to the parish. Alternatively, the parish can opt to have their refund paid into the parish loan account held with the Diocese and thereby gain interest.

5.2 LETTERS TO DONORS CONFIRMING CONTRIBUTIONS

This office can print your annual donor letters (see Appendix 5) for your parish or a letter can be added to GiftWise for remote users. The letters are printed and put in envelopes – the batch of envelopes are then sent to the parish for distribution at Mass. Any letters not collected after 2-3 weeks should be mailed to the donor by the parish.

Individual letters can also be printed if one of your donors asks for a letter.

Please contact the office for further information.

5.3 PARISH FINANCIAL RETURN

Tax claims to the Inland Revenue will only be made if the Diocese has received the Financial Return for the previous year.

Section 6

ADMINISTRATION

- 6.1 The Gift Aid Organiser**
- 6.2 Promoting the Gift Aid Scheme**
- 6.3 Weekly Envelopes – Ordering Stock**
- 6.4 Gift Aid Forms**
- 6.5 One-off donations**
- 6.6 Notification of amendments**
- 6.7 Cancellations**
- 6.8 Deaths**
- 6.9 Moves within the Diocese**
- 6.10 Use of Parish Newsletter**
- 6.11 Data Protection Act**

6.1 THE GIFT AID ORGANISER

Gift Aid Organisers are responsible for the running of the scheme within their own parish boundaries. They are responsible for promoting and explaining the scheme to encourage more donors to join and for the submission of the completed forms to the Gift Aid Office. Organisers are also responsible for submitting the completed claim and to attend to correspondence between this Office and the parish.

Whilst the Organisers have overall responsibility of running the scheme at local level, it is hoped that helpers can be recruited to work with them, particularly when the parish has a 'drive' for new donors.

It is not suggested that the Gift Aid Organiser should be solely responsible for all the tasks mentioned in this Handbook. However, it is important that he or she should have an understanding of the total situation and the current requirements of the Inland Revenue.

6.2 PROMOTING THE GIFT AID SCHEME

Parish meetings, appeals in Church, letters from the Parish Priest, leaflets distributed after Mass, special parish newsletter etc. – these are some of the methods that can be used to promote the Gift Aid scheme.

When an appeal is made in Church, it would be most helpful if the Organiser has some help in getting new donors to sign the forms. If blank forms are required or publicity leaflets explaining the scheme, please contact this Office. A specimen of the standard Diocesan Gift Aid form is in Appendix 1 and photocopies can be made providing they are of a reasonable quality.

The enthusiasm of priests is essential for a successful parish scheme. They can help in many ways, such as by asking new parishioners to join, by letting parishioners know whenever a tax refund is received by the parish and by thanking the donors who have made the refund possible. They should also advise Organisers of new arrivals, departures and changes of address as well as parishioners who die but who may have belonged to the Gift Aid scheme.

It has been found useful in many parishes to link the Gift Aid scheme to a particular objective, such as a refurbishment fund, so that the effectiveness of the scheme can be readily observed.

6.3 WEEKLY ENVELOPES – ORDERING STOCK

We currently order our envelopes for nearly all the parishes and because it is a bulk order, parishes enjoy a lower price. The new sets usually start in June of each year but if any parish wishes to have their new sets coinciding with the tax year, please contact the Office.

Parishes wishing to make their own arrangements should contact the Office for advice on the wording. This is because the law requires that any literature which in any way invites donations to a Charity, must have on it the name of the charity, or the registered charity number, or both.

6.4 GIFT AID FORMS

Completed Gift Aid forms (the originals) should be sent to this office periodically for registration and the parish should keep a photocopy on file. This is very useful to overcome the occasional problem where the original form goes astray in the post. Please always use the most recent blank Gift Aid form as this conforms to HMRC's latest requirements. All older forms should be destroyed.

Original forms can be scanned and sent electronically via e-mail to avoid postage costs (saving in .pdf format is the preferred format but it can be saved as another format).

6.5 ONE-OFF DONATIONS

It is useful to promote one-off donations towards a particular fund, such as a Roof Fund etc. Please contact this office who will let you have the correct wording to be shown on the envelopes in order to qualify as Gift Aid donations. Please remember that the original envelopes must be forwarded to this office at the end of a tax year and proper records must be maintained.

6.6 NOTIFICATION OF AMENDMENTS

It is important that the records in the Gift Aid Office are kept up to date with changes affecting the parish or the donor, particularly if there is a change of Organiser and his or her new address.

Amendments concerning the donor are change of name/address/tax status.

6.7 CANCELLATIONS

Donors may cancel any time they wish and do not have to give a reason. Cancellations can also occur because the donor leaves the parish, or retires from work, or ceases to pay tax etc. Most parishes use their annual claims forms to show the cancellations to be noted and also advise this Office of any amendments to the donor's details. If cancellation takes place part way through the year, then please state the date of cancellation so that a claim can be made up to that date.

If a donor makes no donation whatsoever for two consecutive years, then his/her account will be terminated because of lack of use. In the unlikely event that the donor should re-surface, then he/she can be re-instated by contacting the office but, preferably, they should be asked to complete a new form.

6.8 DEATHS

In the event of the death of a donor, please notify the Gift Aid Office giving the date of death (or approximate date), if known. The donor's name will be recorded in the Roll of Deceased Donors for whom Mass is offered each year. Please remember that a claim can be made up to the date of death only.

6.9 MOVES WITHIN THE DIOCESE

When a donor moves from one parish to another, there is no need for him/her to sign another Gift Aid form. The new parish should simply advise this Office of the fact and the records will be updated accordingly.

6.10 USE OF PARISH NEWSLETTER

Gift Aid Appeal – The newsletter should be used periodically to encourage new donors. When the parish holds a Gift Aid 'drive', the newsletter should be used to give advance notice.

Reminder for the regular use of envelopes – A problem which some parishes encounter is the donor who gives regularly at first but thereafter spasmodically. Experience has shown that this is usually due to the donor forgetting to bring the envelope and putting the contribution loose in the plate. A note in the newsletter could remind donors not to put their offering in the loose plate but to save it and put in their envelope the following week.

Tax Payer Status – Prior to submitting the annual claim, a note should be placed in the parish newsletter asking donors to advise the Organiser or Parish Priest if they have not paid sufficient tax to cover the amount being reclaimed by the charity.

Annual Thank You – A note should be made in the newsletter when the parish receives the tax refund and the donors should be thanked for their generosity.

6.11 DATA PROTECTION ACT

The Diocese is registered under the Data Protection Act to maintain Gift Aid records; this registration extends to all parishes as well and to those Organisers who maintain records at home.

Section 7

H.M.R.C. & PARISH AUDITS

7.1 Background

7.2 Gift Aid Internal Audit

7.3 Repayments & Penalties

7.1 BACKGROUND

In May 2007, HMRC put forward a proposal that we should carry out an internal audit of our Gift Aid records and, once they were satisfied that our procedures were sufficiently robust, they granted the Diocese self-auditing status as long as we guaranteed that the Gift Aid records in each parish would be audited at least once every 5 years.

We have a team of internal auditors who visit between 8 and 9 parishes each year. In addition to this, our external auditors will also visit a number of parishes each year to ensure that the parishes are complying with Charities Commission regulations.

In return for carrying out our own internal audit, HMRC have asked us to repay them for any errors made in reclaiming tax incorrectly and they will not charge us the usual penalties.

7.2 GIFT AID INTERNAL AUDIT

The audit will generally take about half a day and a random sample of donors who give by cash donations (via Envelopes), Standing Order and cheque donations as well as Mass Stipends (if applicable) will be examined. Please ensure that all the relevant records are available for inspection to enable the auditor to follow the audit trail from donation to tax reclaim.

The following information should be available for inspection:

- 1 The Gift Aid Records to include details of the weekly collection reports and relevant computer or manual records. (Not applicable for those parishes using GiftWise).
- 2 All retained gift aid envelopes for the current year to date.
- 3 All envelopes for the specified retained month for the previous tax year.
- 4 Bank statements and paying in books for the tax year being audited.
- 5 All records summarising the weekly collections and bankings.
- 6 Envelope identity index
- 7 Mass Stipend Register if applicable
- 8 Any other relevant information, correspondence etc.

It would be most helpful if you can be present at the audit in order to give explanations to any queries the auditor may have. If you are not able to be present because of work commitments etc. it would be helpful if you can be contacted by telephone.

7.3 REPAYMENTS AND PENALTIES

Any errors found by the auditor will be noted and the parish will be asked to make out a cheque to HMRC in the case of any over claiming. If the errors found indicate a recurring error has been made for earlier years i.e. claims have been made for cheques issued by the Charities Aid Foundation etc. then the parish will be expected to repay HMRC going back 4 years.

In the unlikely event that the auditor should find numerous errors, then this office will carry out a 100% audit of the records so that a full disclosure can be made to HMRC.

As mentioned previously, HMRC reserve the right to carry out an inspection of our records if they feel that our internal audit does not meet with their required standard. The inspection usually involves a random audit of (say) 15 parishes (though they may choose more if they wish). Members of the HMRC audit teams have been most helpful with advice during their visits to this Office. However, they have made it perfectly clear that they will demand repayment of any tax that can be shown to have been repaid to the Diocese as a result of over claiming, poor recording or doubtful circumstances which cannot be substantiated.

Depending on the type of error uncovered, HMRC may well proceed on the basis that what has happened in one parish may well have happened in all the others, and multiply any re-claiming of tax by the number of parishes in the Diocese. Furthermore, they have the right to go back 4 years and to claim interest on the total and add penalties. **Therefore any failure to keep accurate records could prove to be enormously costly!**

Section 8

OTHER MATTERS

8.1 Payroll Giving (Give As You Earn)

8.2 Charities Aid Foundation (CAF)

8.3 Diocesan Fee

8.4 Out of pocket Expenses

8.5 Annual Meeting

8.1 PAYROLL GIVING (GIVE AS YOU EARN)

This scheme is designed to encourage individuals to donate to Charities through their Wages or Salary. If an employer is running a scheme, the participating donor asks their employer to deduct an agreed sum from their wage or salary; this deduction is made from their Gross income BEFORE income tax is deducted. Therefore the donor receives the tax benefit – **not** the Charity.

It follows that if a parish received payments through G.A.Y.E., it could not be treated as a donation for Gift Aid purposes because one cannot get the tax relief twice.

8.2 CHARITIES AID FOUNDATION (CAF) AND CHARITIES TRUST VOUCHERS

This scheme is for individuals who wish to have an account with either CAF or The Charities Trust by making payments to the organisations directly. The CAF/Charities Trust arranges to reclaim tax for the individuals thus leaving more money to be dispersed to the charities of their choice. They are issued with vouchers and can make out the vouchers to charities or a particular parish (being part of the R.C.Diocese of Southwark). Parishes receiving such vouchers should send them to the Gift Aid Office for re-imbusement

The payment cannot be treated as a donation for Gift Aid purposes because the individual has already had the benefit of tax relief.

8.3 DIOCESAN FEE

It will be appreciated that administering the Gift Aid scheme incurs considerable costs and therefore the service needs to be self-supporting as far as possible. A deduction is made from the tax recovered, before the refunds are paid out. This deduction may vary, but at present (January 2013) is set at 8% of the tax recovered (or 7.5% for those parishes using GiftWise – in recognition of the costs that they may incur for printing, etc.) This figure includes 1.5% which is used towards the maintenance and upkeep of the Cathedral and 3% towards the costs incurred for Safeguarding.

8.4 OUT OF POCKET EXPENSES

No Gift Aid Organiser should be out of pocket in respect of any expenses which may be incurred in connection with one's Gift Aid duties; e.g. postage, stationery or travel. These expenses should be met from parish funds.

8.5 ANNUAL MEETING

An Annual Meeting of Gift Aid Organisers is held usually towards the end of March at the Amigo Hall, Southwark, at which a report is given of the year's work and the results achieved. An invitation is sent to all Gift Aid Organisers and their attendance, with their ideas and to share their experience and problems with others, is of great value. The Meeting is preceded by Mass in St George's Cathedral.

GIFT AID DECLARATION

Appendix 1

ROMAN CATHOLIC ARCHDIOCESE OF SOUTHWARK

Parish Name

<u>TITLE:</u>	(Mr/Mrs/Miss/Ms) (Please delete as appropriate)
<u>SURNAME:</u>	(Block Capitals)
<u>FORENAME(S):</u>	(Block Capitals)
<u>HOME ADDRESS:</u>	(Block Capitals)

	<u>POST CODE:</u>
<u>Telephone No(s)</u>
<u>E-Mail Address</u>

Please treat:

* all gifts of money that I make today and in the future as Gift Aid donations; **OR**

* all gifts of money that I have made in the past 4 years and all future gifts of money that I make from the date of this declaration as Gift Aid donations.

**(Please tick the appropriate box)*

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 to HMRC.

Signature **Date**

Gift Aid is reclaimed by the charity from the tax you pay for the current tax year. Your address is needed to identify you as a current UK taxpayer.

Please notify the Archdiocese if you:

- i) change your name or home address; ii) no longer pay sufficient Income Tax and/or Capital Gains Tax; or iii) want to cancel this Declaration**

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.

Oct 17

Parish Code:

Env. No.

GAD No.

Registered Charity No. 1173050

Appendix 3 - Gift Aid Small Donations

Summary of Offertories figure

Mass Centre (please name below)

	1	2	3	4
Standing Orders				
Cheques				
Gift Aid Envelopes				
Loose Cash £50 notes				
All other denominations (a)				
Total Offertories				

Mass Centres	Name	Period (please delete as appropriate)
1	_____	January-December/6th April-5th April
2	_____	January-December/6th April-5th April
3	_____	January-December/6th April-5th April
4	_____	January-December/6th April-5th April

*This Appendix is the evidence needed for us to claim the Gift Aid Small Donations Scheme rebate on your behalf. Each Mass centre in your parish can claim a 25% rebate on up to **£8,000 of loose cash donations of £20 or less** (giving you a rebate of £2,000 for each Mass Centre). Qualifying value is the total shown in (a) above.*

If the total of a) in a Mass Centre is less than £8,000 in the calendar year then please provide the data by tax year (i.e. 6th April - 5th April).

The data should be collected from your weekly counting/banking sheets which must be retained by you for 6 years.

Please submit a sample of your weekly counting sheet so that we have a copy for audit purposes.

Appendix 4

Standing Order Form

The Manager

_____ plc

_____ (Please insert name & address of your Bank)

Please make the following payment until further notice, and debit my/our account accordingly.

Pay: Bank:

Branch:

Sort Code:

Account No:

Account Name:

Amount in Figures: £ _____ per month*
(* If any other frequency, please specify)

Amount in words: _____ per month*
(* If any other frequency, please specify)

Commencement date: _____

My/Our Account Name: _____

Sort Code: _____

My/Our Account No. _____

Signature/s _____

Date _____

ARCHDIOCESE OF SOUTHWARK

GIFT AID OFFICE

59 Westminster Bridge Road

London SE1 7JE

Tel: 020 7960 2512

Fax: 020 7261 1460

e-mail: julie.donnelly@finance-rcdsouthwark.org

Date : 24th April 2017

Parish:

Dear

Certificate of donations made under the Gift Aid Scheme for Tax Year 2016/17

The following information shows the amount you have given to your parish under the Gift Aid Scheme during the year to 5th April 2010 according to the contributions register maintained by your parish.

Net amount donated:	214.51
Tax refund claimed:	60.50
Gross equivalent:	275.01
Your parish name:	

If you are required to submit a self-assessment tax return to HM Revenue and Customs you will need the above information to help you complete the form; otherwise the letter is for information purposes only.

The amount shown as the "Tax Refund Claimed" is the amount of tax the Diocese has claimed on your generous donations in the tax year, which will be passed to your parish.

If you have not paid income tax (or capital gains tax) of at least that amount in the tax year 2009/10 or if you will no longer be paying tax in the future, please contact the Gift Aid office or your own parish gift aid organiser.

You may wish to review your donations to the parish by weekly envelope/cheque/standing order. If you are increasing a standing order or if you change your address, please contact your parish Gift Aid organiser.

Most importantly, thank you for your wonderful support of your parish and Diocese. Please continue this support without which the work of the church would be so much more difficult.

Yours sincerely,

Julie Donnelly

Gift Aid Secretary