

Leaflet G01: Gift Aid Small Donation Scheme (GASDS) [Updated September 2021]

This is a brief summary of the provisions relating using the Gift Aid Small Donation Scheme (GASDS) that churches can use to receive a top-up payment in respect of small cash donations but reference should also be made to the comprehensive guidance issued by HMRC available at: <https://www.hmrc.gov.uk/charities/guidance-notes/chapter8/index.htm> and, in relation to making claims, at: <https://www.hmrc.gov.uk/charities/gasds/how-to-claim.htm>]

A payment under GASDS is not a refund of tax, though it is calculated in the same way as tax refunded on Gift Aid donations and is limited to small donations (not exceeding £30 each) up to £8,000 received in any one tax year, giving rise to a maximum payment under GASDS of £2,000.

Because a payment to a church under GASDS is not a refund of tax, donors cannot claim tax relief on small cash donations. Crucially, donations for which Gift Aid is being claimed cannot also be included in a claim under GASDS.

However, it is still necessary for a charity to have made, in the same tax year, a claim for Gift Aid on donations received under Gift Aid declarations of at least £1 for every £10 of small donations upon which a claim is being made under GASDS. For example, if the maximum top-up payment of £2,000 is to be claimed on small donations of £8,000, there must also be Gift Aid donations of at least £800 in the same tax year.

A charity incurring a penalty relating to Gift Aid or GASDS provisions (e.g. for an inappropriate or incorrect claim) will be excluded from making a claim under GASDS for the tax year in question and the following tax year, though any such exclusion will not affect claims under Gift Aid.

Claims for Gift Aid are made on an accounting year basis but a claim for a GASDS payment has to be made by reference to the tax year. However, both claims can be made together, and if the two periods do not coincide (e.g. where the accounting date is, say, 31 December) the choice will be either:

- a. to include a claim for a GASDS payment for small donations received in the period from 6 April to 31 December when submitting a Gift Aid claim for the year to 31 December, followed (insofar as the maximum payment has not already been claimed) by a further GASDS claim in respect of small cash donations received in the subsequent period from 1 January to 5 April; **or**
- b. to exclude the claim for a GASDS when making the normal Gift Aid claim for the year to 31 December and then make a separate GASDS claim for the tax year to 5 April.

The Regulations governing the administration and operation of GASDS require that -

- Small cash donations (ie not exceeding £30) entering into a claim will need to be separated from any other cash donations received, including those made under Gift Aid declarations.
- Where it is uncertain whether a particular gift is £30 or less, the payment may be treated as a small donation provided reasonable steps have been taken to ascertain the position. For example, if there is no evidence that 4 x £10 notes came from the same donor they may be taken to be separate gifts, but if notes totalling more than £30 are folded together this would suggest that they have come from the same person and would therefore not qualify as a small donation.

Likewise, if the amount enclosed in a non-Gift Aid envelope exceeded £30 the donation would not qualify as a small donation.

- Cash means exclusively notes and coins (of any currency) so that non-Gift Aid donations received by cheque, standing order or electronic transfer will not qualify as small donations. However, donations of up to £30 made by way of contactless card payments will also qualify
- The small donations entering into a claim for a GASDS must be seen to be banked in the church bank account in their entirety, which means that deductions to meet minor items of expenditure should not be made from small donations cash.

There is, therefore, a need for separate analyses of notes and coins as between

- a. qualifying small cash donations (including any in non-Gift Aid envelopes) and
- b. all other donations including non-qualifying small cash donations and Gift Aid donations.

Whilst there are provisions for charities (especially for branches of national charities) to make a GASDS claim in respect of donations received in relation to qualifying activities carried on in a 'community building', this is unlikely to be of consequence to Baptist churches which are separate legal entities. However, a charity can now only make a single GASDS claim - either

- a. in respect of small donations received from whatever source or
- b. in respect of qualifying activities carried on in a community building (or more than one if in different local authority areas) - whichever is the more beneficial.

With a view to avoiding any misunderstandings in making a claim, you may wish to have regard to the following when inputting answers to particular sections of the online or paper claim form.

On the page headed – Repayment claim details:

Are you claiming Gift Aid	Yes
Are you claiming under GASDS	Yes
Your HMRC claim reference number

If you indicated you are claiming a top-up payment under GASDS you must provide the information below.

Are you claiming under GASD for any donations received by your organisation	Yes
Are you claiming for donations collected in community buildings	No
Are you connected to any other charities or CASCs for the purpose of GASDS	No

On the page headed – About your organisation:

Name of charity regulator	Charity Commission for England & Wales
Charity Registration number	Your Charity number (not HMRC ref) or (if not yet registered) Excepted from registration

On the page headed – Gift Aid Small Donations Scheme (GASDS) schedule

Enter the total amount of small donations received in the relevant tax year

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These notes are offered by way of general information to Baptist churches but neither the contributor nor the Baptist Union of Great Britain can accept responsibility for any loss arising from any action, or failure to take action, in consequence of material contained therein. If in doubt independent professional advice should be sought.

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BUGB operates as a charitable incorporated organisation (CIO) with registered Charity Number: 1181392

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