

## **Gift Aid Update:- Charities Online**

From 22 April 2013, charities and Community Amateur Sports Clubs (CASCs) can sign up to make repayment claims electronically using Charities Online.

This guide explains the benefits of using the new service:-

### **Faster and more accurate claims**

Claiming online is faster, can prevent delays and save postal costs. The new service will have built-in checks that will tell you about mistakes before you submit your claim, reducing the need for claims to be sent back to you to be corrected.

### **Acknowledgement of your claim**

When you submit a claim using Charities Online, you will get an on-screen confirmation reference number to tell you that your claim has been submitted successfully. You will also get a separate confirmation when the payment is made into your bank account.

### **Easier Gift Aid records for sponsored events**

For claims made using Charities Online, all the donations for someone taking part in a sponsored event can be put as one entry under the name of that participant.

This means you won't need to list every individual donor who sponsored the person, which is what happens now for fewer than ten donors. Only individual donations from a donor of £500 or more shown on individual sponsor sheets will need to be separated out and listed individually on the claim form.

You don't have to include sponsored events in this way: if the way you keep your records makes it easier to list each individual donation separately, then that's fine.

In the past HM Revenue & Customs (HMRC) has agreed with some charities that certain other claims could be included under this modified claims basis, (also known as 'special modified claims') as a way of making claims easier

for charities. The changes to sponsored events, and the increases explained below in 'Higher limit for aggregated donations' to the aggregated claims limits, cover most of these other arrangements. These arrangements will end when Charities Online begins.

### **Higher limit for aggregated donations**

The rules for aggregating Gift Aid donations will change for Charities Online, allowing you to add together more small donations. The current limit of £500 will be increased and claimants will be able to aggregate individual Gift Aid donations of £20 or less, up to a total of £1,000 per entry.

This will reduce the number of donations you have to provide details for, but you don't have to aggregate payments if the way you record donations makes it easier to list them individually. You'll still need to keep details of all donations in case HMRC needs to check your claim.

### **Making things easier to understand**

HMRC has listened to feedback from customers, and some parts of the way you make your claim are being renamed to make the system easier to understand. Using simple names for forms and better titles will help to ensure that your charity or CASC understand how the new Charities Online will work and what you need to do.

The following changes are being introduced as part of Charities Online:

- the term 'Responsible Persons' (used on some forms) will change to 'Other Officials'
- the 'ChV1 Variations form' which is used to give HMRC new information about your organisation (or to update your existing details) will be renamed to become the 'Change of Details' form

## ***Three options for making claims***

### **Option one: claim using an online form**

This option is best for those who normally file Gift Aid claims for fewer than 1,000 donors.

Option one can be used to submit details for up to 1,000 Gift Aid donors by completing and attaching a spreadsheet to the online claim form. This form will have fields you must fill in, and will automatically check that the information has been entered in the correct format.

### **Option two: claim through your own database**

This option is for those who file Gift Aid claims for more than 1,000 donors, although it can also be used to make smaller claims.

Those choosing this option will be able to send one claim per day directly from their own internal database or system, with details for up to 500,000 Gift Aid donors. Charities and CASCs wishing to use this system will either need to develop their own compatible software package or purchase a suitable package from a software provider.

### **Option three: claim using a paper form**

This option is for those who don't have access to the internet.

A new paper repayment claim form, called a ChR1, will replace all existing R68 claim forms. If you choose this option, you can order ChR1 forms from the HM Revenue & Customs (HMRC) Charities Helpline from 25 March 2013. You will then need to complete the form and return it by post to HMRC. The form is designed so that HMRC can automatically scan the information into the new system, so payments can be made quicker. Old R68 forms or photocopies of the ChR1 will not be accepted because the new system will not be able to scan the information.

There will be no limit to the number of claims that can be submitted on the ChR1. Continuation sheets for the form (called ChR1CS) can be requested so you can send in the details up to 90 Gift Aid donors with each individual claim.

## ***Transitional arrangements***

Using R68i forms during the transition period

Some customers might need more time to prepare for Charities Online - especially those who use their own computer systems to submit their claims. HM Revenue & Customs (HMRC) will continue to accept R68(i) print and post forms until 30 September 2013.

If you use the R68(i) then you should use the existing guidance on aggregated claims and sponsored events, rather than the revised guidance which applies only to claims made using Charities Online.

R68(i) claim forms will be processed in 30 working days. Charities Online forms will be processed within 15 working days, so you'll get your repayment faster.

You can't claim top-up payments under the Gift Aid Small Donations scheme on the R68(i). So if you continue to use the R68(i) and also want to claim under the Gift Aid Small Donations Scheme, you will have to submit a separate claim using Charities Online.

## ***Receiving your repayments***

HMRC aims to get your repayment to you within these timescales:

- online claim forms or claiming using your own database: 15 working days, although HMRC aims to deal with them more quickly
- ChR1 paper claim forms: 15 working days
- R68(i): 30 working days

Introducing the new Charities Online systems means there might be some disruption to handling claims, but HMRC will work to keep that to a minimum and aims to make repayments within 15 working days.

## ***Getting ready: what you need to do now***

### **Get the right people in your organisation involved**

You need to make sure that everyone involved in the Gift Aid process, including trustees, are aware of the changes that will be introduced from April 2013.

### **Choose the best claiming option for you**

From 22 April 2013, there will be three options for claiming repayments from HM Revenue & Customs (HMRC). See above.

### **Make sure you have the correct donor details**

From 22 April 2013, there will be changes to the donor information that charities and CASCs need to provide with their repayment claims. Start thinking now about what these changes mean for your organisation.

All claims will have to include the following minimum donor information that's already required on the valid donor Gift Aid declaration form.

Unless it says otherwise, all the following information is required:

- title (optional)
- donor initials or first name
- donor surname
- donor's address; this should be the house name or number and the postcode but see below if you don't have the postcode or if the address is abroad
- date of donation
- value of donation

Providing the donor's house name or number and the postcode is the quickest and easiest way of providing the donor's address. It also helps your claim to be paid quickly.

HMRC knows that not all charities have their donor's postcode, so the following transitional arrangements apply. If you don't have the UK postcode, or if the donor is abroad, then you can't complete the postcode box.

The address information you provide can be in a number of formats:

*UK address where you have a postcode*

Enter the house name or number and postcode. If it's easier, you can enter the first line of the address, or as much of the address as will fit in the space (there is space for 40 characters using Charities Online or 31 using the ChR1 paper form) and the postcode.

*UK address with no postcode*

Enter as much of the address as will fit in the space provided, but make sure this includes the house name or number, first line of the address and postal town/city (there is space for 40 characters using Charities Online or 31 using the ChR1) and leave the postcode box blank.

*Non-UK address*

Enter as much of the address as will fit in the space provided, but make sure this includes the house name or number, first line of the address and country (there is space for 40 characters using Charities Online or 31 using the ChR1) and leave the postcode box blank.

If you don't include a postcode for UK addresses your claim could take longer to handle and HMRC is more likely to review the claim or ask you to provide full address details for the donors.

## **Put your donor details in the required order**

When claiming using Charities Online, the donor details will need to be set out in a particular way so they can be entered into the HMRC system correctly.

You'll need to enter your donor details in the following order:

- title
- donor initials or first name
- donor surname
- house name or number (or address where you don't have the postcode or address is abroad)
- postcode (where you have it for UK addresses only)

## **Claiming using your own database**

If you want to claim through your own database, for instance, because you are planning to submit details of more than 1,000 Gift Aid donors in each claim, you will need to either:

- speak to your software provider as soon as possible to check that they know about Charities Online and are changing their software so that it works with the new service
- buy or build a software package that will work with HMRC's online system

## ***Gift Aid Small Donations Scheme***

From April 2013, you can use Charities Online for repayment of tax on other income and claims for top-up payments under the new Gift Aid Small Donations Scheme (GASDS).

GASDS is a new scheme being introduced in April 2013. It means that charities and Community Amateur Sports Clubs (CASCs) can claim a top-up payment on cash donations of £20 or less without the need to collect Gift Aid declarations.

Charities will generally be able to claim on small donations of up to £5,000 per year. Claiming for £5,000 of small donations will result in a repayment of £1,250 for the charity or CASC.

The GASDS is ideal for small cash donations received in collection boxes, bucket collections and during religious services. Charities and CASCs wishing to claim under GASDS will still need to make Gift Aid claims in respect of other donations for which they have a Gift Aid declaration in the same tax year, for example, on regular donations received from supporters. This is called the 'matching rule': every £10 of donations claimed under GASDS must be matched with £1 of donations claimed under Gift Aid in the same tax year.

Payments under this scheme must be claimed using the Charities Online service, through either, the online form, the database option or the ChR1 paper claim form.

HMRC will publish further details about GASDS in the middle of March 2013.