



Stewardship Briefing Note 2013/5

Missed the R68(i) deadline

for Gift Aid claims?

A practical guide of what to do now

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Introduction

Have you tried to submit a Gift Aid form after 30 September 2013? Have you had your claim rejected? Are you wondering what to do next? Then read on...

The way that charities can claim Gift Aid changed back in April 2013, but HMRC allowed a transitional period of 6 months in which organisations could still submit a Gift Aid claim using the existing R68(i) form. From 30 September 2013, and despite lobbying from Stewardship and other charities, that transitional period has now expired. The result is that Gift Aid claims submitted in October 2013 and beyond using the R68(i) forms are likely to be rejected. That indeed may be your current experience.

If you are in that position and are wondering what to do now, here are some practical guidelines that might help shape your thoughts. Firstly, you need to decide what to do about the existing rejected claim and secondly, you need to decide what option you are going to use in the future for subsequent claims. The answer to both questions may be same, or you may choose to make the current claim in one way before transitioning to another method for future claims.

What options are available?

Now that the R68(i) form is no longer an option, there are three new options from which you can choose to submit your existing claim and any future claims.

- A paper-based claim
- An online claim using Charities Online
- A claim using your own database

As one of the benefits of moving to an online system is quicker repayments, it is difficult to say definitively which option will result in the earliest repayment of your current claim.

As the same three options are available for future claims we will look at what is needed to pursue any of the options. If you want some more detailed information, we have a briefing paper which explores the options in more depth www.stewardship.org.uk/charitiesonline.pdf and the HMRC website also explains the options available www.hmrc.gov.uk/charities/online/

Paper-based claim

Paper-based claims have to be submitted on the **new ChR1** form.

Printing an old R68(i) form and amending it will not be acceptable. Only forms ChR1 can be used for paper based Gift Aid claims. Unfortunately, these forms cannot be downloaded from any HMRC website and must be ordered from the HMRC Charities helpline (0300 123 1073). Once obtained, up to 90 entries can be made on each claim which when completed is posted to HMRC.

Completing the claim form is a long-winded process:

- Each claim has to be handwritten as an original document
- Previous forms cannot be copied to form the basis for another claim
- Information has to be entered carefully and contained within the limit of the boxes provided – this is to enable HMRC to scan the claim
- Much of the data has to be entered into single letter boxes

This means that each donor's details¹, including their address, must be entered correctly, on **each and every** claim form.

In addition, HMRC has committed to making online repayments far quicker than for claims made using the ChR1 paper claim form. For these reasons, we would not recommend using paper based claims on a continuing basis unless you have only a handful of donors and make few claims each year.

However, it may be your option of choice, as a one-off to complete the current, rejected claim.

Charities Online

This is the way that we expect most churches to submit Gift Aid claims in the future. It requires the church to be registered with the HMRC Online Services and to submit an online form with a spreadsheet attached which can contain the details of up to 1,000 donors.

Registration with the HMRC Online Services is not difficult, however, because the set up process requires the delivery of PIN numbers through the post it cannot be completed in one go. Details of how to register are included here in the Appendix.

Once registered, a claim can be compiled. The standing data for the spread-sheet needs to be completed in the way specified and once completed it can be attached to the online claim form. Details of the required data specifications can be found either in our Briefing Note or by following the instructions on the HMRC website.

¹ Subject to individual donations qualifying for aggregation. Charities can aggregate individual Gift Aid donations of £20 or less up to a total of £1,000. See <http://www.hmrc.gov.uk/charities/online/faqs.htm#4>

Helpful tips when completing the Gift Aid schedule

The feedback that we have had at Stewardship is that care and accuracy are required when completing the data in the spreadsheet. Common problems and mistakes include:

- Avoid using full-stops in titles (e.g. Mister should read Mr and not Mr.)
- UK Postcodes: if you do not know a UK postcode, this can be left blank for now, but not for claims submitted after 1 April 2014.
- Non-UK address: leave the postcode box empty. Make sure you include the country as part of the address.
- For non-aggregated or sponsored events all fields must be fully completed.
- For aggregated² events do not include any name and address details – a simple description in the 'aggregated donations' box is what is required.
- For sponsored events you need to add the name and address of the person doing the event and enter yes in the sponsored event box.

To see an example and for additional practical help in completing and then attaching your spreadsheet please go to www.hmrc.gov.uk/charities/online/charities-demonstrator.pdf

Some charity oriented accounting packages have included functionality to enable the spreadsheet to be created from the data included within the package. If you use accounting software and are unsure whether it has this capability, we suggest that you speak with your software provider to see what options are available.

Claim using your own database

This route was intended for larger charities wishing to make claims of up to 500,000 donors at a time. However, at least one charity accounting software provider (Data Developments) has enabled its clients to make Gift Aid claims in this way using the functionality of the software.

We are not currently aware of any other accounting software enabling claims to be made in this way, but if you do use any accounting software we suggest that you contact your supplier to see if this Gift Aid functionality is available. If so, this is likely to be the quickest route to obtaining a Gift Aid repayment and will probably be your chosen option going forward.

Handling any cash flow problems

A rejected claim will inevitably cause cash flow problems, some of which will be more serious than others. If possible, we suggest that you contact any outstanding creditors, explain the situation to them asking for extended credit to cover the shortfall.

It is important that you take action now to move to a new claims method so as to minimise the cash flow disruption.

Appendix: signing up with HMRC Online Services

Stage 1: what you will need to enrol

- Your existing HMRC Charities Reference number;
- Post code (this must be the same as the post code used when registering with the HMRC initially);
- The last 4 digits of your organisations bank account; or
- Your customer account reference

Stage 2: enrol

- Go to HMRC Online Services
- Click "register" in the new users section
- Follow the "Sign up for HMRC online Services" link
- Follow the "Organisation" link
- Tick the "Charities" checkbox, then click the "next" button
- Tick the checkbox to confirm that you agree with the terms and conditions
- Enter the required details and create a password

Note: At this point your User ID will be displayed on screen. **This is the only time it will appear so you must make a note of it.** You will need it to log in again and make your claims later.

- Enter the required information about your organisation

If you are successful with your enrolment, you will be sent an Activation Code through the post. This will go to the address as indicated by the post code entered above. It may take up to a week for this code to be received and it only remains valid for 28 days

Stage 3: Activating your Charities Online Service

Once you receive the Activation Code you will be activate the Charities Online Service.

- Log on to HMRC Online Services
- Enter you User ID and password in the "Existing users" section
- Log on to Charities Online using the Activation Code

You are now ready to use Charities Online to make a Gift aid claim.

For more information please go to www.hmrc.gov.uk/charities/online/claims.htm