

Gift Aid Claims and Declarations:

When is a claim too late?

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About Stewardship

Stewardship is here to help the Christian community in the UK to give and receive.

We help over 40,000 people to give generously and sacrificially to support the causes they love, and connect them in to a growing community of 4,000 churches, 6,000 charities and 2,800 individual partners creating positive change, and being responsible stewards, in Jesus' name.

For more than a century we have actively served those pioneering Christian mission. Together, we are driven by our desire that the wider world will encounter Jesus through the generosity of his people and the transformational work of the causes they support.

We call this **Active Generosity**.



Introduction

Gift Aid relief is of enormous benefit to charities and especially to churches because they benefit from both regular donations from individuals, and close relationships with many, or most of those individuals.

This briefing paper is designed to both highlight the opportunity that exists for charities to reclaim tax for past donations, possibly going back a number of years, and to explain the time limits for doing so. It concludes with relevant advice to those responsible for making claims.

Gift Aid allows a charity to reclaim the basic rate tax paid by the donor where that donor has made a 'qualifying payment' to the charity and the charity holds a valid 'Declaration' from the donor.

A donor can give a Declaration to cover a specific donation, or any donations that they have made in the past provided that the charity has received this prior to the time limit for reclaiming the tax from Her Majesty's Revenue & Customs (HMRC). This normally provides for a time frame of around four years after the donation for the Charity to obtain a Declaration from the donor. The specific time limits are set out below.

Although not strictly 'Gift Aid', the Gift Aid Small Donations Scheme ('GASDS') sits alongside Gift Aid and provides for 'Gift Aid like' top up payments to be received from HMRC in respect of eligible cash donations received by a charity. Stewardship has published two separate briefing papers on the GASDS; a practical paper and a comprehensive guide. Reference should be made to these for more details of the Scheme. Suffice it to say here, the rules for obtaining 'top up payments' under the Scheme are not the same as Gift Aid itself and, despite claims being made alongside the usual Gift Aid claims, the time limit for a GASDS claim is shorter than that for Gift Aid.

2 Time limits

The time limit for making a claim depends on whether the charity is treated as a trust or a company for tax purposes. As the time limits are different, it is essential that you know the status of your charity.

2.1 Charities that are trusts

Your charity is likely to be a trust if its governing document is a trust deed. If you are unsure of its status, you should check with your accountant or legal adviser. For charities that are trusts, the time limit for making a claim is **four years following the end of the tax year in which the Gift Aid donations were received**. The tax year runs from 6 April to the 5 April following.



Example 1

Two donations are made to your charity by a supporter a week apart from each other, on 4 and 11 April 2020.

Assuming that the donor has given your charity a valid Gift Aid declaration covering both gifts:

- Gift Aid relief on the first donation made on 4 April 2020 can be claimed from HMRC by submitting the relevant claim form at any time up to 5 April 2024.

However,

- The charity has up to 5 April 2025 to claim relief on the second donation made a week later, because this donation falls into the next tax year (that is, the year to 5 April 2021).

2.2 Charities that are incorporated

Nowadays, it is not uncommon for churches and Christian charities to be established either as companies limited by guarantee, or as a Charitable Incorporated Organisation (CIO). These are treated as companies for tax purposes but so will other forms of charity that are not trusts.

So, if you are in doubt as to the tax status of your charity, seek professional advice. Companies choose their own financial accounts year end date, usually at the time that the company is incorporated. The company's year end is held by Companies House and they refer to this as the company's 'accounting reference date'. However, HMRC refer to this as the company's '**accounting period end**'. Common financial year ends are 31 December and 31 March but they can be any date in the year.

For company charities, the time limit for making a gift aid claim is **four years from the end of the accounting period to which the claim relates**. The term 'accounting period' has a technical meaning for tax purposes but in most cases, this is the same as the financial year for which accounts are normally prepared.

If your charity has prepared company accounts for a period of longer than 12 months, there will be more than one 'accounting period' for tax purposes. The accounting periods for tax purposes will not then be the same as the financial accounts period. In such a case, the time limits for claiming Gift Aid relief become less obvious and you may need to take appropriate professional advice.



Example 2

All the charity's donations are received on the last day of each month and since April 2019, these have amounted to £1000 per month.



Scenario 2.1

Accounts are prepared annually to 30 April each year.

- The April 2019 donations of £1,000 fall into the accounting period ended 30 April 2019. Claims for repayment of tax on these donations must therefore be made by 30 April 2023.
- Donations made in the period 1 May 2019 to 31 December 2019 and from 1 January 2020 to 30 April 2020 (£12,000), fall into the accounting period ended 30 April 2020. Claims for repayment of tax on these donations must therefore be made by 30 April 2024.



Scenario 2.2

Accounts are prepared annually to 31 December each year.

- Donations made between April 2019 and December 2019 fall into the accounting period ended 31 December 2019. Claims for repayment of tax on these donations (£9,000) must therefore be made by 31 December 2023.
- Donations made in the period 1 January 2020 to 5 April 2020 and from 6 April 2020 to 31 December 2020 fall into the accounting period ended 31 December 2020. Claims for repayment of tax on these donations (£12,000) must therefore be made by 31 December 2024.



Scenario 2.3

Accounts are prepared annually to 31 March each year.

- Donations made between April 2019 and March 2020 fall into the accounting period ended 31 March 2020. Claims for repayment of tax on these donations (£12,000) must therefore be made by 31 March 2024.
- Donations made in the period 1 April 2020 to 5 April 2020 and from 6 April 2020 to 31 March 2021 fall into the accounting period ended 31 March 2021. Claims for repayment of tax on these donations (£12,000) must therefore be made by 31 March 2025.

2.3 Claims by incorporated charities: change in basic rate of tax

If the basic rate of income tax changes, this will usually take effect at the beginning of the tax year (6 April to 5 April) but an incorporated charity needs to consider which accounting period each donation falls into. This means that the charity will need to consider which donations within the accounting period fall before 6 April or after 5 April so that the right rate of Gift Aid relief can be applied to each donation.



Scenario 2.4

For the purposes of the next example, let us assume that in Scenario 2.1 above, the basic rate of tax changed from 20% to 22% from 6 April 2020¹.

Accounts are prepared annually to 30 April each year.

- The April 2019 donations of £1,000 fall into the accounting period ended 30 April 2019. Claims for repayment of tax on these donations must therefore be made by 30 April 2023.
- Donations made in the period 1 May 2019 to 5 April 2020 and from 6 to 30 April 2020 (£12,000), all fall into the accounting period ended 30 April 2020. Claims for repayment of tax on these donations must therefore be made by 30 April 2024.

However, if basic rate of tax had changed with effect from 6 April 2020, the charity would need to split the donations received in the accounting period. The £11,000 of donations received prior to 6 April 2020 would be eligible for a reclaim based on a 20% tax rate. The £1,000 of donations received in the month to 30 April 2020 would be eligible for a reclaim at the 22% tax rate.

¹ Of course, the basic rate of tax did not change in 2020. This is included for illustrative purposes only.

However, the deadline for both claims remains the same since the donations were all received in the accounting period ended 30 April 2020.

3

A word about Declarations

In order to make a valid Gift Aid claim on a donation, a Declaration has to be held in respect of it, at the time that the claim for repayment is made to HMRC.

The examples in Section 2 illustrate that **a Gift Aid claim can still be made** where a Declaration is obtained from a donor **almost five years after their donation was made**. Strictly speaking, the donor's Declaration does not need to be dated. But it must, amongst other things, contain the name and home address of the donor and identify the gift or gifts to which the Declaration relates.

However, the use of undated declarations can lead to practical problems since (a) an undated declaration that says "please claim Gift Aid on all donations that I have made in the last four years" or similar wording, will be meaningless; and (b) it is arguably harder to show that the declaration was held at a particular point in time. For this reason, we recommend that Declarations are dated by the donor, so far as is possible.

The Gift Aid Declaration has minimum requirements set out in law and therefore churches and other charities are advised to follow the form of HMRC's model Declarations which can be found at gov.uk/claim-gift-aid/gift-aid-declarations

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Claiming for Gift Aid

Gift Aid claims (and the related Gift Aid Small Donations Scheme claims for top up payments) are made using an [online procedure](#). If you do not have an online account with HMRC you'll need to register and enrol. This is explained in the 'online procedure' link provided.

Most charities will want to make their claims online. For those that do not have access to the internet, it is possible to request a repayment form, ChR1, [from HMRC](#). However, completion of this is cumbersome!



Gift Aid Small Donations Scheme: a word of caution!

Although GASDS top up payments are made on the same claim form as Gift Aid claims, the time limit for making the GASDS claim is quite different. First, **the time limit for a GASDS claim is geared to the tax year** (to 5 April), regardless of whether the claimant charity is incorporated or not. Charitable trusts and charitable companies therefore have the same time limit. Second, that time limit is only **two years after the end of the tax year in which the Gift Aid small donation is received**.

Finally, it is worth noting that under the GASDS 'matching' rule, the maximum amount that can be claimed under the Scheme is matched to the amount of the eligible Gift Aid claims made for the same tax year. It is therefore in the interests of the charity to submit a sufficient amount of Gift Aid claims **within the two-year GASDS time limit** so as to maximise the amount that can be claimed under the GASDS.

Further detail on the Gift Aid Small Donations Scheme can be found in our two Briefing Papers on the subject:

[Gift Aid Small Donations Scheme: a practical guide](#)

[Gift Aid Small Donations Scheme: a comprehensive guide](#)



Conclusions and advice

The first step is to consider if there are any donations in the past that potentially qualify for gift aid relief. If a previous treasurer has not made claims for earlier years, or no one realised that claims could be made for back years as outlined above, your charity could be in for a pleasant windfall. But some groundwork will be needed, so start on this process as early as possible.

You will probably need to research old accounting records in sufficient detail to identify donors and amounts. You will then need to establish whether or not a claim has already been made in respect of that donation and whether or not a valid Declaration exists to cover both that donor and the particular donation.

A donor can give a Declaration to cover a specific donation, or any donations that they have made in the past provided that the charity has received this prior to the time limit for reclaiming the tax from HMRC. This normally provides for a time frame of around four years after the donation for the charity to obtain a Declaration from the donor. Where seeking new Declarations to cover past gifts, make sure that:

- i) The donor was a taxpayer (paying income tax or capital gains tax - at any rate or rates of tax - in the relevant tax year of donation), and in sufficient amount to equal the tax that you will be claiming back. This is important since, at the time of writing, around half of adults in the UK no longer pay any income tax. Where the basic rate of tax is 20%, your charity can claim 25p back for every £1 that is donated under Gift Aid.
- ii) Your Declarations are worded so that the donor is asking you to claim Gift Aid on "all donations that I have made since [insert the earliest date that you can claim on]". There is then no need to obtain a separate Declaration for each gift.

At the outset, check what the earliest deadline is for claims for your charity and claim all that you are able to within the time limit. Do not wait for return of the odd Declaration here and there from a few donors and prejudice the rest of the claim by trying to submit it late. HMRC will refuse late claims.

When tax is repaid some years after the tax year of donation, the charity is entitled to have interest (or a 'repayment supplement') added.



Further help

Contact us

Further help is available from Stewardship's Consultancy Helpline.

For details of this service, please visit:

<http://www.stewardship.org.uk/support-services/consultancy-helpline>

or email enquiries@stewardship.org.uk

