Understanding HMRC's Gift Aid Rules

Gift Aid is a scheme run by HMRC (Her Majesty's Revenue and Customs) that allows charities to increase the value of donations from UK taxpayers by 25%. This means for every £1 donated, the charity can claim an extra 25p from the government, making donations go even further. This guide will help you understand the key rules and how to effectively apply them in a charity shop setting.

# What is Gift Aid?

Gift Aid allows charities to claim back 25p for every £1 donated by UK taxpayers. The donor must have paid at least as much in Income Tax or Capital Gains Tax in that tax year as the charity will claim on their donation.

# Eligibility for Gift Aid

To be eligible for Gift Aid, the donor must:  
- Be a UK taxpayer.  
- Have paid enough Income Tax or Capital Gains Tax to cover the amount the charity will claim.  
- Provide a Gift Aid declaration to the charity.

# Gift Aid Declaration

A Gift Aid declaration is a statement from the donor confirming that they want the charity to claim Gift Aid on their donation. This can be done through a written form, online form, or verbally over the phone.

The declaration must include:  
- The donor’s full name.  
- The donor’s home address.  
- A statement confirming that the donor is a UK taxpayer and wants the charity to claim Gift Aid on their donation.

# How to Claim Gift Aid

1. Collect the donor’s Gift Aid declaration.  
2. Keep accurate records of donations and declarations.  
3. Submit a claim to HMRC, usually through their online service.  
4. HMRC will process the claim and pay the Gift Aid amount to the charity.

# Important Points for Volunteers

- Always ask if the donor is a UK taxpayer.  
- Ensure the donor completes a Gift Aid declaration.  
- Keep records of all Gift Aid declarations.  
- Remember, Gift Aid can only be claimed on donations from individuals, not companies or other entities.

# Common Questions

1. Can Gift Aid be claimed on donations from non-UK taxpayers?  
 - No, only donations from UK taxpayers are eligible for Gift Aid.  
2. Can Gift Aid be claimed on goods donated for sale?  
 - Yes, but only if the donor agrees to sign up to the charity’s Retail Gift Aid scheme, where the charity sells the goods on behalf of the donor and then treats the proceeds as a donation.  
3. What if a donor pays less tax than the charity claims?  
 - The donor may have to pay the difference to HMRC, so it’s important to ensure they understand this when signing the declaration.

# Conclusion

Understanding and applying Gift Aid correctly can significantly boost the funds raised by a charity. By following these guidelines, you can help maximize the impact of every donation made to your charity shop. Thank you for your dedication and support!