# Slide 1

Retail Gift Aid Training

Head Office Users

# Slide 2

4

Day 1

What is Gift Aid?

Setting up retail Gift Aid.

On the shop floor.

Final discussions on the day.

Day 2

Quiz & answers.

Admin confidence.

HMRC Compliance – Keeping HMRC happy

Q&A session/surgery.

Final discussions on the day.

WELCOME

Timings\*

# Slide 3

7

GIFT AID

Gift Aid It

# Slide 4

8

Gift Aid allows charities to claim back an additional

25%\* of cash donations from HMRC.

\* Current rate set by HMRC

GIFT AID

What is Gift Aid

£1

25p

£1.25

Donation from donor

HMRC top up

Total amount

# Slide 5

9

Gift Aid is reclaimed based upon the amount of UK tax a donor has paid.

It is the donors responsibility to have paid enough tax.

GIFT AID

Donor’s Tax

Donor pays tax

HMRC receives tax

Charity reclaims Gift Aid

# Slide 6

10

GIFT AID

What Counts As Tax

Council Tax

VAT

Car Tax

Tax on a Salary

Tax on a Pension

Capital Gains Tax

# Slide 7

11

The amount of tax paid should be the maximum amount of Gift Aid that is reclaimed

GIFT AID

How Much Tax Must Be Paid

£0

No tax paid

No Gift Aid

£10

£10

Max £10 tax paid

Max £10 Can Be Claimed

# Slide 8

12

Sufficient tax must be paid within the same year as Gift Aid claimed.

GIFT AID

When Does The Tax Have To Be Paid

6th April

5th April

Start of HMRC’s

tax year

End of HMRC’s

tax year

Donor pays tax

Charity reclaims Gift Aid

# Slide 9

13

If you earn less than the personal tax allowances, you may not pay any income tax.

\* HMRC’s Tax Year runs from 6th April – 5th April.

GIFT AID

Personal Tax Allowance

£0

No tax paid

No Gift Aid

# Slide 10

14

Every charity operates the Gift Aid scheme differently.

A donor can sign up to Gift Aid as many times as they like…

Just remember they must have paid enough tax.

GIFT AID

“The Gift Aid Club”

# Slide 11

Setting up retail Gift Aid

15

# Slide 12

16

Gift Aid can only be claimed on cash\* donations

RETAIL GIFT AID

Gift Aid Vs Retail Gift Aid

This is done using an

Agency Agreement

\* HMRC are in discussions surrounding other payment types.

Goods donated

Converted to cash

# Slide 13

17

RETAIL GIFT AID

Donation & Selling

Donor completes Gift Aid declaration form (This includes an

Agency Agreement)

Goods are brought to shop

Goods are sorted and sold on behalf of the donor

Cash from the sale now qualifies for Gift Aid

# Slide 14

18

HMRC’s template can be found online.

https://tinyurl.com/uf6fb9w

This template is to be used with an Agency Agreement.

RETAIL GIFT AID

HMRC’s Declaration Form

# Slide 15

19

A charity's Gift Aid Declaration form should capture:-

Title 1

Initial 2 / First name

Surname

Home Address

Postcode

E-mail 3

1 This is now preferred but not compulsory. “MX” is also acceptable.

2 First name is now preferred by HMRC. No retrospective action is required

on previous donor GAD’s.

3 Not compulsory but cheaper way to send Gift Aid correspondence.

RETAIL GIFT AID

Compulsory Information On GAD

# Slide 16

20

A charities Gift Aid Declaration form should include:-

□ I want to Gift Aid my current donation and any donations I may make in the future or have made in the past 4 years to (Name of Charity).

I am a UK taxpayer and understand that if I pay less Income Tax and/or Capital Gains Tax than the amount of Gift Aid claimed on all my donations in that tax year it is my responsibility to pay any difference.

I will notify (Name of Charity‐METHOD A) OR (Name of Trading Subsidiary – METHOD B) of any change in my personal circumstances, such as name and address, or that I no longer pay UK Income or Capital Gains tax or I wish to cancel the declaration.

RETAIL GIFT AID

Compulsory Statements On GAD

# Slide 17

21

A charities Agency Agreement should include:-

I wish (Name of Charity‐METHOD A) OR (Name of Trading Subsidiary – METHOD B) to act as an agent in the selling of my goods, at a rate of X% commission + VAT.

(Name of Charity) operates the Standard Method of Gift Aid. This means before we make any Gift Aid claim we will write/e-mail, to inform you of the money raised from the sale of your donations once a sufficient amount has been sold. You may then choose to reclaim the money back or donate these proceeds to us.

(Name of Charity‐METHOD A) OR (Name of Trading Subsidiary – METHOD B) operates the Addendum 1 (Method A or B) of Gift Aid. If the net sales proceeds are below or equal to £100/£1,000 Gift Aid will be claimed automatically. If the net sale proceeds exceed £100/£1,000 (In any tax year), we will write/e-mail to inform you of the money raised from the sale of your donations once a sufficient amount has been sold. In addition, we will also send you a “end of year” statement advising how much Gift Aid has been claimed from HMRC within the relevant tax year (Sent between 6th April – 31st May).\*

\* Subject to de minimis

RETAIL GIFT AID

Compulsory Statements On Agency Agreement

# Slide 18

22

You may also wish to include:-

I am not acting as a business in bringing goods for sale to (Name of

Charity‐METHOD A) OR (Name of Trading Subsidiary – METHOD B).

Every effort will be made to sell your goods. However, goods which cannot be sold by (Name of Charity‐METHOD A) OR (Name of Trading Subsidiary – METHOD B) may be sold/given to a recycling agent.

Once donated, unfortunately goods cannot be returned.

(Name of Charity‐METHOD A) OR (Name of Trading Subsidiary – METHOD B) reserve the right to terminate this agreement at any point without notice.

We reserve the right to change the terms & conditions of this agreement. A notice period of 30 days will usually be given.

RETAIL GIFT AID

Recommended Statements On Agency Agreement – 1 of 2

# Slide 19

23

You may also wish to include:-

Your details will be shared with HMRC in order to enable

Charity‐METHOD A) OR (Name of Trading Subsidiary – METHOD B) to

make a Gift Aid claim. This may form part of your Privacy Policy.

If provided, we will attempt to e-mail you any Gift Aid correspondence.

If however you wish to receive a physical letter, please tick here □

Marketing/Interests preferences.

Admin check boxes (E.G - Inserted By, Donor ID, etc.)

Signature & date capture for the agency agreement.

Opt in to receive a End of Year letter (De Minimis)

A web link to the full terms & conditions (E.G – Visit www.charity.co.uk/gadform.pdf for copy of our T&Cs)

RETAIL GIFT AID

Recommended Statements On Agency Agreement – 2 of 2

# Slide 20

24

This is where a charity agrees to sell a donor’s goods

on their behalf.

When the goods have been sold, this is converted into cash.

To operate this service the charity may charge a fee (Known as the commission).

If a charity or trading company is VAT registered, VAT should be paid on the commission.

Both the Commission and VAT should be deducted from the sales value. Gift Aid can only be claimed on the net sales value.

RETAIL GIFT AID

What Is An Agency Agreement

# Slide 21

25

RETAIL GIFT AID

Agency Agreement Fee Example

# Slide 22

26

The commission is decided based upon “Business Activity” (E.G – Cleaning an item, rotating stock, wages).

Commission generally varies between 1% - 5%.

Higher commissions could cost you more.

RETAIL GIFT AID

Commission

# Slide 23

27

RETAIL GIFT AID

Cash Donations – 1 of 2

Typically there are two types of GAD forms

Cash GAD Forms Retail GAD Forms

# Slide 24

28

RETAIL GIFT AID

Cash Donations – 2 of 2

Retail Gift Aid declaration forms can be used for cash donations

Cash Gift Aid declaration forms cannot be used for retail donations

Be careful not to double claim (E.G –

Through CRM and EPoS system)

# Slide 25

29

RETAIL GIFT AID

Gift Aid Methods

Standard

Method A

Method B

There are three different Gift Aid methods. Not all methods are available to all charities.

Addendum 1

Any charity

Any charity

Trading Subsidiary

# Slide 26

30

In order to claim any amount of Gift Aid, a letter must be written/e-mailed to the donor.

The charity must wait 21 days for their donor to respond before claiming the Gift Aid from HMRC.

RETAIL GIFT AID

Gift Aid Methods – Standard – 1 of 2

Standard

# Slide 27

31

Example

In order to claim the £24.70 worth of Gift Aid from HMRC, the

donor must be given the opportunity to claim their £98.80 back.

RETAIL GIFT AID

Gift Aid Methods – Standard – 2 of 2

Standard

# Slide 28

32

RETAIL GIFT AID

Gift Aid Methods – Method A – 1 of 2

Method A

No “In Year” letter is required for net sales values less

than or equal to £100.

For net sales values less than or equal to £100, Gift Aid

can be claimed straight away from HMRC.

In order to claim Gift Aid on net sales values above £100,

a letter must be written/e-mailed to the donor.

The charity must wait 21 days for net sales values above

£100, for the donor to respond before claiming the Gift

Aid from HMRC.

# Slide 29

33

RETAIL GIFT AID

Gift Aid Methods – Method A – 2 of 2

Method A

Example 1 (Below £100.00)

Example 2 (Above £100.00)

In order to claim the full £37.05 (£24.70 + £12.35) worth of Gift Aid from HMRC, the donor must be given the opportunity to claim their £48.20 back.

The charity can claim the £12.35 worth of Gift Aid straight away from HMRC. Method A waivers the donors right to claim back £49.40.

# Slide 30

34

RETAIL GIFT AID

Gift Aid Methods – Method B – 1 of 2

Method B

No “In Year” letter is required for net sales values less

than or equal to £1000.

For net sales values less than or equal to £1000, Gift Aid

can be claimed straight away from HMRC.

In order to claim Gift Aid on net sales values above

£1000, a letter must be written/e-mailed to the donor.

The charity must wait 21 days for net sales values above

£1000, for the donor to respond before claiming the Gift

Aid from HMRC.

# Slide 31

35

RETAIL GIFT AID

Gift Aid Methods – Method B – 2 of 2

Example 1 (Below £1000.00)

Example 2 (Above £1000.00)

In order to claim the full £259.35 (£247.00 + £12.35) worth of Gift Aid from HMRC, the donor must be given the opportunity to claim their £37.40 back.

The charity can claim the £234.65 worth of Gift Aid straight away from HMRC. Method B waivers the donors right to claim back £938.60.

Method B

# Slide 32

36

RETAIL GIFT AID

Gift Aid Methods – End of Year Letter – Addendum 1

Method A Method B

From April 2016:-

Under Addendum 1 (Method A & B) the charity is required to send a “End of Year” letter advising donors how much Gift Aid has been claimed during HMRC’s tax year\*.

The “End of Year” letter must be sent between 6th April – 31st May\*.

“End of Year” letters are only required for those donors where a

Gift Aid value has been claimed – No Gift Aid Claimed = No Letter.

\* De Minimis could change the frequency of these letters.

# Slide 33

37

Charities will have the option of only writing/e-mailing donors during the “End of Year” letter where the net sales value is equal or above £20.

If adopted, all donors should be written/e-mailed to advising of the change. Donors must be given the opportunity of still receiving a once a year, “End of Year” letter.

If adopted, all new donors signing a GAD should be given the opportunity of still

receiving a once a year, “End of Year” letter.

Example wording you may wish to include on your GAD:-

I understand that as (Name of Charity- Method A ) or (Name of Trading Subsidiary- Method B) apply a de minimis limit that they will send me an annual letter subject to the Net Sales Proceeds reaching £20 in a single tax year, or every three years whichever comes first, even if monies raised are less than £100

(METHOD A) or £1,000 (METHOD B), detailing the Net Sales Proceeds and Gift Aid reclaimed in that tax year. I also understand that an end of year tax letter can be supplied on request.

RETAIL GIFT AID

Gift Aid Methods – End of Year Letter – De Minimis – 1 of 2

Method A Method B

From April 2020:-

# Slide 34

38

RETAIL GIFT AID

Gift Aid Methods – End of Year Letter – De Minimis – 2 of 2

Method B

Method A

The “End of Year” letter must include values from previous years.

If the donors goods sell for less than £20.00 in 2019-2020, the “End of Year”

letter should be sent in 2021/2022.

A new 3 year period starts again once a letter has been written/e-mailed.

No “End of Year” letter is needed if the donors goods do not sell over 3

years.

# Slide 35

39

RETAIL GIFT AID

Gift Aid Methods – Standard Vs Addendum 1

Standard

Method A

Method B

“In Year” letter/e-mail to be sent for

every Gift Aid Claim.

No “End of Year” letter/e-mail to be

sent.

More engagement with donors. Potentially more donations?

Cash flow – 21 days until Gift Aid

can be claimed.

“In Year” letter/e-mail to be sent for

every net sales value above

£100/£1000.

“End of Year” letter/e-mail to be

sent (Note De Minimis).

Little or no letters for 3 years. Saving on postage costs.

Cash flow – Net Sales values less than £100/£1000, Gift Aid can be claimed immediately.

# Slide 36

40

Contact your EPoS provider or relevant supplier (If applicable).

All donors must be notified and given 30 days to opt out.

Opt out or cancel (If your GAD’s T&C’s allow this) any donors who do not

wish the convert to the new method.

Train all relevant staff (Both at head office and store) and update training materials.

Update your GAD and Agency Agreement form with the new wording and details (Note De Minimis).

Prepare your new wording for “In Year” and “End of Year” letters.

Set a moving date for new donors and existing donors.

RETAIL GIFT AID

Gift Aid Methods – Changing Methods – 1 of 2

Standard

Method A

Method B

# Slide 37

41

Example Wording (Excluding De Minimis Information)

RETAIL GIFT AID

Gift Aid Methods – Changing Methods – 2 of 2

We are writing to let you know that we are changing the method we use to claim your Gift Aid. We are really pleased with these changes as they will significantly reduce administration costs allowing us to invest more into helping our patients.

When you kindly signed up to our Gift Aid on Donated Goods scheme you entered into an Agency Agreement with us. In its simplest form, this means we:-

Sell your goods on your behalf.

Write to you to let you know how much we raised from the sale of those goods.

Invite you to donate the net sales proceeds of those goods to us.

Claim 25% in Gift Aid on the net sales proceeds when you donate

them to us.

So, for example, if you donate an item which we then sell for £10,

Charity‐METHOD A) OR (Name of Trading Subsidiary – METHOD B) can claim an additional £2.50 from HMRC (less 2.5% commission and VAT). This means that your donation has now helped us raise just under

£12.50 at no cost to you.

How the changes may affect you

Under the new method, the following changes will apply:-

We will no longer be required to write to you if the net sales proceeds do not exceed £100 within any tax year (6 April to 5 April).

Any net sales proceeds under £100 in the tax year will be donated

to the charity automatically.

Where the net sales proceeds do exceed £100 in the tax year, we will write/email to ask if you would like to donate the net sales proceeds over and above the initial £100

In any event, an annual letter will be sent to you in accordance with the HMRC guidelines to let you know the value of your Gift Aided donations

What you need to do

If you would like to join the new Agency Agreement, you need do nothing further. After 30 days from the date of this letter, you will be transferred to the new Agency Agreement automatically.

If you do not wish to participate in the Gift Aid scheme under the new method, please let us know within the next 30 days and we will remove you from the scheme with immediate effect.

# Slide 38

42

What structure does your charity have?

RETAIL GIFT AID

Trading Subsidiary – 1 of 2

Trading

Stand alone charity or parent company

Trading arm of the charity

Profits paid to charity

# Slide 39

43

Having a trading company…

Helps become risk averse, protecting certain assets.

Could help you protect the amount of Corporation Tax

(Tax on selected profits) you pay to HMRC.

Allows you to run Addendum 1 – Method B of Retail Gift

Aid.

More information can be found here - https://tinyurl.com/pf83b56

RETAIL GIFT AID

Trading Subsidiary – 2 of 2

Method B

# Slide 40

44

Small Trading Tax Exceptions

More information can be found here - https://tinyurl.com/pf83b56

RETAIL GIFT AID

Trading Types – 1 of 3

Charity’s gross

annual income

Maximum permitted small

trading turnover

Under £32,000

£8,000

£32,001 to £320,000

25% of your charity’s total annual turnover

Over £320,000

£80,000

# Slide 41

45

Primary Purpose Trading

“Selling goods or services that directly further your charity’s aims as they are stated in your governing document is known as primary purpose trading.”

Primary Purpose typically applies to the selling of:-

Donated Goods

Donated goods are tax exempt & as they are donated for free, typically risk free.

More information can be found here - https://tinyurl.com/rp2q35u

RETAIL GIFT AID

Trading Types – 2 of 3

# Slide 42

46

Non Primary Purpose Trading

“You can also sell goods or services purely to raise funds: this is non- primary purpose trading. This kind of trading has no direct link to your charity’s aims.”

Non Primary Purpose typically applies to the selling of:-

New Goods

Agency Agreement Commission

New goods & the agency agreement are subject to tax. New goods and

services are deemed as high risk.

More information can be found here - https://tinyurl.com/rp2q35u

RETAIL GIFT AID

Trading Types – 3 of 3

# Slide 43

47

SAR – Subject Access Request

An individual has the right of access a copy of their personal data as well as other supplementary information held. This includes any Personal Identifiable Information (PII) captured during the Gift Aid process. This should typically be provided within 1 month.

ico.org.uk

RETAIL GIFT AID

GDPR – SAR

# Slide 44

48

RETAIL GIFT AID

GDPR – RTBF

RTBF – Right To Be Forgotten

An individual has the right to have their personal data erased. Details should be erased unless you have a legal obligation to keep such records (6 years for submitted Gift Aid claims). Erasure should typically be done within 1 month.

ico.org.uk

# Slide 45

49

RETAIL GIFT AID

GDPR – “To Tick or Not To Tick”

Marketing Letters Marketing E-mails

Automatically opting people into content is a GDPR “no no”.

“Legitimate Interests” could be used as a way to contact people who may not have previously agreed to receiving content by mail – Exercise caution.

Individuals should be given the opportunity to opt out of

receiving communications – be specific however (E.G -Marketing)

Be cautious about not upsetting your donors. Make things

simple.

ico.org.uk

# Slide 46

On the shop floor

51

# Slide 47

52

HMRC Ref - 3.42.22

SHOP FLOOR

Notice/Poster Disclosure

Look out for the

“Gift Aid” item

Charities should have a disclosure poster/sign on shop floor or within the shops window.

Gift Aided goods should be clearly identifiable. Make reference to how they are identifiable within the poster/sign.

# Slide 48

53

SHOP FLOOR

Example Donation & Sorting Process

Bags/Boxes are identified

Goods are brought to shop

Bag/Boxes are sorted

and labelled/identified

Goods are placed

onto shop floor for sale

Donor ID: Title: First name: Surname: House No/Name: Postcode:

Place Bags/Boxes in holding area

# Slide 49

54

SHOP FLOOR

Donation & Sorting Process

On Donation

Identify a donors bags/boxes with a donor ID label/barcode.

If hand writing a donor ID label, be sure to capture all relevant information (Surname, Postcode, etc.).

New donors - Have your GAD form / tablet ready to sign up.

New donors – Have your Donor ID / Key Fob’s ready for a new sign up (If used).

If a donor thinks they are a donor –

check.

Space permitting – place bags into a

Gift Aid holding area/pens.

On Sorting

Prior to sorting make sure to have a clear working area – avoid cross contamination.

Identify sellable items with a label linking back to the original donor (E.G – Donor ID label).

Be mindful of steaming thermal

labels.

Be sure to check for previously donated labels (E.G - Re-donated books).

At any point if you are unsure if items belong to a donor, DO NOT GIFT AID IT.

# Slide 50

55

Remember…

Items can only be Gift Aided by individual person (E.G - Mr & Mrs cannot sign up to Gift Aid as a couple).\*

Companies can donate but not Gift Aid (Typically known a generated

stock).

The donor must be a UK tax payer (Don’t dismiss people who are

retired).

The goods must be owned by the person who is donating them (Be careful of house clearances, probate and people donating on behalf of others).

Consider having a separate “status” for volunteers and staff.

\*HMRC Ref - 3.10.2

SHOP FLOOR

New Donor Sign Up – 1 of 4

# Slide 51

56

Oral & Written Confirmation

A letter/e-mail should be sent giving 30 days to change their

mind (Cancel).

The letter/e-mail should include – Donor details (Name & Address), explanation about paying enough tax, date of oral declaration, date the charity sent the letter/e-mail.

Keep record of all the above for auditing purposes.

Cancelled GAD’s should be treated as though the donor never

sign up (Repay Gift Aid if already claimed).

Gift Aid can only be claimed once the letter/e-mail has been sent.

HMRC Ref - 3.10.1

SHOP FLOOR

New Donor Sign Up – 2 of 4

Gift Aid Declaration

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# Slide 52

57

Gift Aid Declaration Storage

Can be stored in paper format or electronically.

GADs can be stored at store or head office.

Be GDPR compliant – Keep out of public view.

Keep under lock and key/password protected.

Remember

If you plan to claim Gift Aid against a donor, you must have a GAD.

If Gift Aid has been claimed against a donor, you must store the GAD for

6 years.

SHOP FLOOR

New Donor Sign Up – 3 of 4

# Slide 53

58

Take a common sense approach…

SHOP FLOOR

New Donor Sign Up – 4 of 4

“My wife has asked me to bring in her old clothes”

“I’ve so much more time on my hands now I’m

retired”

# Slide 54

59

Keep a record of all donor sales (Record Barcode/Donor ID).

Keep a record of all sales values.

If discounted, Gift Aid can only be claimed on the discounted price (E.G – Was: £10, Now £5 – Gift Aid is claimed on the £5 value).

Be cautious of BOGOF (Buy one get one free) promotions and

over claiming on Gift Aid.

Be cautious about quantity/multiple sales – Not all items may have been donated by the same donor.

Refunds do not have been taken off a Gift Aid claim.

If refunded, do not claim Gift Aid again – You can only claim once.

SHOP FLOOR

Gift Aid Sales & Refunds

# Slide 55

60

Gift Aid can be claimed on goods sold to a rag merchant

Depending on the way your rag merchant pays for goods will

depend on the way you log the sale.

If you are paid £x amount per item, process the sale in the

normal manner (E.G – 10p per DVD).

If you are paid £x amount per KG, this has to be logged

differently…

SHOP FLOOR

Gift Aid On Rags – 1 of 3

# Slide 56

61

Sorting Process When Paid By Weight

SHOP FLOOR

Gift Aid On Rags – 2 of 3

Weight rag-

able items

Sort between sellable

and rag-able items.

Log and place into

rag bag

Control Sheet

~~~~~~~~~

~~~~~~~~~

~~~~~~~~~

When full, seal

bag and attach sheet

Con She

Control Sheet

~~~~~~~~~

~~~~~~~~~

~~~~~~~~~

When merchant arrives,

Obtain sheet and sell

# Slide 57

62

Control Sheet and Auditing

You must have an auditable control sheet.

The control sheet should include Donor ID/Barcode and weight.

Your EPoS system or control sheet should record the sales value.

Keep records for 4 years.

SHOP FLOOR

Gift Aid On Rags – 3 of 3

# Slide 58

63

Gift Aid can only be claimed on the amount you receive.

Don’t forget to include your “Shop Floor”

disclosure notice in your ads.

SHOP FLOOR

e-commerce

# Slide 59

64

If you are involved with Gift Aid you should be trained

Training shouldn’t just be for Head Office staff, it should include

store managers and volunteers.

Everyone should understand of Gift Aid works. This includes if a donor does not pay enough tax, the donor maybe liable to pay it back.

Records and evidence should be kept of who and how individuals where trained.

HMRC Ref – 3.42.29

SHOP FLOOR

Training – 1 of 2

# Slide 60

65

It’s time for a…

… and the answers

SHOP FLOOR

Training – 2 of 2

# Slide 61

Admin confidence

67

# Slide 62

68

ADMIN CONFIDENCE

Notifications

Gift Aid notification are compulsory and not optional.

Depending on your donor marketing preferences,

promotional/marketing information should be sent separately.

Specific wording must be used – Templates can be found online.

Template wording in italics is compulsory and cannot be changed.

Notifications can be sent by post or e-mail.

Logs should be kept when a notification has been sent out.

Logs should be kept of the wording used on each letter generation (Keep a sample).

Gift Aid Notification

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# Slide 63

69

Be sure to monitor inbox for failed/bounced back e-mails.

If an e-mail fails to be sent, print a letter (Ask for correct e-mail?).

If a letter fails to be delivered, update donors record “status” and

do not claim Gift Aid (On re-donation ask for correct address?).

Did the e-mail get sent successfully?

Did the letter get sent successfully?

ADMIN CONFIDENCE

Failed Notification

No

No

Yes

Do nothing

Send letter

Remove from Gift Aid

Yes

Do nothing

# Slide 64

70

ADMIN CONFIDENCE

Notifications – Standard Method

Standard

Template - https://tinyurl.com/o8arwzz

Letter should include:-

Net value (£XX.XX) – The net sales value minus commission and VAT.

Gift Aid being claimed (£YY.YY).

Total amount of Gift Aid claimed within the HMRC financial year (£ZZ.ZZ)

Donors should be given 21 days to claim Net value back prior to Gift Aid being claimed by charity.

# Slide 65

71

ADMIN CONFIDENCE

Notifications – Method A – In Year

Method A

Template - https://tinyurl.com/qbwo7qb

Letter should include:-

Net value (£XX.XX) – The net sales value in excess of £100, minus commission and VAT.

Gift Aid being claimed (£YY.YY) in excess of the £100 net sales value.

Total amount of Gift Aid claimed within the HMRC financial year (£ZZ.ZZ)

Donors should be given 21 days to claim Net value back prior to Gift Aid being claimed by charity.

# Slide 66

72

ADMIN CONFIDENCE

Notifications – Method A – End of Year – 1 of 2

Method A

Template - https://tinyurl.com/ppytm9q

Letter should include where net sales

values are less than or equal to £100:-

Net value (£XX.XX) – The net sales values within the HMRC financial year, minus commission and VAT.

Gift Aid claimed (£YY.YY) within the HMRC financial year.

# Slide 67

73

ADMIN CONFIDENCE

Notifications – Method A – End of Year – 2 of 2

Method A

Template - https://tinyurl.com/ppytm9q

Letter should include where net sales

values are above £100:-

Net value (£XXX.XX) – The net sales values within the HMRC financial year, minus commission and VAT.

Total amount of Gift Aid claimed within the HMRC financial year (£ZZ.ZZ)

Donors should be given 21 days to claim Net value back prior to Gift Aid being claimed by charity.

# Slide 68

74

ADMIN CONFIDENCE

Notifications – Method B – In Year

Template - https://tinyurl.com/qzlxdvs

Letter should include:-

Net value (£XX.XX) – The net sales value in excess of £1000, minus commission and VAT.

Gift Aid being claimed (£YY.YY) in excess of the £1000 net sales value.

Total amount of Gift Aid claimed within the HMRC financial year (£ZZ.ZZ)

Donors should be given 21 days to claim Net value back prior to Gift Aid being claimed by charity.

Method B

# Slide 69

75

ADMIN CONFIDENCE

Notifications – Method B – End of Year – 1 of 2

Method B

Template - https://tinyurl.com/q2be33e

Letter should include where net sales

values are less than or equal to £1000:-

Net value (£XX.XX) – The net sales values within the HMRC financial year, minus commission and VAT.

Gift Aid claimed (£YY.YY) within the HMRC financial year.

# Slide 70

76

ADMIN CONFIDENCE

Notifications – Method B – End of Year – 2 of 2

Template - https://tinyurl.com/q2be33e

Letter should include where net sales

values are above £1000:-

Net value (£XXX.XX) – The net sales values within the HMRC financial year, minus commission and VAT.

Total amount of Gift Aid claimed within the HMRC financial year (£ZZ.ZZ)

Donors should be given 21 days to claim Net value back prior to Gift Aid being claimed by charity.

Method B

# Slide 71

77

End of Year notifications should be sent between 6th

April – 31st May.

If Gift Aid has already been claimed (Either automatically for net sales values under £100/£1000 or using in an “In Year” notification letter), the donor cannot claim back the net sales value.

ADMIN CONFIDENCE

Notifications – Addendum 1 – End of Year

Method B

Method A

# Slide 72

78

ADMIN CONFIDENCE

Notifications – Frequency, Timing & Donor Claims

Gift Aid can be claimed as frequently as a charity requires – once a month, quarter, year.

Consider only writing letters for larger sales values – how

much does a stamp cost?

Remember donors can claim\* their money back – Do

you really want to send letter during or after Christmas?

Donor claims\* are rare. If the donor wishes, you do not have give all the money back.

\* Subject to Gift Aid method.

# Slide 73

79

Get recognised by HMRC. Sign up here –

https://tinyurl.com/jwcu7ax

Change of authorised person. ChV1 form here –

https://tinyurl.com/y2pqzhj6

Spreadsheet (ODS Format) can be found here - https://tinyurl.com/y3sduegh (Alternatively a paper based ChR1 can be ordered from HMRC)

ADMIN CONFIDENCE

GOV.UK – 1 of 2

# Slide 74

80

ADMIN CONFIDENCE

GOV.UK – 2 of 2

# Slide 75

HMRC

Compliance

Keeping HMRC happy

81

# Slide 76

82

HMRC COMPLIANCE

HMRC – Stats – 1 of 2

67,180

66,210

68,360

63,180

66,370

63,740

67,060

68,690

70,810

71,980

72,200

73,050

71,350

64,000

66,000

68,000

70,000

72,000

74,000

Number of charities

62,000

60,000

58,000

2007-08 2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17 2017-18 2018-19 2019-20

Year

UK charity tax relief statistics – GOV.UK

All Charities Claiming Gift Aid

# Slide 77

83

HMRC COMPLIANCE

HMRC – Stats – 1 of 2

950

1010

1080

1060

1040

1050

1200

1260

1270

1260

1350

1400

900

800

600

400

200

0

1000

1200

1400

1600

2007-08

2008-09

2019-20

Amounts In £ Millions

2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17 2017-18 2018-19

Year

UK charity tax relief statistics – GOV.UK

Tax Repaid To Charities

# Slide 78

84

In 2019 – 2020 tax year, HMRC paid out £1.40bn.

In 2018 – 2019 tax year, HMRC paid out £1.35bn.

Approx. 70m Claimed In Retail Gift Aid.

Approx. 8%-10% is either incorrectly claimed from HMRC or insufficient tax paid been to HMRC.

Approx. 8%-10% is claimed fraudulently.

If the “Tax Gap” isn’t reduced, HMRC may impose stricter guidelines – Capturing Date of Births and National Insurance numbers.

HMRC COMPLIANCE

Over Claimed Gift Aid

# Slide 79

85

How does HMRC choose who to audit?

If you are chosen to be audited it doesn’t necessarily mean your doing anything wrong. HMRC will usually issue a questionnaire prior to turning up.

HMRC Ref – 7.2 & 7.3

HMRC COMPLIANCE

Will HMRC Audit Me? 1 of 2

Whistleblowing Risk

Random

# Slide 80

86

Where could the audit take place?

Audits usually cover the entire business operation, not just Gift Aid.

HMRC COMPLIANCE

Will HMRC Audit Me? 2 of 2

Shop

Head Office

HMRC Offices

# Slide 81

87

An auditor will ask to…

Evidence sales under the GA scheme against specific donors (Audit trail).

Be able to produce a GAD form on demand (Physical or electronic).

Produce a copy of any notification letters/e-mails sent (E.G – Standard Method/In Year/End of Year letter/e-mail notifications) – Template and log is usually acceptable.

Produce a copy of any notification about changing Gift Aid method (E.G – Changing from Standard Method to Method A) – Template and log is usually acceptable.

Show logs and/or notifications where a donor has requested an address

change, cancellation or status change (E.G – Non tax payer).

HMRC COMPLIANCE

HMRC – Records & Audit – 1 of 3

# Slide 82

88

HMRC COMPLIANCE

HMRC – Records & Audit – 2 of 3

An auditor will ask to…

Produce a copy of any Gift Aid declaration letters/e-mails sent to a donor after a oral/verbal consent was given – Template and log is usually acceptable.

Show all previously submitted Gift Aid claims.

Method B only – Show how net sales proceeds are transferred to the

charity (Finance team).

See evidence of store and head office Gift Aid training records.

Show your Gift Aid “Self Audit” records.

Look at previous Gift Aid claims.

# Slide 83

89

Common problems found…

Missing Gift Aid Declaration forms.

Missing information from GAD forms.

Incorrect/Lack of wording on the GAD forms.

Incorrect/Lack of wording on Gift Aid letters.

Unable to show audit trail between donations and sales.

Usually an auditor will give you the opportunity to a “repair” a

situation if possible (E.G – Re-sign A GAD if it’s missing).

HMRC COMPLIANCE

HMRC – Records & Audit – 3 of 3

# Slide 84

90

The charity must undertake regular or sample based

internal self audits.

Records of the audits should be stored.

Can you show a clear audit trail for a sample of donors you have claimed against?

Gift Aid Audit Check List…

HMRC Ref - 3.42.29

HMRC COMPLIANCE

Internal Gift Aid Audit

# Slide 85

91

HMRC Ref - 7.12.2

HMRC COMPLIANCE

HMRC – Fines

# Slide 86

92

HMRC COMPLIANCE

HMRC – The “Do’s and Don’ts”

Be upfront & honest

Don’t hide things

Follow the rules

# Slide 87

Surgery & Questions

94

# Slide 88

95

How could you improve Gift Aid sales in your company?

SURGERY & QUESTIONS

How To Improve Gift Aid – 1 of 3

# Slide 89

96

Always ask – If you don’t ask, you don’t get! HMRC estimate

£587m is not claimed.

Gift Aid Champions – Nominate someone to be the go to person if there is ever a question.

Train everyone – If people are confident, they are more likely to succeed.

Sell the dream – What could that extra money do for your

charity?

Be positive – A positive store manager means a positive

volunteer.

Be inclusive – Ask the staff how would they go about improving Gift Aid?

Personal opinions – Whatever your view on Gift Aid, give the

potential donor a choice.

SURGERY & QUESTIONS

How To Improve Gift Aid – 2 of 3

# Slide 90

97

Preparation is key – Have all relevant media ready (GAD Form,

Donor ID Cards, Pens, Clipboard, etc.).

Don’t dismiss elderly people – If they are retired, they may pay tax on there pensions.

Consider implementing “Gift Aid Focus Weeks” – Putting more emphasis on Gift Aid than usual (Badges, T-Shirts, etc).

Remind potential donors Gift Aid is quick and simple – All that’s

needed is a few details (E.G – Name, address & signature).

It’s “free” – It’s costs the donor nothing if they’ve paid the

sufficient tax and has no bearing on tax contributions.

Parking at the rear – Make a sign and let people know where to drop off.

Get a buzz – Can Gift Aid contributions be soft credited to a

stores P&L sheet (As long as the P&L is not linked to pay).

SURGERY & QUESTIONS

How To Improve Gift Aid – 3 of 3

# Slide 91

98

HMRC Ref – 3.42.29

SURGERY & QUESTIONS

Targets, League Tables & Incentives

Targets

League Tables

Incentives

# Slide 92

99

Someone passed away – Update all donor/supporter/CRM

databases (E.G – RIP Lists).

Someone's status changed – Update all donor/supporter/CRM databases (E.G – No longer a tax payer).

Address changed – Update all donor/supporter/CRM databases (E.G – Someone's moved house).

Consider postcode lookup tools – These can increase speed and

accuracy at store and head office.

Be careful about upcycling/refurbishing products.

SURGERY & QUESTIONS

Tips – 1 of 2

# Slide 93

100

Foreign addresses are fine – As long as you are a UK tax payer.

Method A – You can choose a value up to £100.

Method B – You can choose a value up to £1000.

Where possible, a GAD form should be filled out by the donor.

Cheque payments – Make sure the cheques have cleared before claiming Gift Aid.

Volunteer expenses – If they choose to re-donate part or the full

amount, this should be treated as though it is a new donation.

Gift Aid must be a “Free Will” donation.

HMRC will within 4 weeks for online submissions or within 5

weeks for postal submissions.

SURGERY & QUESTIONS

Tips – 2 of 2

# Slide 94

101

Michael Fleming Project Manager

E-mail – Michael.Fleming@nisyst.co.uk

CONTACT INFORMATION

Details

# Slide 95

Thank you

(Don’t forget your feedback forms)

102

# Slide 96

103

This training guidance has been prepared by NISYST to assist in the training of shop staff and volunteers and administration staff regarding the operation of the Retail Gift Aid scheme.

This training guidance explains the importance of Gift Aid and the things that you need to

do when making sales under the Retail Gift Aid scheme.

This guidance is based upon the HMRC requirements as at April 2020. This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice.

Please contact NISYST to discuss these matters in the context of your particular circumstances. NISYST, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

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