

Stewardship Briefing Note
Charities Online:
a guide to Gift Aid claims from April 2013
(updated April 2013)



**A brief guide to churches for April 2013 on major changes to Gift Aid claims
Requires urgent action**

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1 Introduction

In the 2011 budget, it was announced that the HMRC was planning to launch *Charities Online*, which would enable charities to submit Gift Aid repayment claims electronically. HMRC have recently confirmed that charities can sign up for the new service from *22 April 2013*. The current R68(i) claim form can be used until 30 September 2013 but thereafter *will no longer provide a valid means of making a gift aid claim*.

It is worth noting that although the R68(i) form can be used until the end of September, Gift Aid Small Donations Scheme claims cannot be included, and as such, and to alleviate any last minute panics, we would suggest that churches move to one of the new claims methods as soon as is practical.

As the new system replaces the widely used and relatively well understood R68(i) Gift Aid and tax repayments claims form, *most churches will need to quickly come 'up-to-speed' with the new arrangements*. These new arrangements include changes to the information that will need to be submitted with the claims as well as to the claims process itself.

The changes will impact churches in different ways and, with very little time to understand the new requirements, this Briefing Note (updated to reflect the most recent HMRC guidance) attempts to provide a better understanding of what the new requirements will mean for your church.

2 Claiming Gift Aid

The current R68(i) form which you complete and then print out and post to HMRC will be replaced by three new options. You will be able to;

1. Claim online

Expected to be used by charities with under 1,000 donors per claim – this will be the majority of churches); or

2. Claim through your own database

Expected to be used by large charities with 1,000 or more donors per claim); or

3. Claim using a paper form – ChR1

Unlikely to be appropriate if more than a handful of donors.

For most churches and charities, option 1 'claim online', will be the appropriate option. However, option 2 allows for charities to make use of specific functionality that may be incorporated within their accounting package or client databases, or to make use of separate software able to extract the necessary data from existing systems. This may make option 2 more popular than HMRC currently expects.

Only the very smallest churches are likely to continue to use paper forms.

Option 1: Claim online

Overview

This option is expected to be the one that most churches will make use of. A new online claim form is submitted with a spreadsheet attached containing the details of up to 1,000 donors. The form and the required spreadsheet template can be accessed through the HMRC website as part of the Government Gateway, which churches and charities will need to log into to access their account (see appendix 3 for details of how to register your charity for the Gateway if not already registered). Churches must use the spreadsheet template provided and will not be able to simply use their own spreadsheet program.

This donor information is required in a specific form, and a series of downloadable spreadsheet templates are available at www.hmrc.gov.uk/charities/online/index.htm. You are able to 'cut and paste' donor information *into the HMRC template* from other spreadsheets that you may already use but, unless HMRC's requirements are stringently adhered to, formatting errors may result in claims being rejected, causing delay and potential cash flow implications. Appendix 1 provides contains a copy of one of the spreadsheet templates available from HMRC.

The spreadsheets are compatible with most widely used spreadsheet programmes and, as they can be locally stored on your own computer, donations can be tracked as they are received. Given that the submitted data must strictly comply to HMRC's requirements and will ultimately be copied into a downloaded template, it will be worth considering using an *official template* as your main record rather than amending currently used spreadsheets or designing new ones.

For those churches and charities that use accounting or fundraising software that generates your current R68(i) donations schedule, we would recommend that you contact your software supplier to see how and in what timescale they will be able to provide updated software that will enable the HMRC spreadsheet to be populated.

Of the specialist charity software providers that we have spoken to, Paxton has the functionality in its new release to produce the spreadsheet ready for attachment, whilst Sage 50 allows for a report to be run containing the data necessary to complete the spreadsheet. Data Developments has gone a different route, which is explained further under option 2.

Regardless of which software provider you use, it would be worth contacting them as soon as possible to understand how best their software is likely to be able to meet your requirements.

Characteristics and advantages

Claim online has some specific characteristics that distinguish it from the existing paper based method of claiming Gift Aid and some advantages too.

- The online claim form will ensure that you have entered the necessary charity and claim information in the correct format. This does not extend to the formatting of donor details (see both above and appendix 1).
- Once completed, the form will be submitted to HMRC automatically. The need to 'print and post' will be removed. This should improve both security and the speed of claim.

- Donor details (up to 1,000 donors), can be sent with the claim via an attached spreadsheet. Appendix 2 shows an example of this attachment.
- There will be no limit on the number of claims that can be submitted (e.g. claims can be submitted annually, quarterly, monthly or daily or any combination).
- Claim online also provides HMRC with better access to information which should enable fraudulent claims to be more easily identified.

Option 2: Claim through your own database

This route is intended for the larger charities (HMRC estimate that only the largest 100 charities will use this option) but can also be used to make smaller claims. This method allows charities to file one claim per day with the details of up to 500,000 donors. Charities wishing to use this option will either need to develop their own software (with the associated cost) or use suitable software provided by a supplier.

Although intended predominantly for use with larger charities, at least one charity oriented software provider (Data Developments) has suggested to us that once their clients see the ease with which claims can be submitted, this option is likely to become the preferred claiming method for those charities using its accounting software.

Option 3: Claim using a paper form (ChR1)

For very small churches and those not having access to the internet, there will be a new manual form (ChR1) that can be ordered from the HMRC Charities Helpline and completed for up to 90 donors. Charities will not be allowed to continue using the old R68(i) forms as they cannot be scanned in the way that the new forms can be. This method of claim looks to be a very time consuming process as:

- Everything has to be hand-written, in block capitals with each individual letter in an individual 'box' (like passport application forms).
- New original forms need to be obtained from HMRC and completed for each claim. Photocopies cannot be used. Therefore, all the details of name and address of each donor must be carefully handwritten in each time.

There is no restriction on the number of claims that can be made, *but* it must be remembered that the existing R68(i) forms *cannot be used*, nor can copies of previous claims, even if all the details remain the same.

We would not recommend this option for anyone other than the very smallest of churches and charities with just a handful of donors

3 Required donor information

Regardless of which option is to be used, all claims will have to have the following donor information;

- Title (optional)
- Donor initials or first name



- Donor surname
- Donor's address; this should be the house name or number and the postcode¹
- Date of donation
- Value of donation

Appendix 1 shows how to set out your donor details.

4 Transitional arrangements

HMRC have stated that to allow time for some customers to be ready for Charities Online, there will be a 'transitional period' until 30 September 2013 when 'old style claims' (R68(i)) claims will still be accepted, although these forms cannot be used to make a Gift Aid Small Donation Scheme claim.

Charities online also amends the guidance for both aggregated claims and sponsored events (see appendix 1). However, for those making use of the transitional period, the old guidance still applies. It is expected that the processing of claims via Charities Online will be up to 50% quicker than continuing to use the old paper based claims.

Although these transitional arrangements are helpful, we believe that for many churches and charities where Gift Aid is not only a major source of core funding but also where it is administered by volunteers, this timescale puts significant pressure on them to make the necessary changes in quite short order.

We would recommend that churches and Christian charities plan to make use of one of the new claims methods as soon as possible and try not to use these transitional arrangements unless really necessary.

5 Conclusion

The key change to churches and charities is that the R68(i) form cannot be used for reclaiming Gift Aid after 30 September 2013. We recommend that for all but the very smallest charities, making use of Charities Online, either by attaching a properly formatted spreadsheet to an online claim or making a claim through your own database will be the best option to follow.

For those continuing to use the old R68(i) forms during the transitional period, expect that there will be significant delays in processing claims. Also, it is worth being prepared for potential delays in the processing of online Gift Aid repayments by HMRC whilst the new system beds in.

Where charities are dependent upon Gift Aid repayments to provide operating cash flow, we recommend that plans are put in place to make regular claims and to consider contingency plans in the event that repayment is unduly delayed.

¹ This allow charities the time to obtain postcode information for donors where they do not currently have this information, transitional arrangements in place until April 2014 allow this box to remain empty. For donors with non UK addresses, this box will be left empty.

Appendix 1:

Charities Online: How to set out your donor details

When claiming using Charities Online, the donor details will need to be set out in the way specified by HMRC so that they can be entered into their system correctly. The required format is set out in this table.

Required field format on spreadsheet	Is this minimum information required to support a claim?	Maximum number of characters
Title	No	4
First name or initials	Yes	35
Last name	Yes	35
House name or number	Yes (You can also provide more of the address if you wish or if you need to because you do not have a UK postcode)	40
Postcode	Should be provided for UK addresses only (see note (a) below)	10
Aggregated donations	Only if claiming an aggregated donation (see note (b) below)	35
Sponsored Event	No	Yes or Blank
Donation date	Yes	DD/MM/YYYY
Amount	Yes	-

a. Postcode

Cannot be a foreign postcode – where the donor has a foreign home address, which can happen if they remain a UK tax payer, the foreign postcode should NOT be entered in the post code field.

b. Aggregated donations

This allows small donations of less than £20 (increased from £10) from different donors to be added together and shown as one entry. The total of each line must not be more than £1,000 (increased from £500).

c. Sponsored events

If you are entering donor details for a sponsored event, enter 'yes' in the sponsored event column. Otherwise leave this column blank. For claims made using Charities Online, all of the donations for someone taking part in a sponsored event can be put as one entry under the name of that participant. This means that you will not have to list every single donor who sponsored the person. However, for individual donations of more than £500 to a sponsored event, these will have to be separated out and listed individually on the claim form.



Appendix 2:

Gift Aid donations schedule



HM Revenue & Customs

Gift Aid donations schedule

How to complete this schedule:

Step 1 – Enter the date for the earliest donation you have received in the period that you are claiming for in Box 1.

Please note: This date should be the earliest date of a donation included in the schedule below.

Step 2 – Enter the amount of tax overclaimed in previous Gift Aid claims in Box 2. If you have not overclaimed any tax, leave this box blank.

Step 3 – Enter the details of each donation in the donations schedule table below. Enter values in pound sterling including pence.

Important note

You **must not** alter the structure or formatting of data in this schedule. If you do HMRC will **not accept** your schedule.

More information about how to fill in this schedule is available on the HMRC website by following the link below. You must be connected to the internet to access the guide.

► [Charities Online guidance](#)

Earliest donation date:
Box 1 (DD/MM/YY)

For schedules that include aggregate donations, the date entered in Box 1 may be earlier than any date entered in the donation date column of the donations schedule table below.

Previously over-claimed amount:
Box 2

Please enter the previously over-claimed amount for Gift Aid donations in Box 2.

The total below is automatically calculated from the amounts you enter in the schedule.

Total donations: £0.00

Donations schedule table

Item	Title	First name	Last name	House name or number	Postcode	Aggregated donations	Sponsored event (Yes/blank)	Donation date (DD/MM/YY)	Amount
1									
2									
3									
4									

Appendix 3:

How to register your charity for the Government Gateway

The registration process is not too complicated, but does require working through a number of different stages.

Stage 1: choose to register using a digital certificate or a User ID

You can register using a digital certificate or with a user ID and password. Unless you require the high level of security provided by using a digital certificate, registering with a user ID and a password will be the more appropriate and expected route to follow.

Stage 2: enter your details

Each field that requires an entry is marked with an *. All fields marked in this way *must* be completed.

Stage 3: enrol for government services

You are required to select the services that you want to enrol for. To successfully complete the registration, you must enrol for at least one service. The service required to claim Gift Aid online is not currently available, but will be when it goes live.

Stage 4: receive User ID and Activation code

Once you have registered and enrol for your first service, you will receive through the post a User ID which will be required each time you log in to Government Gateway. You will also receive an activation code to activate your first service.

Once activated, you will be asked to provide a password. Unless you use a digital certificate, logging on to the Government Gateway will subsequently require your User ID and this password. The activation code that you will be sent applies only to the services that you enrol for. If you enrol for additional services later, further activation codes will be supplied. Activation codes must be used within 28 days of receipt.

Stage 5: activate the service(s)

Activating the service is the final stage in the registration and enrolment process. Once activated, you can access that service over the internet.