



Gift Aid Small Donations Scheme (GASDS)

The Gift Aid Small Donations Scheme gives charities and CASCs a Gift Aid-style top-up on small cash donations without the need to get a declaration or collect any details from donors. The scheme applies to street collections, cash collections in a tin or plate, and to contactless payments.

The reliefs amount to a maximum additional payment per charity of £2,000 per year, or £2,000 per community building where the charity is fortunate enough to run charitable activities in one or more of these (see below).

HMRC's guidance on the scheme, which includes a number of detailed examples, can be accessed on the HMRC website [here](#).

This insight discusses the rules applicable to donations collected on or after 6 April 2017.

Summary of scheme

The top-up applies to any small cash donations up to a maximum of £8,000 of donations per year.

Small cash donations

Small cash donations are those of £30 or less in bank notes, coins or contactless payments. Donations must be received in the UK and deposited at a bank in the UK. They can include foreign currency.

Donations made by cheque, credit card, text or bank transfer do not count. There must be no benefits associated with the gift other than benefits of negligible value, for example, a lapel sticker. Membership fees are specifically excluded from the scheme.

Collectors will need some training to help identify whether a donation qualifies or not. For instance, any £50 bank notes should not be treated as a small donation. However, any bank note of £20 or below, and all coins, can be treated as small cash donations unless the charity or CASC is aware they were made as part of one single donation of over £30. Collectors will need clear guidelines on what constitutes a single donation.

Collections of multiple small cash donations, for example a church envelope containing several weekly donations each individually £30 or less, can qualify provided the charity official is satisfied that these are clearly separate 'small' donations and clearly stated as such.

Calculation of payment

The top-up payment is calculated as 20/80 of net cash donations, which are limited to the lower of either:

- £8,000 per tax year (so the maximum top-up would be £2,000)
- 10 times the net Gift Aid receipts of the charity in the tax year (for which it has made successful claims).

The charity must make a Gift Aid claim or claims for the tax year in which it claims the top-up.

For example, if a charity claims Gift Aid on £80 of donations in a year, receiving an income tax refund of £20, it can claim a Gift Aid Small Donations Scheme top-up on cash donations of up to £800. The top-up amount would be £200.

A tax year for the purposes of the scheme runs from 6 April in one year to 5 April in the next. This applies to claims by charitable companies even if they normally claim Gift Aid tax refunds according to their accounting year.

The £8,000 maximum donations limit is divided by the number of connected charities. Charities are connected if, for instance, they are controlled by the same person, or group of trustees. The charities will not, however, be treated as connected unless their purposes and activities are the same or substantially similar.

Eligibility

A charity can claim as soon as it is registered with HMRC. However, if a charity has incurred a penalty in respect of a Gift Aid or GASDS claim in a particular year, it cannot claim the top-up payment for that year or the following year.

Community buildings

Where charities carry out their charitable activities in community buildings, one £8,000 limit is available for donations made in the same Local Authority area as each community building. CASCs are not allowed to claim the community buildings top-up.

Charities can claim **either** the basic £8,000 relief for collections anywhere in the UK, **or** the relief of £8,000 per community building, but not both. As the community building relief is likely to be more generous for any charity which has more than one building, this will be the default, and charities will automatically be able to claim the larger amount. Connected charities with community buildings may if they wish, make a joint election to claim the basic amount, if this is more advantageous.

A community building is a building which is at least some of the time open to the general public, (or a section of the general public) such as a village hall or church. It must not be used wholly or mainly for residential or commercial purposes. Meetings at someone's home or at a charity shop premises would not qualify.

A charity carries out its activities in a community building if it carries out charitable activities with a group of ten or more of its beneficiaries (not employees, Trustees, or volunteers unless they are actually also beneficiaries) in the building on six or more occasions in the tax year. None of the group must be required to pay to enter the building. The activity must be the sort that the charity makes available to the general public, and also not be primarily for the purpose of fundraising. The activity must also be a group activity – for example, ten beneficiaries being counselled on a one-to-one basis in separate rooms would not count.

The charitable activities do not need to be carried out physically inside the community building so long as they are carried out in the same Local Authority area. This means that while the community building must be used for charitable activities, the collections need not be made during these activities.

HMRC's guidance suggests that schools would not qualify as community buildings for the school charity itself unless children who are not pupils of the school can join in freely with the charitable activity (i.e., the charitable activity is open to the public). Churches, synagogues and mosques should qualify as community buildings.

The guidance cannot cover all possible situations, and if it is not clear whether a building counts as a community building, or a collection qualifies for GASDS, we recommend that the charity makes a careful note of all the relevant circumstances and approaches HMRC for clarification.

Administration

The form to be used for claims is the online Gift Aid claim form, or paper form ChR1.

If a charity makes a claim for a year in which it turns out not to be eligible the amount must be repaid.

The time limit for making a claim is two years from the end of the relevant tax year. If a charity discovers that it has over-claimed for any reason it has 12 months to correct the over-claim by showing the over-claimed amount as an adjustment on a subsequent claim form.



Start the conversation

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