

# Gift Aid Small Donations Scheme (GASDS)

This information sheet is based on legislation published up to and including 5 April 2019



Since April 2017 there have been significant changes to the Gift Aid Small Donations Scheme. The 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](#).

## 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. Up to 5 April 2019 the limit was £20. 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.

### 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. Up to April 2017 charities needed to have operated for a minimum two year start up period, but this requirement has now been abolished.

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.

Since April 2017 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.

Since April 2017 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.

It appears that buildings such as theatres, art galleries or schools may qualify as community buildings, so long as members of the public are admitted to the premises (or part of the premises) without charge, on at least six occasions per year. HMRC's guidance suggests that schools would not qualify as community buildings for the school charity itself, but might for other charities (see below).

Churches, synagogues and mosques should qualify as community buildings, but until 5 April 2017 the donations had to be made during the charitable activities, which caused difficulties with fixed collection boxes.

## Community buildings — clarification

The legislation raises a number of difficult questions about community buildings which HMRC's guidance attempts to deal with. See the box for their views on a couple of the more difficult areas.

Extract from HMRC guidance (reference numbers are HMRC's):

---

**Carrying out charitable activities with a group of beneficiaries**

*8.18.4 The charitable activities must involve the participation of the group of at least 10 people at the same time. For example, a religious service, public lecture or support group may count as a charitable activity.*

*8.18.5 Activities where beneficiaries are not interacting as a group do not count as charitable activities. So 10 beneficiaries being counselled on a one-to-one basis in 10 separate rooms in the same building does not count as a qualifying charitable activity in a community building. Similarly, those engaged in private prayer, confession, looking around a museum or other such activities would not count, as these are not group activities.*

**Definition of a community building**

*8.19.3 A building may be a community building for one charity but not for another. For example, a school may be a charity in its own right. However, the school is unlikely to be a community building for the school charity unless, for example, any child that would be a beneficiary of the charity can attend the charitable activity even if the child is not a registered pupil. However, a school may hire out its premises to other charities and, if the activities of those charities meet the qualifying conditions, then the school may be a community building for them.*

---

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

### **Laurence Field**

Partner, Tax

020 7842 7280

[laurence.field@crowe.co.uk](mailto:laurence.field@crowe.co.uk)

### **Anne Wilson**

Director, Tax

020 7842 7179

[anne.wilson@crowe.co.uk](mailto:anne.wilson@crowe.co.uk)

## About us

Crowe UK is a national audit, tax, advisory and risk firm with global reach and local expertise. We are an independent member of Crowe Global, the eighth largest accounting network in the world. With exceptional knowledge of the business environment, our professionals share one commitment, to deliver excellence.

We are trusted by thousands of clients for our specialist advice, our ability to make smart decisions and our readiness to provide lasting value. Our broad technical expertise and deep market knowledge means we are well placed to offer insight and pragmatic advice to all the organisations and individuals with whom we work. Close working relationships are at the heart of our effective service delivery.



[www.crowe.co.uk](http://www.crowe.co.uk)

Crowe U.K. LLP is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe U.K. LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Crowe U.K. LLP.

This material is for informational purposes only and should not be construed as financial or legal advice. You are encouraged to seek guidance specific to your circumstances from qualified advisors in your jurisdiction. Crowe U.K. LLP is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales and is authorised and regulated by the Financial Conduct Authority.

© 2019 Crowe U.K. LLP