



# Gift Aid Starter Pack



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## An introduction to Gift Aid

Imagine what your school, trust, or parent-teacher association could do if donations to your organisation were increased by 25%.

It would substantially boost your income, giving you the financial freedom to purchase brand-new resources, enhance your curriculum, or further enrich your offering to pupils, students, and families.

Now, imagine that initiating the 25% increase in donations is within your grasp. In fact, you're already entitled to an extra 25%, thanks to Gift Aid.

Gift Aid is a scheme that increases donations made to UK charities and community amateur sports clubs by 25%, and Pebble's software Tali can help your school, trust, or parent-teacher association claim this additional income quickly and simply.

When you track your income through Tali, the software automatically generates claims forms in the format required by HMRC, meaning they are ready to be submitted immediately.

All you need to do is send the claims form and decide how to use the extra money.

If you've already read enough and you'd like to start claiming Gift Aid on your donations, give the Pebble team a call on 0845 310 1788. If you'd like to know more, keep on reading.





## Registering as a charity

In order for an organisation to claim Gift Aid, it must first be registered as a charity. This process can vary depending on the structure of your group or organisation.

Here, we take a look at the process for registering maintained schools, academies, and parent-teacher associations as charities.

### **MAINTAINED SCHOOLS**

You cannot register a maintained school as a charity. However, to receive the benefits afforded to charities, you can create a charitable body that's aim is to support the school.

The School Standards and Framework Act (SSFA) 1998 prevents the governing body of a community or community special school from being a charity. Therefore you will need to create a separate small charity that is responsible for fundraising activities using trustees that are not school governors.

This structure is similar to that used in foundation and voluntary schools. If your school is voluntary-aided, voluntary-controlled, aided, or a foundation trust, you do not need to register.

If not, you may want to consider registering your parent-teacher or friends of association as a charity. If that's not appropriate, consider creating a brand-new charitable body instead.

You must apply to register your charity with the Charity Commission if its income will exceed £5,000 per year.





To register a charitable body that supports your school, you need to:

- Choose a charity name, structure, and purpose.
- Confirm your charity trustees.
- Create a governing document.
- Check your eligibility.
- Register your charity.

## **SINGLE ACADEMIES & SINGLE ACADEMY TRUSTS**

Under the Academies Act 2010, all academies approved by DfE automatically become exempt charities. However, they still need to register as an exempt charity with HMRC. You will have done this during the academy conversion. If your academy is part of a trust, it only operates as an individual unless you register a new charitable body.

To confirm your academy with HMRC, you need to:

- Locate your HMRC reference number, which you will have received when converting.
- Login to the online services Government Gateway and enrol for charities service.

## **MULTI-ACADEMY TRUSTS**

A multi-academy trust (MAT) is also a registered charity. In the MAT structure, the academies are not individual organisations but all sit within the MAT. You will need to confirm whether the academies or the MAT are making the Gift Aid claim.

## **PARENT-TEACHER ASSOCIATIONS**

Unlike maintained schools and academies, parent-teacher associations (PTAs) aren't classified as 'exempt charities'. Instead, if registered with the Charities Commission, they fall into the category of a 'registered charity'.

Now, it is possible that your PTA has not yet been registered as a charity. However, this does not affect its status as a charity because, under charity law, any organisation with exclusively charitable purposes that operates for the benefit of the public is legally considered a charity.

If your PTA's income exceeds £5,000 per year, you are legally required to register with the Charity Commission through the government website. If your PTA's income does not exceed £5,000 per year, you do not need to register with the Charity Commission.

However, you will need to register with HMRC to be recognised as a charity for tax, and subsequently Gift Aid, purposes.

To register your PTA with the charities commission, you need to:

- Choose a charity name, structure, and purpose.
- Confirm your charity trustees.
- Create a governing document.
- Check your eligibility.
- [Complete the charity registration.](#)

# What Gift Aid can be claimed on

According to HMRC: "Every time an individual donates £1 to your charity, you can reclaim an additional 25p in Gift Aid from HMRC. Therefore, you can uplift your eligible donations by 25%."

For donations to be eligible for Gift Aid, they must be:

- A monetary gift made by an individual UK taxpayer.
- Not a direct payment for goods or services.
- Non-refundable.

However, if services or benefits are delivered in return for the donation — for example, an invitation to donate to the cost of repairing the school theatre equipment — they must not exceed HMRC limits as outlined below:

DONATIONS	MAXIMUM VALUE OF BENEFIT
Up to £100	Must not exceed 25%
£101 +	25% of £100 + 5% of £101 up to the total benefit value of £2,500





## Gift Aid donors

To become a Gift Aid donor, a person must:

- Be a UK taxpayer.
- Have paid as much in income tax or capital gains tax in that tax year as you want to claim in Gift Aid.
- Have completed a Gift Aid declaration to give you permission to claim it.

By filling out a single declaration, those who donate money to your school can increase the amount you receive by 25%. It can even be backdated upto four years.

If you find potential donors need further convincing, reassure them that it costs nothing to become a Gift Aid donor, and that they will be maximising the impact their donations have on supporting the next generation.

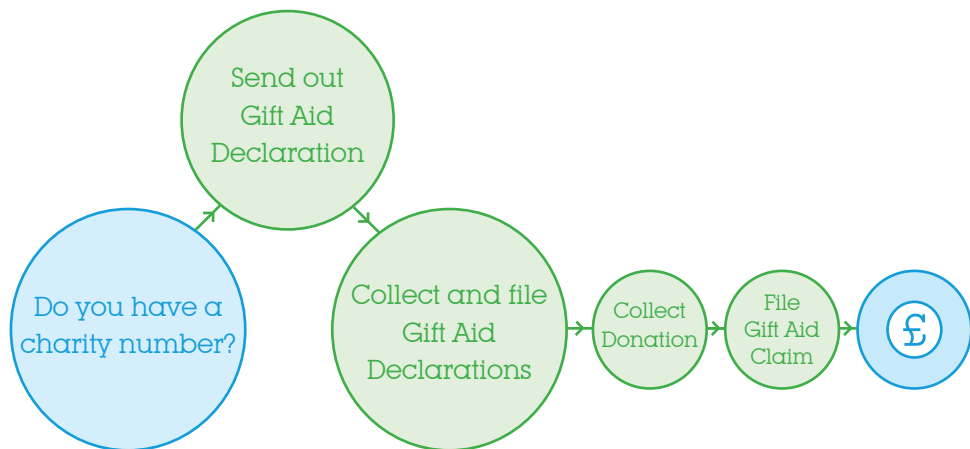




## Claiming Gift Aid

Now that you're registered as a charity or linked to a charitable body, and you know what income is eligible for Gift Aid, it's time to start claiming it.

Here's a quick rundown of the process:



## Gift Aid declarations

After reviewing the process, your first question might be: “what are Gift Aid declarations?”

Well, for a UK taxpayer to confirm their donations qualify for a Gift Aid repayment, they must complete a Gift Aid declaration (GAD), which can be presented in a number of formats:

- A fully completed and signed paper form given to your organisation.
- A printed declaration on collection envelopes in which donations are placed.
- An online declaration form completed digitally.
- A verbal declaration, providing the date and time of the verbal declaration is recorded and a follow-up confirmation document is sent.

Once you have a completed GAD from a person, any donations they make will qualify for Gift Aid. Should you require a GAD form, [you can download one here.](#)

### **DOCUMENTING AND RECORDING GADS**

It is your responsibility to keep all completed GADs safe, and you will be required to use them to prove your donations are eligible for Gift Aid. You may also be asked to produce these as part of an audit or by HMRC.

If you prefer to keep digital copies, original GADs can be scanned and stored electronically. You may then destroy the originals.

If any GADs are cancelled by the request of the donor, you must keep a record of the cancelled declaration and the cancellation date.



## UPDATING GADS

You must also keep the forms up to date. This can be achieved by sending requests to donors, at least once a year, to advise you of any changes to their details.

## CLAIMING GIFT AID WITHOUT A GAD

If you claim Gift Aid on payments from a donor who hasn't completed a GAD, you must repay the money claimed. If your records show you have received a GAD from a donor but you can't find it, you can send them a written confirmation of their original declaration.

## GIFT AID SMALL DONATIONS SCHEME

There is one exemption from requiring a GAD, and that comes from the Gift Aid Small Donations Scheme (GASDS). It allows you to claim 25% on cash or contactless card donations up to a total of £2,000 in each tax year from 6th April 2016.

To be eligible, your organisation must have claimed Gift Aid:

- In the same tax year you want to claim GASDS.
- Without getting a penalty in the last two years.

Your GASDS claim cannot be more than 10 times your Gift Aid claim. For example, you can claim Gift Aid on £1,000 worth of donations through GASDS if you've received £100 of Gift Aid donations in the same tax year.

To claim through the GASDS, you need to record the total of cash donations collected, the dates of collection, and the dates they were paid into a bank account. GASDS claims are made in the same way as Gift Aid.



# Donations — what counts and what doesn't

The HMRC states that:

"Only voluntary gifts or payments are eligible for Gift Aid. Simply describing a payment as 'voluntary' or a 'donation' does not make it eligible for Gift Aid."

## **USING THE CORRECT LANGUAGE**

When requesting donations, it is crucial to use the correct language. Remember:

- 'Donations' are voluntary, do not result in goods or services being provided, and are non-refundable.
- 'Contributions' are voluntary, result in goods and services being provided, and are refundable if necessary.

## **EXAMPLES OF 'VOLUNTARY DONATIONS'**

Donations that usually qualify for Gift Aid are those made in response to:

- Non-uniform days.
- Sponsored events.
- Building appeals.
- Equipment appeals.



## **WHAT AREN'T 'VOLUNTARY DONATIONS'?**

Situations where payments aren't considered 'voluntary donations' include:

- When access to educational services or facilities provided by the school is dependent upon the parents or relatives of students making a payment.
- When parents or relatives are asked to make 'voluntary contributions' to a school or school charity that are linked to the provision of services or facilities to related pupils, such as: tuition fees, school holidays, extracurricular activities, lessons, educational trips, or tickets for a school production.

This is because the payments are not voluntary, as the student receives a benefit paid for by a relative. However, these donations can be made to benefit other students who aren't related to the donor, in which case the donations would qualify for Gift Aid.

## **WHAT ABOUT SCHOOL TRIPS?**

Schools cannot charge parents for any school trip that is part of the national curriculum, but they may ask for a voluntary contribution toward the trip. For this contribution to be eligible for Gift Aid, the following must apply:

- Children of parents who do not contribute cannot be excluded from the trip.
- The contributions must be non-refundable, even if the trip does not go ahead or if the donor's child does not go.
- Any benefit — such as travel costs, insurance, or entry fees — must not exceed maximum levels of allowable benefit for the donation.
- The school must tell parents that the contribution is not compulsory.

## EXAMPLE:

- **Doesn't qualify** — The cost of an educational trip to a local museum amounts to £16 (transport £5, entry £10, and brochure £1). The school asks for a voluntary contribution of £20.

The payment of £20 cannot be made under the Gift Aid scheme as the benefit of £16 exceeds the maximum value of benefit limit of 25%.

- **Does qualify** — The cost of an educational trip to a local museum amounts to £16 (transport £5, entry £10, and brochure £1). The school asks for a voluntary contribution of £16 + £4 voluntary donation.

The payment of £16 cannot be made under the Gift Aid scheme, but the voluntary donation of £4 can, and an extra £1 (25%) can be claimed through Gift Aid.



## OTHER TYPES OF WAYS TO RAISE VOLUNTARY DONATIONS

### Sponsorship events and efforts

Donations made in response to many sponsorship events and efforts will be eligible for Gift Aid. Here are just a few ideas:

- **Sponsored cleanup** — Organise a community cleanup project and ask parents and supporters to sponsor the children and their hard work. To maximise support, ask for a donation amount for each road mile cleaned.
- **Getting active** — Plan a colour run, sports event, or sponsored race or walk and ask sponsors to donate for every lap completed.
- **Crowdfunding** — Set up a crowdfunding page to raise money for new school or equipment or to cover the cost of building maintenance and repairs.
- **Monthly donations** — Ask eligible parents to set up voluntary monthly direct debit donations to cover the costs of school equipment for all pupils to use.
- **Contact businesses** — Task pupils with writing to local businesses asking their staff to consider donating and telling them why.
- **Engage celebrities** — Contact local celebrities, ask them to donate, and tag them on social media to thank them and encourage others to contribute.
- **'Suggested donation'** — Include a 'suggested donation' amount to any letter sent to parents detailing trips and events.

Any costs associated with the event or efforts must be met by the participants so sponsorship money is, in its entirety, for the benefit of the school or trust. You must keep sponsorship forms, completed with donor details and Gift Aid eligibility, and bank records of deposits.



## **HISTORICAL DONATIONS**

You can back-date Gift Aid claims on donations made within four years of the end of the financial period you received it in, or the date at which you became an exempt charity — whichever is most recent.

You must, however, claim on cash donations under the Gift Aid Small Donations Scheme (GASDS) within two years of the end of the tax year they were collected in.

Historical donations can include:

- Non-uniform day collections.
- Alumni donations.
- Sponsorship for charity events.
- Other donations.

## **SELLING DONATED GOODS ON BEHALF OF INDIVIDUALS**

Gift Aid can be claimed on the income from the sale of supporters' goods.

A school can set up a charity shop and offer to act as an agent for private individuals and sell goods on their behalf. It's important to note that, in this scenario, at the point of sale the funds actually belong to the individual.

The school can then ask the owner of the goods to donate the sale proceeds to the charity. If the owner agrees to donate the sales proceeds to the charity, Gift Aid can be claimed by the charity on the net sale value, subject to all conditions being satisfied.



## Gift Aid calculator

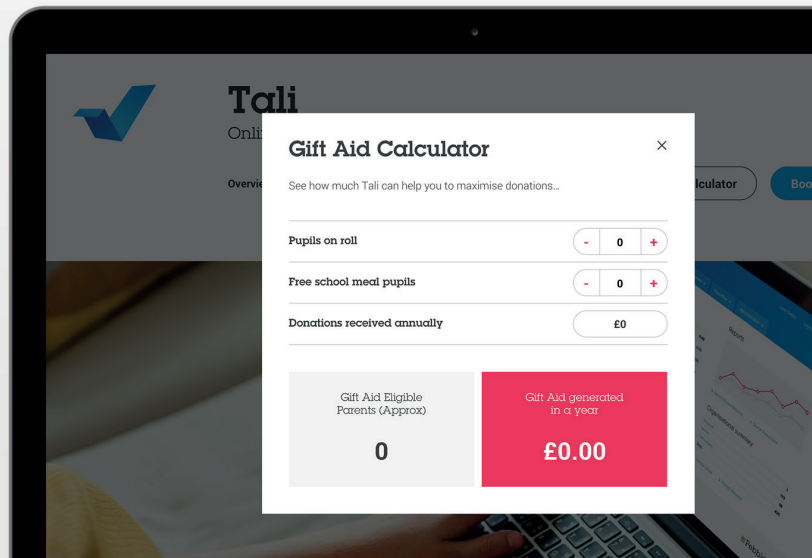
The Pebble team has created a handy Gift Aid calculator that shows just how much money your school or trust is missing out on by not claiming Gift Aid.

To find out how much further donations to your organisation can go, enter the total number of pupils on roll, and the number of those pupils who receive free school meals.

This second figure is important, as the parents of pupils who receive free school meals are receiving Universal Credit, which means they aren't UK taxpayers and are therefore not eligible for Gift Aid.

Then, enter the amount each Gift Aid-eligible parent donated to your school. The final figure will show the amount of additional income you can receive by claiming Gift Aid.

**Try it out for yourself! Go to: [www.mypebble.co.uk/tali#popup-gift-aid-calculator](http://www.mypebble.co.uk/tali#popup-gift-aid-calculator)**



## How Tali makes claiming Gift Aid easy

Pebble's Tali is a digital tool that makes it easier for schools, multi-academy trusts, or parent-teacher associations just like yours to account for voluntary donations and receive their share of the more than £600m in Gift Aid that goes unclaimed each year.

Whether you're a rural "Friends of" PTA or a large multi-academy trust, Tali gives you everything you need to manage your income, keep track of donors, and complete your Gift Aid submissions for HMRC.

### **EFFORTLESSLY ACCOUNT FOR EVERY DONATION**

Our streamlined donation entry process makes it even easier for you to record contributions made to your organisation. You can enter multiple transactions at the same time, flag them as Gift Aid eligible, and assign donors from one single interface, so you can be sure you're keeping track of every penny.

What's more, Tali automatically alerts you if you haven't got all the details you need to claim Gift Aid, so you can update them immediately and make sure you receive the extra income you're entitled to.

### **AUTOMATICALLY GENERATE CLAIMS TO HMRC**

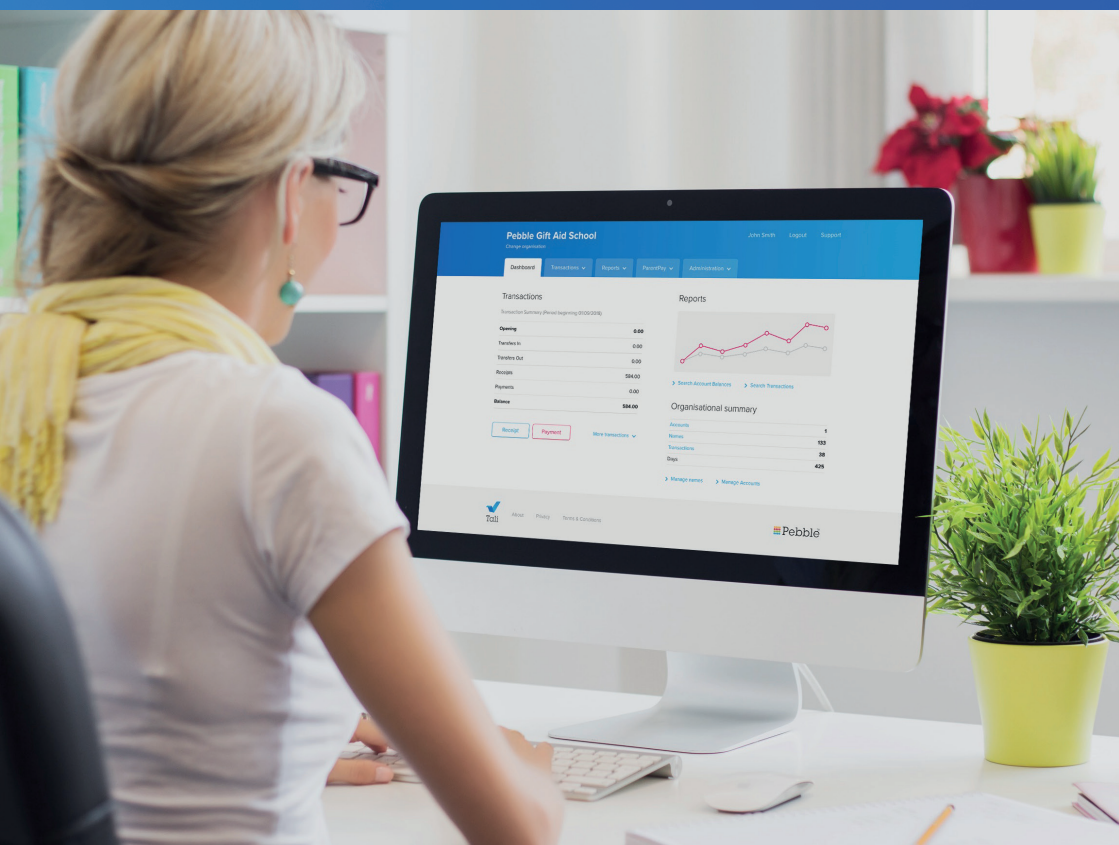
In Tali, completing your Gift Aid submission to HMRC is a breeze. When you're ready to submit your claim, at the click of a button, Tali generates a fully formatted report that's ready to be submitted to HMRC at the click of a button.

If you're used to the repetitive cut and paste process for filling in Gift Aid claims forms, you'll find relief in Tali's ability to produce accurate submission forms that meet HMRC's latest standards.

## MANAGE DONATIONS MADE THROUGH ONLINE PAYMENTS

Tali integrates directly with your online payments, creating synergy between your payment systems. If your school accepts online payments for uniform, trips, or catering, you can also use it to ask for voluntary donations.

Simply create a payment item for your fundraising, and Tali will handle the rest; automatically importing donations and matching them with the appropriate Gift Aid donors ready to be included on your next claim.





## The future of school income?

Throughout the year, parents make a series of payments to their child's school to cover residential trips, fundraisers, sports days, and other events.

Individually, these payments are not eligible for Gift Aid as they are made in return for goods or services. However, if parents and carers were to make a monthly voluntary donation to a central fundraising account, then that income would be eligible for Gift Aid and a 25% increase.

The beneficiaries would be other pupils and the school, which could then use these funds to enhance and enrich the delivery of learning for all children.

We call this the 'One-School Methodology'.

We think it's the future of school income, and we'll be talking about it much more in the near future.

## Increase your income with Tali

We made Tali to make claiming the additional income your organisation is entitled to fast and easy.

If your school, trust, or PTA can't afford to miss out on increasing its donations by 25%, get in touch with the Pebble team today and we'll show you the power of Tali.

# Further Reading

## **Charities Act 2011**

<http://www.legislation.gov.uk/ukpga/2011/25/contents>

## **Charitable purposes and public benefit**

<https://www.gov.uk/government/collections/charitable-purposes-and-public-benefit>

## **Charities and charity trustees: An introduction for school governors**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/350448/intro-for-school-governors.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/350448/intro-for-school-governors.pdf)

## **Set up a charity**

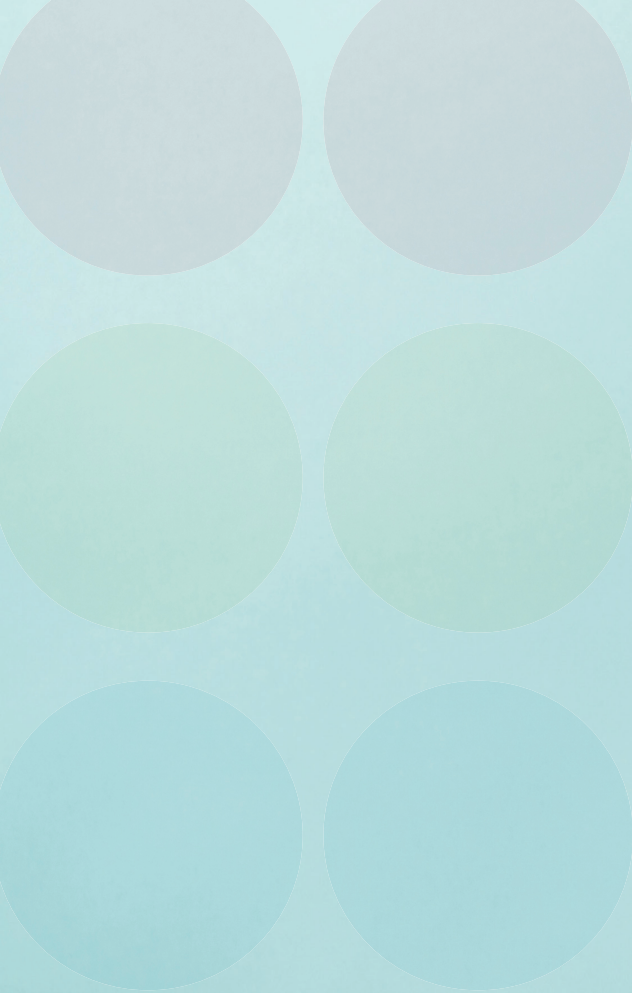
<https://www.gov.uk/setting-up-charity/register-your-charity>

## **Claiming Gift Aid as a charity or CASC**

<https://www.gov.uk/claim-gift-aid/print>

## **Gift Aid donation claims for charities and CASCs: Donations to schools, charities involved in running schools, and educational trusts**

<https://www.gov.uk/guidance/gift-aid-what-donations-charities-and-casc-can-claim-on#donations-to-schools>



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