

Answers to your top Gift Aid questions

Gift Aid means any registered charity, including independent museums, can claim 25p from the government for every £1 they receive from supporters and donors who are UK taxpayers.

It's a great way to increase your income, especially since Gift Aid is worth £1.3 billion each year to the charity sector. But research from 2016 estimated that more than £500 million goes unclaimed annually. That amount of money could make a huge difference to organisations right across the charity sector, and, more importantly, to the people and communities you work with.

To help museums make the most of Gift Aid, CFG helped answer AIM members' top questions.

Do I have to record everyone's details if they are doing gift-aided entry?

For Gift Aid, HMRC needs initials, last name, house number and postcode and you need a Gift Aid declaration which you can find at www.gov.uk/claim-gift-aid/gift-aid-declarations. HMRC's preference is to collect full first names, but as yet they are not insisting.

If you're collecting small cash donations you might want to think about doing that under the Gift Aid Small Donation Scheme GASDS rules instead, then you don't have to have details – www.gov.uk/claim-gift-aid/small-donations-scheme

Do you have to verbally inform every customer of the standard price, only those who cannot, or choose not to Gift Aid, or do you rely on the customer to ask for the standard price?

It is difficult, but HMRC expect that you will inform every visitor and if you are chosen for an audit, they will check whether or not that happens. Here's what HMRC say:

You'll need to clearly advertise their normal entry fee and make it clear to all visitors that they will be allowed entry when they pay the lower admission charge if they choose not to make an additional 10% voluntary donation. You can explain the choice to pay the standard entry fee or the 10% or more donation amount on your admission signage and website. The options should be explained by staff or volunteers at the time of asking for payment.

Can museum visitors claim Gift Aid for donations in retrospect?

You can make claims up to 4 years after a donation has been made – but you can't retrospectively decide that past admissions are now donations and can be gift-aided.

Can museum members claim Gift Aid on their annual membership?

Memberships are tricky, it depends on what benefits the members get back. You can find this here: <https://www.gov.uk/guidance/gift-aid-what-donations-charities-and-cascs-can-claim-on#membership-subscription>

Newsletters can only be about your work – e.g. a rail museum magazine with articles on railway history and not just its exhibitions are seen as a benefit so memberships couldn't be gift-aided.

My reading of the rules for claiming Gift Aid on Small Donations – i.e. those given by visitors at the museum – is that it can only be done when there are at least 12 people in the museum at one time?

There were tricky rules about Community Buildings when it was first introduced, but you don't need to worry. If you aren't claiming as a Community Building, you're fine. You can potentially claim extra GASDS if you have a number of Community Buildings:

<https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme#community-buildings>

We are all volunteers and 70 years old plus and so our knowledge of modern technology is basic. We realise that we are missing out on some extra income but have the first idea of how to proceed.

Why not talk to your local CVS? Someone like that will be able to start you off and it's not hard from there – honest!

Could you give some clear guidelines about how much of a Friends membership can be gift aided? In your experience, is an acceptable percentage?

This depends on what people get back. In practice it varies from 0 to 100%. It really does depend on what you are giving to your members – look at the value of that and split the fee between “charge” and “donation”. Take advice in each case.

Please could I get some general advice on the advantages (or not) of claiming Gift Aid on admissions – thus using the exemption from VAT – against the benefits of charging VAT on admissions but reclaiming VAT on costs of conservation, restoration and operations. I am in particular considering the position of a working museum which successfully operates Gift Aid but has quite high running costs and can't reclaim VAT if claiming Gift Aid.

My understanding of the cultural exemption is that it is not a matter of choice. If you are an eligible body, then admissions are exempt, and your museum fulfils those criteria. It is not dependent on whether or not you claim Gift Aid.

It would be a matter of doing some calculations. Is the amount of gift aid that you claim higher than the amount of irrecoverable VAT you suffer? What would the impact be of having to charge VAT on your admissions? And if you think it would be beneficial, then you would have to find some other vehicle for selling your tickets & managing the running costs so that you were in a position to operate VAT – but that would have to be commercially sustainable and not supported by charity funds.

Someone has donated an item to us (before my time and there is no formal paperwork). We have now decided that the best course of action would be to sell the item and put the money to our education programme. They would like to gift aid this money. If it still belonged to them, I am assuming we could sell it on their behalf and they could gift aid the money, as it was 'donated' however unofficially to us in the past, where does that leave us?

Unfortunately, Gift Aid can only be claimed on gifts of money – and as you say, this item was donated a while ago and so I can't see a reasonable way around it. You can't give it back for them to sell as the charity has a responsibility to its property.

And if it still belonged to them – they would have to sell it – because it isn't a charity shop, selling something on their behalf is not allowed (HMRC clarified this a couple of years ago).

As I consult for a number of museums and heritage sites, I often come across venues that could benefit from introducing Gift Aid. What is the simplest way to set up a Gift Aid

scheme – what steps would they have to take, what resources would they need and what issues should they look out for?

As with everything the actual mechanisms will depend on who is carrying them out – larger organisations will be likely to have software to manage their Gift Aid and donors, some organisations may use accounting packages that manage Gift Aid for them, and some may keep records on a simple spreadsheet, with declarations and correspondence neatly filed in a ring binder, but the basic principles are always the same. I'd talk to local museums about their systems to see the practicalities of what kinds of files they hold.

You don't need to be large at all – I help a local choir and they find it's worth doing gift aid for their 40 members and don't find it hard. It is easier though if you have someone who is handy with a spreadsheet.

And the first two things I advise are bookmark this page <https://www.gov.uk/claim-gift-aid> and note down the HMRC helpline number 0300 123 1073 – other HMRC helplines may not have a great reputation – these people are lovely, answer quickly and are really helpful.

Following the GOV.UK guidance is pretty straightforward and I'm not sure that anyone has written it more clearly and concisely than their basic how to guide so start there and follow those steps.

In terms of resources – at a basic level, a few files, an ordered approach and a bit of confidence with technology (spreadsheets and submitting forms to HMRC) are all you need, but you can go as complex as you like with CRM systems and ticketing technology.

The issues to look out for are

- The rules on admissions are counter intuitive, so check them out every time you are thinking of introducing gift aid, or a change to your entry fee structure:
<http://bit.ly/giftaidadmission>
- Benefits – always watch out for what you are giving back to people who are making donations because it is easy to be caught out by giving what you think is a simple thank you, but HMRC thinks is a valuable benefit. A reception for a company that has given you a donation for an event might well be seen as trading, and as a payment for a service not as a donation.

Are there any useful websites to find out more about Gift Aid?

https://cfg.org.uk/knowledge-hub/gift_aid_resource_hub

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

<https://ciof.org.uk/>

Can Gift Aid be applied to event sponsorship?

Another “it depends” answer! You can't get Gift Aid if the donor gets something of value in return. That might include entry tickets, or a named event. Check out the rules and take on advice in each case – www.gov.uk/guidance/gift-aid-what-donations-charities-and-cascs-can-claim-on#the-benefit-rule

Our history society members pay an annual subscription for which they get a biannual magazine and five lectures. Can Gift Aid be paid on the subscriptions?

This is a really good membership question. This sounds like these would be benefits, so now we're looking at whether you might split the fees. You can ask your members to pay a certain amount for the benefits they get and an amount on top of that for 'membership' – and then you can claim Gift Aid on the amount on top. Find out more in Chapter 3 on the Government's Gift Aid publication: <https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid#chapter-337-membership-subscriptions>

We get numerous small cash donations but no indication about the donors (by name or amount). Can Gift Aid be claimed?

The Gift Aid Small Donations Scheme is a top up scheme precisely for these kinds of donations, and if you claim Gift Aid, it's really easy to claim for this too, for cash or contactless donations of £30 or less. Find out here: www.gov.uk/claim-gift-aid/small-donations-scheme

Further support

AIM members get free membership of CFG giving access to a range of financial expertise and resources. Find out more and sign up here:

<https://www.cfg.org.uk/aim>

And click here for the CFG Gift Aid resource hub, where you'll find free information, tools and resources:

https://cfg.org.uk/knowledge-hub/gift_aid_resource_hub

The specialist charities team at Associate Supplier Azets can provide high quality compliance, governance, taxation and advisory services, including Gift Aid queries.

<https://aim.methreeclients.co.uk/suppliers/free-consultation-on-exhibition-tax-relief-from-azets/>