

Gift Aid practical issues working group

Discussion with HMRC about data issues - 8 March 2019

In attendance

Richard Bray, Charity Tax Group/Cancer Research UK; Peter Honiball, Royal British Legion; Lisa Barton, Age UK; Jacky Blanks, Barnardo's; Eva Martinez, British Heart Foundation; Emily Applegate, Cancer Research UK; Chris Lane, Charity Tax Group; Alan Causer, Anne Bloxam, Neil Paterson, Pauline Grant, Phil Sears, HMRC.

Overview

The intention of the meeting was to identify a set of common issues for clarification by HMRC which could then be publicised more widely, most probably through the CTG website and which could be in the form of HMRC approved FAQs. This followed a meeting in May 2018 when officials from HMRC Charities Operations Team attended a meeting of CTG's Gift Aid practical issues working group to kick-start this process.

The charity view was that the existing Gift Aid guidance in "[Chapter 3](#)" was not always sufficiently detailed to deal with all scenarios that charities came across. This had sometimes led to charities receiving conflicting advice from HMRC. This would ideally be rectified by revamping HMRC Gift Aid guidance, but it was appreciated that in the short term constraints on HMRC resources may make this difficult.

It was explained that many charities took a conservative view of what to include in a Gift Aid claim in the absence of prescriptive advice from HMRC. HMRC officials stressed that their intention was not to discourage charities from claiming Gift Aid where it was reasonable to make a Gift Aid claim.

The HMRC officials present at the meeting explained that they would give guidance where it was an area that they dealt with but that some points raised would need to be discussed with their colleagues e.g. HMRC auditors. Following the meeting HMRC officials have reviewed this note and **"agree with everything that was discussed", providing some additional clarifications where relevant in red**. Encouragingly, officials have also stated that they are **"always striving to maximise charities eligible revenue through Gift Aid, taking a sensible approach where guidance may not be clear to charities"**.

Address issues

Repairing data

CTG representatives said that it would be useful to confirm charities' understanding of when it is possible to repair data in a Gift Aid Declaration (both when the information included is noticeably incorrect (e.g. an obvious typo). It was noted that many charities use postcode finder to check addresses and the electoral roll to verify names and addresses. Other common situations were receiving subsequent Gift Aid declarations providing more up to date information.

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HMRC officials confirmed that details included in Gift Aid claims should be updated to reflect current and correct data (for the purpose of submitting the claims), but that the original declaration has to be maintained in its original form. HMRC's main priority is to have the most up-to-date and correct information on donors as this will help them to trace donors and help them confirm whether or not sufficient tax has been paid to cover the Gift Aid claim.

HMRC agreed that in most cases documenting the changes that have been made (and the rationale for doing so) would be sufficient in the context of a Gift Aid Audit, but there would be some occasions in which it would be necessary to solicit a new Gift Aid Declaration. CTG said that it would be useful if examples of best practice could be produced in terms of record keeping, while recognising that these processes need to be straightforward and not unnecessarily onerous. This needs to reflect many Gift Aid claims being processed by volunteers or relating to very small sums of money. For example, it is sufficient to note that the record has been updated.

Other scenarios discussed included the transposition of names provided on a Gift Aid Declaration and in what circumstances it was acceptable to amend the charity's records for this. CTG representatives gave the example of situations where the surname and first name appeared to be the wrong way round, both names were the same and where both names could feasibly be first or surnames. CTG representatives noted that most charities have rules and systems in place to correct or amend obvious errors (making amendments and noting these for Gift Aid records), and that so long as the charity is acting in good faith and the Declaration form is relatively clear there is little to require them to look at situations such as these closely. CTG also said that while larger charities have more sophisticated processes and checking mechanisms in place (including follow-up calls to donors) this was not necessarily practical for smaller organisations.

HMRC officials said that the processes discussed seemed reasonable and that ultimately it was most important that the information provided in the claim was correct. Ideally, any changes to the original information recorded in a Gift Aid Declaration should be documented, but this process should not be unnecessarily onerous as HMRC wants charities to be able to claim all the Gift Aid that they are eligible for.

CTG welcomed this clarification and said that it was helpful that records could be repaired and updated where possible, as this was often easier than trying to get a completely new Gift Aid Declaration. It would also help efforts by charities to collect additional information from donors, including full forenames, something that CTG was actively encouraging charities to do, wherever practical and possible to do so.

Acceptable "home address"

CTG representatives said that they understood that if charities had clearly requested a donor's home address, they should feel comfortable accepting the information provided (in cases other than obvious error). HMRC agreed that this was correct.

It was agreed that in some cases some level of investigation should take place (e.g. using postcode finder or street view), but that this had to be proportionate and cost-effective (e.g. only following up higher value claims where the address status was uncertain). Types of addresses that could be residential addresses included pubs, care homes, houseboats, caravan parks, B&Bs, other tied accommodation etc. For some addresses, like caravan parks, a specific plot number would be required, whereas in others, like care homes, it was sufficient to simply have the name of the property (given that residents would often move rooms). HMRC also confirmed that properties generally associated with temporary addresses, including guest-

houses, B&Bs and lodges, could be accepted. The onus was on the donor to provide details of their home address when this changed and not on charities to take disproportionate steps to validate this. In the case of a temporary address there is an increased likelihood that the donor may not have notified HMRC of their change of address. This could lead to HMRC being unable to identify the donor when undertaking compliance checks.

CTG representatives noted that there were clearly some addresses that are unlikely to be a home address (an address in the middle of an industrial estate perhaps). Many charities have rules in place to discount keywords from being in the first line of the address (such as Ltd, Bros, business, partner etc). However, there were always likely to be anomalies and some where a judgement call is needed. Schools can be a problematic address given they are not usually residential but some staff (caretakers or teachers) could feasibly live there. CTG representatives noted that some charities' systems allow them to review and reinstate suppressed lines, but others do not, which can create unintended consequences (if for example church is suppressed, it blocks Church Road, Church Street, Church Avenue etc).

HMRC officials stated that in most cases it would be reasonable to assume that the address provided is a home address where this could feasibly be the case. As with all issues relating to Gift Aid claims, it made sense for charities to double check information where the value of the relief at stake was higher. Additionally, it was suggested that, where they do not do so already, charities should specifically state "home address" on Gift Aid Declarations, rather than simply address. While HMRC officials would not be able to share a definitive list of address keywords that would be excluded there was an indication that it may be possible to agree a list of addresses that CTG regards as ordinarily acceptable for inclusion.

Other address issues

Foreign addresses (including Jersey, IOM & Guernsey addresses): HMRC agreed with CTG's understanding that all these addresses were permissible for Gift Aid claims so long as the donor had paid UK income tax or capital gains tax at least equal to the Gift Aid claimed by the charity. Where it was a larger donation it was agreed that it would be best practice to check with the donor to make sure that they are fully aware of how Gift Aid works. Where a Gift Aid Declaration was received after a donor had left the UK then it would be reasonable to claim Gift Aid on donations for that donor. However, where the Gift Aid Declaration was obtained prior to the donor moving abroad then it would be wise for the charity to contact the donor requesting that the donor inform the charity if they were no longer a UK taxpayer. HMRC officials also noted that guidance for software developers for Charities Online confirmed that this was possible, but if any charities encountered issues they could make a separate claim through HMRC's portal, including an upper case X in the postcode field for non-UK addresses.

Care of (c/o) addresses: HMRC and CTG agreed that these addresses should be excluded unless there was a power of attorney agreement in place, although this was fairly rare in practice.

BFPO addresses: HMRC confirmed that these addresses are valid and can be checked [here](#).

Entries in a different language or using foreign characters: CTG's understanding was that this should be acceptable if it was understandable and the software submitting the claim could handle this. HMRC officials agreed that this was a reasonable approach to take.

Joint accounts: *This was not discussed at the meeting, but CTG has observed that Chapter 3.32 of the HMRC guidance gives a clear steer on this point.*

3.32.1 If a charity receives a donation drawn on a joint bank account, and it's not been given a Gift Aid declaration by both account holders, it'll need to determine whether the donation is from the donor who has given a Gift Aid declaration. The charity may, however, assume that the donation is from the person who has made the Gift Aid declaration, even if it's authorised by the other account holder, unless it holds evidence to suggest that the donation is from that other account holder.

3.32.3 If there's any doubt whether the donations from the person who signs the cheque, or authorises the transaction, the charity should ask them to confirm whether the donation is from them.

“HMRC would accept a cheque from a joint account even if the non-donor has signed the cheque providing there is a GAD in place for the donor”.

Multiple people at same address and inclusion of the same/different surnames at the same address: *This was not discussed at the meeting but HMRC officials have said previously charities that are being overly cautious and this situation does not preclude a valid Gift Aid claim.*

“HMRC agrees with these comments”.

Possibility of multiple addresses: CTG representatives said that where there was the possibility of multiple addresses of the same name (e.g. where there was more than one “Flat 1” within the same postcode - most likely where blocks of flats were next to each other) charities took the view that these should be excluded from a Gift Aid claim if the exact home address could not be identified. However, this should be contrasted with a ‘Flat 1’ where this was the only possible address within a given postcode, which was considered to be a legitimate address. Postcode finder, for example, can be used to check this and if in doubt it may be necessary to exclude it or check with the donor if possible. This would also apply to personalised but possibly not official house names. HMRC officials agreed that this approach was acceptable.

Postcode finder: It was agreed that Postcode finder was not the final authority in all cases. For example, there could be delays where there was a new building development. Again, a common-sense approach was required.

Offline Sponsorship

“Special modified claims” CTG representatives noted that the “special modified claims basis” had been permitted pre-Charities Online, but that this was no longer permissible. It is not understood why this treatment was no longer available and it would be helpful if HMRC would consider reinstating it, as it would reduce the administrative burden for charities claiming Gift Aid. An example might be where an undertaker collects charitable donations at a funeral and a charity would like to submit a Gift Aid claim under the name of the undertaker in the same manner as a sponsored event.

It was noted that this caused particular problems in the context of events in schools. HMRC officials advised that instead of a lead participant (which would be a child and not necessarily appropriate) the charity could include the headteacher's name. Advice had been inconsistent on this point previously, so this was a

welcome clarification. It was agreed that CTG would collate examples of other scenarios upon which clarification would be welcome.

Handwriting queries: Where a person has completed several forms on behalf of other donors (say at an event) and therefore the handwriting is the same, but the details are different it is considered that Gift Aid can be claimed. This should apply to similar scenarios such as entries with mixed handwriting on a single line, e.g. the eventer writes their name, and the sponsor completes the rest of the information. *This was not discussed again at the meeting but is our understanding following previous discussions with HMRC.*

“HMRC agrees that another person can complete the GAD on behalf of the donor in the example given”.

Form entries including ditto marks, ticks & blanks and the use of a cross/line instead of a tick for the Gift Aid box: Previous discussions with HMRC officials have clarified that ditto marks are ok. Most charities work on the basis that they could not claim where the Gift Aid box was left empty, even if the rest of the form was completed. Some supporters complete the Gift Aid box with a cross rather than a tick. If the donor has also completed other check boxes on the form with crosses we consider it is clear that this is an eligible Gift Aid Declaration. Where the only check box completed on the form is the Gift Aid one and it is completed with a cross we also consider that this is an eligible Gift Aid Declaration. Where other check boxes on a form are completed with a tick but the Gift Aid check box is completed with a cross we consider that this is not an eligible Gift Aid Declaration. *As this was not discussed at the meeting it would be helpful if could be confirmed that this approach is acceptable to HMRC.*

“HMRC agrees that a cross to indicate Gift Aid can be claimed even where the statement says a tick”.

Blank spaces between dates: CTG considers that it is a reasonable assumption that if a date entry is left blank and then a subsequent supporter (on the next line of the form) includes the date the missing date will be between the two dates provided. *As this was not discussed at the meeting it would be helpful if HMRC could confirm that this approach is acceptable.*

“HMRC agrees with this comment regarding missing dates”.

Online declarations

[NB CTG is still waiting for additional feedback from HMRC on this section]

CTG representatives noted that the advice that some charities have received from HMRC auditors during an HMRC Gift Aid audit suggests that these are to be treated as written declarations, but the evidence needed to prove these is not always easy or practical to apply resulting in some records of this type being treated as oral declarations. CTG argued that this lack of clarity was unsatisfactory and that there was a strong case for any Gift Aid guidance acknowledging a third new category of “online declarations” reflecting the increase in digital giving. This would lead to there being three categories of Gift Aid Declaration: written, oral and online.

Chapter 3.72 of the HMRC guidance notes that a charity must maintain a clear auditable record of declarations and of the making of declarations, so that it’s able to demonstrate that a donor has in fact made an appropriate declaration. Examples of what HMRC is likely to accept as evidence are listed and we assume that for Online declarations the relevant proof is ‘A computer record of a declaration template with a link to

their bank account'. CTG representatives noted that it was not very clear what use is served by the requirement for "a link to their bank account".

It was noted that best practice was for charities to keep a screenshot of the declaration on a webpage, with this then being referenced to the donor record on the database. At a minimum the screenshot should include all of the information that is required for a valid Gift Aid Declaration.

HMRC officials acknowledged that the guidance was not as clear as it might be and were not clear as to why there needed to be a link to the bank account, but resolved to check this with HMRC audit colleagues.

Many charities currently treat an online declaration as if it were an oral Gift Aid declaration. In such circumstances charities would appreciate HMRC confirmation that it will accept as sufficient evidence for a legitimate claim an e-mail trigger template and the corresponding database record confirming the date sent.

It would also be appreciated if HMRC could confirm that, whilst a copy of a mobile phone text message confirmation of a Gift Aid declaration is not possible, that a template with a list of mobiles that received it would qualify as an appropriate record for an SMS Gift Aid Declaration.

Next steps

It was agreed that CTG would prepare a note of the meeting for review by HMRC (and this has now been approved). This could then provide the basis for a series of FAQs or other guidance which would be drafted by CTG for inclusion on its website and which would be signed off by HMRC.

CTG would also continue to promote the new useful [HMRC guide to completing a Gift Aid Schedule](#). It was also agreed that it would be useful for HMRC to publish an updated list of common Gift Aid/GASDS errors and queries to the charity helpline that CTG could help to publicise (the original version can be found [here](#)).

HMRC officials have now provided details of **common errors on Gift Aid claims**:

- Using donation amounts and Gift Aid received on adjustments
- Missing off donation dates – errors on date of donation (simple typos)
- Not including a regulator number (even when one is ticked)/inputting HMRC reference as regulator number
- Claiming for both "Main" and Community Buildings on GASDS
- Submitting a claim before making changes to the records – person who submits the claim is not authorised
- Entering GASDS on the Gift Aid schedule
- Misunderstanding of what an aggregated donation is
- Confusing GASDS with aggregated donations and vice-versa
- Updating Charity Commission records but not updating HMRC records

Frequent questions to the Charities Helpline include (with feedback from CTG on the answers below):

- **What are the time limits for claiming Gift Aid & GASDS?**
 - Your deadline to claim Gift Aid depends on how your charity is set up. You need to claim for a donation within 4 years of the end of the financial period you received it in. This is:
 - the tax year (6 April to 5 April) if you're a trust
 - your accounting period if your charity is a community amateur sports club (CASC), a Charity Incorporated Organisation (CIO) or a limited company
 - You must claim on cash donations under the Gift Aid Small Donations Scheme within 2 years of the end of the tax year that the donations were collected in.
 - Relevant HMRC guidance can be found [here](#).
- **How does my charity register online to claim Gift Aid via the Government Gateway/Charities Online?**
 - Full details can be found [here](#).
- **Can Gift Aid be claimed on the likes of raffle tickets (or similar events)?**
 - Chapter 3.4.5 of HMRC's Gift Aid guidance states: Payments to a charity in return for services, rights or goods are not gifts to charity and so are not eligible for the Gift Aid Scheme. For example, the following cannot come within the Gift Aid Scheme:
 - payment for admission to **events** (jumble sales, concerts)
 - payment for **raffle or lottery tickets** (including 100 clubs) - the payment to purchase a raffle ticket from a charity is not a gift but a payment for the right to enter the raffle - it does not matter that the chance or expectation of winning a prize is small or that the prize is of little value
 - In respect of **auctions**, Chapter 3.40.1 of HMRC's Gift Aid guidance is clear that a payment for an item at a charity auction is not a gift to charity, it's a purchase. However, when a person purchases a lot at a charity auction, they may intentionally pay more than it is worth in order to support the charity. So, on that basis and depending upon the circumstances, part or all of a successful auction bid may qualify as a Gift Aid donation to the charity. The payment will only qualify as a Gift Aid payment if the normal requirements of the Gift Aid Scheme are met, and that includes satisfying the Gift Aid benefit rules.
 - Read the [full HMRC guidance](#) for more details.