

Gift aid is a way for charities to increase the value of monetary gifts from UK tax payers by claiming back the basic rate of tax paid by the donor. Strictly speaking, membership subscriptions are not gifts; they are made to gain access to the facilities and services provided by the charity. However, HMRC is prepared to treat them as gifts providing the payments do no more than secure membership of the charity which allows members to receive newsletters and participate in activities which form part of your U3A charitable objects/purposes. The administration of gift aid can seem confusing so, for your peace of mind and that of future trustees, it is strongly recommended that all U3As proceed with caution and follow the procedure laid down here. If you are are a U3A with one membership fee and no additional payments this is especially important, as in the past some U3As in this category have been refused the right to gift aid, although recently this has not been the case.

BEFORE YOU START CONSIDER WHETHER

1. You have more reserves than you could comfortably defend. If so you should consider delaying any action on gift aid until you have plans in place to reduce your reserves to an acceptable level otherwise you will make the situation worse.
2. You believe you have a reasonable number of members who are both able and willing to sign up. If you don't already have a section on your membership form which asks the question, a mention in your newsletter asking for those willing to gift aid to let you know, will establish the popularity of such a scheme.

CHARITY REGISTRATION

1. If you are in England and Wales and your income exceeds £5,000 you are required to register with the Charity Commission and will not be considered for gift aid until you have done so.
2. If you are in Scotland and not registered with the Office of the Scottish Charity Regulator you cannot apply for gift aid. This will be the case in Northern Ireland once the ongoing registration process is complete.
3. All U3As which intend to apply for gift aid, must complete a Charity Application Form (ChA1) from HMRC, (www.hmrc.gov.uk/charities/cha1.pdf) so that you are recognised by HMRC as a charity for tax purposes. You need to download it, save it on your computer, fill it in on the screen and then print sign and date it. On this form you should nominate your authorised official, who will be the one to make your gift aid claims. Please note you do **not** have to wait until your first AGM to apply.
4. Any change to the details submitted on your ChA1, must be submitted on a Charities Change of Details form (ChV1) <http://www.hmrc.gov.uk/charities/chv1.pdf>.

SAFE PROCEDURE TO FOLLOW

1. Write a letter to HMRC, Charities Correspondence S0708, PO Box 205, Bootle L69 9AZ and provide the following information :-
 - Your objectives as an educational charity
 - Your membership fee and everything included in that fee
 - Anything which incurs an extra payment e.g. a monthly meeting with a speaker.

Err on the side of providing too much information even if it seems trivial

NB. If you allow occasional attendance by non-members at a U3A meeting/event, which is free to your members but you make a charge or you charge non-members more, that will be assessed as a monetary benefit to your members, (which cannot exceed more than 25% of the subscription), and will affect your claim.

2. Ask HMRC whether on the basis of the above, it can confirm in writing whether you qualify to gift aid your subscriptions and if so, whether you should deduct the membership fee you pay to the National Organisation. You may well be asked to provide additional information on expenditure relating to certain perceived benefits.

IF SUCCESSFUL

1. Keep the letter from HMRC safe – we suggest you have a few copies.
2. Get all your trustees to fill in a Fit & Proper Persons Declaration which should be held in your files (www.hmrc.gov.uk/charities/guidance-notes/chapter2/model-dec-ff-persons.pdf).
3. Obtain a Gift aid Declaration from all your tax paying members who have agreed to sign up and ensure you store them securely, possibly electronically as well, as they need to be available for review/examination by HMRC if requested.

You are strongly advised to use the recommended HMRC model which you can find at

(www.hmrc.gov.uk/charities/appendix_b1.pdf), but if you want to design a form yourselves, do make sure you include all the essential information (see www.hmrc.gov.uk/charities/gift_aid/declarations.htm).

In the case of joint or family membership, (which must be a level of membership offered and publicised by your U3A), when only one is a tax payer, it is acceptable for that person to claim gift aid on the full amount, providing the payment does not come from the non tax payer's account.

HOW TO MAKE A GIFT AID REPAYMENT CLAIM

There are three ways to claim tax repayments from HMRC Charities:

1. Claim online using the Charities Online Service.

The online claim form has fields you must fill in and it automatically checks that the information has been entered in the correct format. You can claim up to 1,000 gift aid 'donations' by completing and attaching a schedule spreadsheet to the online claim form. There is no limit to the number of claims you can submit i.e. if you normally send one claim with 2000 'donations' you can submit 2 claims online. To use this service you have to sign up to use HMRC's Online Services and enrol for Charities Online.

2. Claim through your own internal database.

This option is really only for organisations which file gift aid claims for considerably more than 1,000 'donations', which is not appropriate for most U3As. However, those who fall into that category and wish to use this method rather than the one detailed above, will need to develop a compatible software package or find a suitable package from a software provider. Comic Relief is offering charities free use of its online software which links directly with Charities Online - <https://github.com/comicrelief/gail>.

3. Claim manually using a paper claim form ChR1

You must use an **original** form for each claim, which you can order by contacting the HMRC Charities Helpline on 0300 123 1073; photocopies will not be accepted. You can send in as many forms as you like but you can only claim for up to 90 'donations' on each form. Make sure you keep copies of everything you submit.

For further details on how to claim go to http://www.hmrc.gov.uk/charities/gift_aid/reclaim.htm

TIME LIMITS FOR MAKING A CLAIM

You can make a claim whenever you like but claims must be made no later than four years after the end of the accounting period to which the claim relates.

RECEIVING A REPAYMENT

If you have claimed online, claims are normally paid in a few days but can take up to 15 days.

Claims made using form ChR1 will take approximately 4 to 5 weeks.

If it is your first claim you should allow a further 2 weeks for payment to be made.