

Gift Aid Made Easy

Introduction to Gift Aid

Gift Aid is a government tax relief scheme. It enables charities like MRDF to reclaim the basic rate tax that donors have paid on the part of their income they are donating.

Who can Gift Aid their donations?

Non-taxpaying donors cannot Gift Aid their donations but all people who pay income or capital gains tax in the UK can – and should – make a declaration.

How is Gift Aid reclaimed?

- Each donor needs to complete a Gift Aid declaration. Declaration forms can be ordered from Debby Wakeham in the MRDF office or downloaded from www.mrdf.org.uk. Declarations can also be made over the phone (020 7467 5132).
- Specially prepared MRDF Gift Aid envelopes for collections are available, on the back of which is the declaration.

Information for the treasurer

There are two ways to reclaim the tax. It is important that you decide which of the methods below you will use before taking up the collection.

1. Through the accounts of your church or charitable organisation: If you are reclaiming Gift Aid through your organisation's accounts, you will need to use your own Gift Aid declaration forms or envelopes, which you should show to your local Inland Revenue office for verification.

2. Through MRDF: If you wish MRDF to reclaim the Gift Aid, please use recognised MRDF envelopes (available from MRDF).

Through the accounts of your church or organisation

You will need to bank the donations, calculate the Gift Aid collected and send us a cheque made payable to MRDF for the full amount (that is, for the donations plus the gift aid reclaimed). Remember that any Gift Aid declarations you process through your organisation's accounts should stay in your file so that there is a proper audit trail. Please do not send these declarations to us, as the Finance Office will assume we can record these declarations here and could, inaccurately, duplicate tax recovery.

Through MRDF

Please use MRDF Gift Aid forms or envelopes, ensuring donors complete them in BLOCK CAPITALS. Donors need do this only once (although they do need to inform us if they change their address or stop paying tax). The declaration on these is worded so that we can reclaim Gift Aid on all donations made by the donor in the last six years unless they notify us otherwise. Please do not use envelopes from other organisations. Methodist Church Gift Aid forms and envelopes are not suitable for donations to MRDF.

Please ensure that the donation in each envelope tallies with the figure recorded on it. If the donor has not recorded how much is in the envelope, please write it on the envelope in the space provided; otherwise MRDF cannot reclaim any Gift Aid on that donation. If you are given a cheque made payable to MRDF, simply forward it to us. Once you have totalled the collection, bank the money and forward a cheque for the full amount to MRDF.

Frequently asked questions

How much does Gift Aid add to my donation?

Currently, for every £1 donated, MRDF can reclaim 28p.

What about higher rate taxpayers?

If the donor is a higher rate tax-payer, he or she can reclaim the difference between the basic rate and higher rate tax – 18%. Contact the Inland Revenue for details.

Do I need to date an MRDF Gift Aid declaration?

No. If you have filled in an MRDF Gift Aid declaration, we will reclaim tax on all gifts you have made in the last 6 years, unless you notify us otherwise.

Why do we have to use only MRDF Gift Aid declaration forms or envelopes?

Like every charity, MRDF is obliged to act in accordance with charity law, which makes it subject to account auditing. The auditors check that MRDF has reclaimed Gift Aid accurately and in line with the guidance of the Inland Revenue. The Inland Revenue states that: 'A Gift Aid declaration completed by a donor must clearly state which charity their Gift Aid declaration is made out in favour of.' MRDF receives declarations made out on everything from scraps of paper to homemade MRDF declaration forms. Please use MRDF Declaration forms wherever possible, but if creating your own declaration form, ask yourself these questions:

1. Is it clear that the form relates to Gift Aid recovery in favour of MRDF?
2. Does the form state that the donor is a taxpayer and wishes MRDF to reclaim the tax on all gifts in the last six years?
3. Is there space on the form for the donor to clearly write their full name and address?
4. Is it actually easier to order declaration forms or envelopes from MRDF?

Note: MRDF records and reclaims every Gift Aided donation. We do not make a charge for this. However, it is worth noting that the administration cost of recording the details of a new Gift Aid donor is estimated at £2.50. Therefore, we do not reap the benefits of Gift Aid from one-off gifts of less than £10. Of course, if, having first given a small gift, a new donor then gives again, administration costs are lower. If he or she becomes a regular donor, even giving very little each time, there is a clear benefit to reclaiming Gift Aid even on small donations.

More information from the Inland Revenue:

www.hmrc.gov.uk/charities/tmagift-aid.shtml

If all of MRDF's income during the last financial year had been gift-aided, it would have covered all MRDF's non-grant expenses. In other words, every penny donated would have gone directly to our partners.

**Thank you for helping MRDF increase its income
- at no extra cost to yourself !**

The Methodist Relief and Development Fund, 25 Marylebone Road, London, NW1 5JR.

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