



HM Revenue  
& Customs

# Gift Aid Small Donations Scheme

## **Consultation document**

Publication date: 20 April 2016

Closing date for comments: 1 July 2016

<b>Subject of this consultation:</b>	The Government is carrying out a full review of the Gift Aid Small Donations Scheme.
<b>Scope of this consultation:</b>	This consultation builds on the recent Call for Evidence exercise and is intended to gather views on potential reform options for the Gift Aid Small Donations Scheme.
<b>Who should read this:</b>	HM Revenue and Customs (HMRC) welcomes responses from the widest possible range of individuals and organisations with an interest in charitable tax reliefs, or charities more generally. This includes charities and their trustees and officials, sector groups and representative bodies, tax advisers and practitioners, and other individuals or organisations interested in charitable tax reliefs and Government support for the charities sector.
<b>Duration:</b>	The consultation opens on 20 April 2016 and closes on 1 July 2016.
<b>Lead official:</b>	Savita Patel.
<b>How to respond or enquire about this consultation:</b>	Responses should be sent by email to: <a href="mailto:charitypolicy.taxteam@hmrc.gsi.gov.uk">charitypolicy.taxteam@hmrc.gsi.gov.uk</a> or by post to: GASDS Consultation, HM Revenue & Customs, Room G/45, 100 Parliament Street, London, SW1A 2BQ.
<b>Additional ways to be involved:</b>	Enquiries about the content or scope of the consultation, or requests for hard copies can be made to the email and postal address above. In order to engage as wide an audience as possible, the Government will consider requests for meetings as part of this consultation. Any such requests should be made to the email or postal address above.
<b>After the consultation:</b>	The consultation responses will inform the Government's thinking on changes that could be made to the Gift Aid Small Donations Scheme. A summary of responses will be published following the consultation.
<b>Getting to this stage:</b>	The Government undertook to carry out a full review of the Gift Aid Small Donations Scheme in 2016.
<b>Previous engagement:</b>	HMRC published a Call for Evidence consultation on 9 December 2015 seeking views about the use and effect of the Gift Aid Small Donations Scheme.

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**On request this document can be produced in Welsh and alternate formats including large print, audio and Braille formats**

# 1. Foreword

The Government is committed to supporting the charitable sector and encouraging greater charitable giving. That is why this Government continues to provide support to charities and their donors through tax reliefs that were worth over £4.5bn in 2014-15.

Gift Aid is a well-established and significant revenue stream for many charities. Over £13bn of Gift Aid has been paid to charities since the inception of the scheme in 1990. The Government wants as many charities as possible to benefit from Gift Aid but we recognise that it is not always possible, or practical, for all charitable donations to be accompanied by a Gift Aid declaration.

That is why, in 2013, the Government introduced the Gift Aid Small Donations Scheme, which allows charities to receive a Gift Aid style top-up payment on small cash donations.

The Gift Aid Small Donations Scheme has become a valued additional revenue stream for charities. In 2014-15 19,300 charities claimed a total of £21m of Government support through the scheme. The Government wants to ensure that the scheme operates as effectively as possible so that it can support a greater number of charities, and a greater number of donations.

To this end, the Government announced at Budget 2015 an increase in the annual donations limit on which a charity can claim from £5,000 to £8,000 from April 2016. And it is why, at Autumn Statement 2015, the Government announced that it was bringing forward the planned review of the scheme.

The Government is committed to working with the charity sector to ensure that the Gift Aid Small Donations Scheme is effective and benefits as many charities as possible. I hope you will read the proposals set out in this consultation with interest - the Government looks forward to receiving your responses.

A handwritten signature in black ink, reading "Damian Hinds". The signature is written in a cursive, flowing style.

Damian Hinds MP  
Exchequer Secretary to the Treasury

## 2. Introduction

### Issue

- 2.1 At Autumn Statement 2015 the Government announced that – as part of its commitment to encourage charitable giving - it would bring forward the review of the Gift Aid Small Donations Scheme (GASDS) that was scheduled to take place in April 2016.
- 2.2 The Government published a Call for Evidence on 9 December 2015 seeking views about the uses and effects of GASDS with the intention of simplifying the scheme rules to ensure as many eligible charities as possible can claim this relief.
- 2.3 This consultation sets out specific proposals for how this simplification and accessibility to the scheme could be achieved. It has been informed by conversations with representatives of the charity sector as well as the responses to the Call for Evidence and is intended to gather views on potential reforms to GASDS.

### Background

#### Gift Aid

- 2.4 The Government recognises the important role that the charities sector plays in society, and provides support to charities and their donors through a generous package of tax reliefs worth over £4.5 billion per year.
- 2.5 One of the biggest reliefs available to charities is Gift Aid. Gift Aid allows charities to reclaim from HMRC the basic rate of income tax deducted from donations by UK taxpayers. This means that, where a basic rate taxpayer claims Gift Aid on a £10 donation, the charity can reclaim from HMRC the £2.50 of tax paid on that donation.
- 2.6 For a donation to qualify for Gift Aid the donor must complete a Gift Aid declaration confirming that they have paid, or will have paid, Income and/or Capital Gains tax of at least the amount of Gift Aid that the organisation will claim on their donation in any given tax year.
- 2.7 This link between the Income and/or Capital Gains tax paid by the donor and the tax reclaimed by the organisation is an essential part of the Gift Aid process, and without it tax relief under Gift Aid would not be available on these donations.
- 2.8 Where donors have paid less Income and/or Capital Gains tax than the amount claimed by the charity or Community Amateur Sports Club (CASC) on their donations, HMRC can recover the difference from the donor.

## Gift Aid Small Donations Scheme

2.9 GASDS was introduced on 6 April 2013.

2.10 The purpose of the scheme is to support the charity sector by providing top-up payments in circumstances where it would not be feasible or practical to obtain a Gift Aid declaration, for example bucket collections or church plate collections.

2.11 An important distinction between Gift Aid and GASDS is that Gift Aid is a tax relief, whereas GASDS is public expenditure. GASDS enables charities to claim Gift Aid style top-up payments on up to £5,000 of small cash donations (£20 or less) every year. This amount is being increased to £8,000 from April 2016.

2.12 GASDS broadly mirrors the effect of Gift Aid. This means that where the basic rate of income tax is 20 percent, a small donations income of £5,000 will entitle the charity to a top-up payment of £1,250 per year (increasing to £2,000 from April 2016).

2.13 There is no higher and additional rate tax relief available on the small donations claimed through GASDS.

2.14 GASDS contains two elements: the main top-up payment and the community buildings allowance.

2.15 These two elements are intended to address potential unfair outcomes arising from the different ways charities are structured. Without these rules, some charities would be able to claim much less under the scheme than others.

2.16 The 'community buildings' rules were designed to ensure that broadly similar results are achieved for 'groups' of charities structured in different ways. Without these rules, some charities would be able to claim much less under the scheme than others. The intention is for national organisations, like denominations of churches, to be able to claim similar amounts whether they are structured as a single charity nationally, or as a 'group' structure made up of individual charities.

2.17 The Government intends for each eligible charity, or group of connected charities, to be entitled to claim top-up payments on up to £5,000 of small donations each year (increasing to £8,000 from April 2016). This amount is increased for charities undertaking charitable activities held in a community building.

2.18 Following conversations with the sector the Government is concerned that the connected charities and community buildings rules do not fulfil the original policy intention. The Government therefore believes there is a strong case for change – this is set out in more detail in chapter 4 of this document.

## **After this consultation**

2.19 The consultation responses will inform the Government's thinking on changes that could be made to the Gift Aid Small Donations Scheme. A summary of responses will be published following this consultation.

## 3. Call for Evidence

### The process

- 3.1 The Government published a Call for Evidence in December 2015 that invited views from charities and other organisations on the operation, take up and understanding of the current GASDS rules.
- 3.2 A copy of the Call for Evidence, which includes a full overview of the existing GASDS rules, can be found on gov.uk [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/483372/Gift\\_Aid\\_Small\\_Donations\\_Scheme\\_-\\_call\\_for\\_evidence\\_M7053\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/483372/Gift_Aid_Small_Donations_Scheme_-_call_for_evidence_M7053_.pdf)
- 3.3 The Government received a total of 197 responses to its Call for Evidence. Responses were received from a variety of charities and representative bodies, with the majority of responses coming from churches.
- 3.4 The Government is grateful to all the charities, groups and individuals that took the time to respond. A full list of organisations that responded to the Call for Evidence can be found at the end of this document.
- 3.5 During the Call for Evidence period HMRC and HM Treasury Officials also attended a number of stakeholder meetings and events to discuss the review. The Government is grateful for the hospitality and engagement of all of the groups that hosted events.

### Summary of responses

- 3.6 The remainder of this chapter provides a summary of the responses received to the Call for Evidence.

### Factual understanding and accessibility of the current rules

- 3.7 The questions in this section sought evidence on the clarity and accessibility of the current GASDS rules.

**Question 1 - Are you aware of the scheme and familiar with the current rules? If not please provide details.**

- 3.8 The overwhelming majority of respondents said that they were aware of the scheme and familiar with the current rules. A small number said that they found aspects of the rules confusing – such as the rules for multiple community buildings. Several commented that they relied on sector-produced guidance for interpretation of the rules.
- 3.9 A number of respondents providing combined responses on behalf of a particular sector felt that awareness of the scheme was low among small charities and CASCs.



Question 2 - Has your charity made a claim under the small donations scheme? If so, how many claims on average does your charity make a year? If not, what is the reason for this?

3.10 Only four respondents declined to answer this question.

3.11 A further 30 had not made a claim under GASDS. This was either because their charity was not eligible or because the response was provided by a representative organisation on behalf of several charities, or of their sub-sector in general.

3.12 The vast majority of respondents said their charities made between one and six claims per year, with 79 respondents making only one claim per year. Four respondents made claims monthly, and 33 charities made claims quarterly.

Question 3 - Please indicate if you are a singleton charity, unconnected charity affiliated by membership of a union/association or a connected charity claiming under:

- main top-up payment only
- community building amount only
- both the main top-up payment and the community building amount

3.13 All but 30 respondents answered this question.

3.14 Only 11 responses indicated that they were from connected charities: two claimed the main allowance, six claimed the community buildings allowance and three were ineligible to claim.

3.15 Around 60 singleton charities claimed only the main allowance, 35 claimed the community buildings allowance, and almost 50 respondents did not specify whether they claimed under the main or community buildings rules. Only five respondents claimed both.

3.16 A few responding on behalf of a specific sector, or more than one charity, indicated that claims were made under either the main allowance or the community buildings allowance, but not under both.

Question 4 - Does your charity receive sufficient eligible small cash donations allowing you to benefit from the full £5,000 small donations amount? If not, please indicate the range in which your charity's annual small donations usually fall. Small donations amount range between:

£1 - £2,000

£2,000 – £4,000

£4,000 - £5,000

3.17 The respondents who addressed this question reported that their donations fell within the following ranges:

Donation ranges (£)	Number of respondents
£1 – £2,000	40
£2,000 - £4,000	31
£4,000 - £5,000	17
More than £5,000	77

Question 5 - Have you encountered any problems and barriers during the claiming process? If so, please provide details and examples.

3.18 The majority of respondents had not encountered any barriers to claiming GASDS.

3.19 A minority reported difficulties complying with the requirement that 10 beneficiaries must be present for a collection to be eligible under the community buildings rules.

3.20 Six respondents felt that the scheme was too complicated to administer, particularly for volunteers, and three respondents suggested that HMRC's guidance was unclear.

### Government response

3.21 The responses to the Call for Evidence suggest that GASDS is reasonably well understood. However, the responses received mainly reflect the experiences of charities that are already successfully claiming and may not be representative of the charity sector as a whole.

3.22 In addition to the Call for Evidence responses, the Government has reviewed data from the first year of the scheme's operation. Extracts of this data are shown below.

**Total number of charities and CASCs claiming under GASDS for the 2013-14 tax year:**

Tax Year to which the GASDS claims relate	Number of organisations claiming GASDS	Number of organisations claiming GASDS under Main Allowance	Number of organisations claiming GASDS under Community Buildings Allowance
2013-14	23,300	15,300	11,200

*Figures rounded to the nearest 100 organisations. The sum of the number of organisations claiming under both the Main and Community Buildings allowances is greater than the total number of organisations claiming GASDS. This is because some have claimed under both the Main and Community Building allowances and would be counted in both groups.*

**Total value of donations upon which GASDS was claimed for the 2013-14 tax year:**

Tax Year to which the GASDS claims relate	Approved donations under Main Allowance (£)	Approved donations under Community Buildings Allowance (£)	Total approved donations (£)
2013-14	£36,500,000	£57,400,000	£93,900,000

*Figures rounded to the nearest £100,000; as such the totals may not sum. Figures represent the value of donations the top-up was claimed on, not the top-up itself. Also note that the figures are based on the tax year the GASDS claims relate to, and not the tax year they have been paid out. As such they differ from National Statistics released by HMRC.*

3.23 The Government is pleased with the initial take up of the scheme and the broad satisfaction expressed by respondents to the Call for Evidence. However, it is keen to encourage further take up, particularly amongst smaller charities. The Government therefore undertakes to work with representatives of the charity sector to increase awareness of GASDS.

### **Eligibility conditions and matching rule**

3.24 The questions in this section sought evidence relating to the eligibility conditions and the matching criteria.

**Question 6 - Are there any eligibility criteria that your charity is struggling to meet? If so, what is the reason for this? (For example, the charity has not existed for two tax years).**

3.25 162 respondents reported no problems with meeting the eligibility criteria of the scheme.

3.26 Again, a small minority reported issues with meeting the requirement that at least ten beneficiaries must be present for a collection to be eligible under the

community buildings rules. Fewer still suggested that the eligible donation limit should be increased from £20 to a higher amount.

3.27 However, conversations with stakeholders during the course of the Call for Evidence period highlighted the difficulty faced by many smaller charities in meeting the existing eligibility criteria.

**Question 7 - Please give an indication of the amount your charity could be claiming if it met the eligibility conditions. Please also specify if you are a small (total income (£10-£100K), medium (£100K - £1 million) or a large (£1 -£10 million) sized organisation.**

3.28 The majority of respondents answered this question. The amount that the charity could be claiming but wasn't, varied depending on the size of the charity in question but many respondents reported that they claimed on the maximum amount allowable of £5,000.

**Question 8 - Does your charity claim under Gift Aid? If not, what is the reason for this?**

3.29 Almost all respondents that chose to answer confirmed that their charity successfully claims Gift Aid.

**Question 9 - Does your charity receive sufficient Gift Aid donations to allow it to meet the matching criteria and claim under GASDS in respect of all its eligible small cash donations (up to £5000)? If not, is there a particular reason for this?**

3.30 The majority of respondents reported no difficulties meeting the matching criteria for claiming under GASDS, with only six respondents raising any concerns.

**Question 10 - Do you feel that the current matching rule prevents your charity from accessing payments under GASDS? If so, what are the reasons for this?**

3.31 As with question 9, the majority of respondents reported no difficulties meeting the matching criteria and did not feel that the rule prevented their charities from accessing GASDS.

3.32 Some respondents stated that the current matching rule is reasonable but that it should be kept under review.

## **Government response**

3.33 The majority of Call for Evidence responses suggest that the eligibility criteria does not prevent charities from claiming under GASDS. Again, however, this broadly reflects the experiences of organisations already claiming under GASDS and may not be representative.

3.34 However, individual responses from representative bodies replying on behalf of a number of small charities reported that the current eligibility criteria is a significant barrier to using GASDS, with a large proportion of smaller charities unable to meet the requirement of having claimed Gift Aid in two out of the previous four tax years, or the requirement to have been registered for at least two

full tax years. The Government therefore proposes to simplify the existing eligibility criteria. Full details of the proposed simplifications are set out in chapter 4.

3.35 Some individual responses also suggested changes to the matching rule. The matching rule limits a GASDS claim to 10 times a charity's main Gift Aid claim (up to a maximum £5,000).

3.36 HMRC data shows that in 2013-14 approximately 5,700 charities and CASCs (8.5% of the total number of organisations claiming Gift Aid in that year) claimed Gift Aid on donations of less than £500. This suggests that the remaining 91.5% of charities and CASCs claim sufficient Gift Aid to meet the requirements of the matching rule and supports the Government's view that the matching rule is reasonable.

**Charities and CASCs claiming Gift Aid on donations of less than £500 in for the 2013-14 tax year:**

Donation amount made under Gift Aid (£)	Number of organisations that claimed in 2013-14 tax year
Up to £100	1,300
£100-£199	1,000
£200-£299	1,100
£300-£399	1,100
£400-£499	1,200

*Figures rounded to the nearest 100 organisations.*

**Connected charities and community building rules**

3.37 The questions in this section invited evidence relating to the current connected charities and community building rules.

Question 11 - If your charity operates in a community building, does it currently claim under the community building amount? If so, please indicate the small donations range, as listed below, applicable to your charity's community buildings relief claim. If not, why not?

3.38 Over 80 respondents either did not answer this question or indicated that it was not applicable to their circumstances. Approximately 52 respondents reported that they did claim under the community building rules, with a sizeable number claiming on between £4,000 and £5,000.

3.39 40 respondents suggested that although they operated in a community building, they did not claim for a variety of reasons. These reasons included not knowing they were able to do so, considering the rules to be too complicated, or because most of their collections take place outside of the community building itself.

Question 12 - Have you claimed under community building amount for more than one community building? If so, please advise:

- if you are a singleton charity, unconnected charity affiliated by membership of a union/association or a connected charity;
- the number of community building allowance claimed for each year and the amounts claimed in respect of each building.

3.40 126 respondents answered this question, of which the vast majority had not claimed under the community buildings rules for more than one building.

3.41 23 respondents were claiming for more than one building but most were not claiming the maximum allowance for all buildings.

Question 13 - Have you claimed under both the main top-up payment and the community building amount? If so, please advise the amounts claimed for each year.

3.42 Only four respondents said that they claimed under both the main allowance and the community buildings allowance. Of these, only two said that their charity claimed the maximum amount allowable.

Question 14 - Has your organisation found any part(s) of the community building rules to be problematic? If so, please provide specific details and examples.

3.43 100 respondents answered this question, of which 57 said that their organisation had not found the community buildings rules to be problematic.

3.44 As with questions 5 and 6, a small minority reported issues with meeting the requirement that at least ten beneficiaries must be present for a collection to be eligible under the community buildings rules – some of these respondents suggested that attendances should be aggregated or averaged to help alleviate these issues.

3.45 A small number of respondents explained that their charities received donations via wall safes installed in the community building and felt that these should be eligible for GASDS.

Question 15 - Is there a better way than the current approach to create a level playing field as far as possible between charities that are undertaking similar activities but structured differently so that the original policy intention of the scheme can be implemented i.e. for each eligible charity to get one £5,000 allowance?

3.46 87 respondents answered this question, with 48 unable to offer a better approach than the current rules.

3.47 A few respondents commented that rules are bound to be complex when one has to take into account the situations of all affected charities: it is a straight choice between complexity and inequity.

3.48 20 respondents suggested moving to a system whereby charities would be entitled to claim either a main allowance or a community buildings allowance, but not both.

Question 16 - If there are other ideas and views that have not been covered in the above discussion areas respondents are invited to provide details along with any supporting evidence that helps to explain why their ideas should be considered for future policy making.

3.49 The Government was grateful to receive a number of suggestions for simplifying and encouraging further take up of GASDS.

3.50 One suggestion put forward is that GASDS should be expanded to include collections made by cheque, direct debit or contactless card payment. This suggestion was also raised at stakeholder events during the Call for Evidence period.

3.51 A small number of respondents also suggested that the Government should do more to publicise the scheme and should undertake to improve and simplify the online guidance.

3.52 Other less common suggestions included removing or increasing the £8,000 limit, allowing money raised from raffles to qualify and carrying out a further review of GASDS in 2019.

3.53 Several charities said that they disagreed with HMRC's view that they were connected charities and were losing out as result because they were unable to benefit from the community buildings top-up allowance.

### **Government response**

3.54 The Government recognises that the community buildings rules are a valued and well used aspect of GASDS and it fully intends to ensure charities continue to benefit from the rules.

3.55 However, it is clear that the current rules fail to deliver fair outcomes for all charities, with some able to claim much more than others, and some unable to benefit at all. The Government therefore proposes to consult on changes to rebalance the rules and make sure as many charities as possible are able to benefit.

## 4. Reform options

- 4.1 The Government has considered all of the responses received during the Call for Evidence exercise, alongside other representations made by stakeholders, and is pleased to note that charities are generally happy with the scheme and value the additional revenue it provides.
- 4.2 However, the Government is keen to encourage take-up of GASDS, particularly amongst smaller charities, and it therefore proposes a number of changes to the scheme to simplify the rules.
- 4.3 Once any changes are implemented the Government undertakes to work with stakeholders to make the guidance on the scheme as clear and accessible as possible.

### Eligibility rules

- 4.4 Charities must meet a number of eligibility requirements to be able to claim under GASDS. For example, it is a requirement that a charity must have been registered for at least two full tax years before it can access GASDS - the 'two-year rule'.
- 4.5 Charities are also required to have made successful Gift Aid claims in at least two out of the four previous tax years with no more than two year's gap between claims – the 'two-in-four rule'.
- 4.6 These rules were designed to make sure that charities demonstrate a reasonable history of compliance with the wider Gift Aid scheme before they are able to access GASDS. While it is important that the link between GASDS and Gift Aid is maintained, the Government understands that these requirements may make it harder for small or newly formed charities to access the scheme.
- 4.7 The Government therefore proposes removing the two-year rule and relaxing the two-in-four rule into a previous year only rule. This change would mean that charities would only need to have made a successful Gift Aid claim in the previous tax year to be able to access GASDS.

**Question 1 – What would the impact on your charity be of the removal of the current legislative requirement that a charity must have been registered for at least two tax years (the two-year rule) before it can access GASDS? Would this change represent a meaningful simplification of the scheme? Please explain your answer.**

**Question 2 – What would the impact on charities be if the requirement that a charity must have made a successful Gift Aid claim in at least two out of the previous four tax years (the two-in-four rule) was changed to a requirement that a charity must have made a successful Gift Aid claim in the previous tax year only?**



## Small cash payment rules

4.8 The legislation defines a “small cash payment” as a gift of “£20 or less in cash”.

4.9 The aim of the scheme is to allow a top-up payment without a Gift Aid declaration on small donations. For large donations, charities are more likely to be able to ask the donor for a Gift Aid declaration.

4.10 The Government received representations from some stakeholders suggesting that the small donations limit should be increased. However, the Government believes £20 to be a fair amount and broadly in line with what most people would generally consider to be ‘a small donation’ and it therefore does not propose altering the limit.

4.11 The Government does not intend to extend the scope of the regime to include donations made by cheque, text message, or direct debit. The rationale of the scheme is that it enables Gift Aid to be claimed on donations that would otherwise qualify for Gift Aid but are made in circumstances where obtaining a Gift Aid declaration is not practical or feasible. The Government does not believe that this is the case for cheques, text donations and direct debits.

4.12 However, the Government recognises that as new technology develops and the charity sector innovates it is important that the legislation continues to reflect the realities of modern fundraising. It will therefore explore with the sector whether donations made via contactless credit and debit cards be brought within scope of GASDS without creating undue complexity or opening up any opportunities to abuse the scheme.

**Question 3 – Does your charity currently collect donations using contactless payment technology, or are you currently considering doing so in future? Please explain your answer.**

**Question 4 – Would expanding GASDS to include donations received via contactless credit and debit cards present any challenges to charities, particularly in terms of record keeping or other administrative requirements? Please explain your answer.**

## Connected charities and community buildings rules

4.13 The ‘connected charities’ and ‘community buildings’ rules were designed to ensure that broadly similar results are achieved for ‘groups’ of charities structured in different ways. Without these rules, it was felt that some charities would be able to claim much less under the scheme than others. The intention is for national organisations, like denominations of churches, to be able to claim similar amounts whether they are structured as a single charity nationally, or as a ‘group’ structure made up of individual charities.

4.14 The Government has become aware that the current rules do not appear to fulfil the original policy intention and therefore remains concerned that some

charities are able to claim significantly less than others because of how they are structured.

4.15 The Government therefore proposes amending the rules to allow charities or a 'group' of charities to claim either under the main GASDS allowance or under the community buildings allowance, but not both. It would still be the intention that charities receiving donations in multiple community buildings could make multiple claims under community buildings rules but not in addition to the main allowance. In doing this the Government would be adopting the proposal put forward by several respondents to the Call for Evidence as an equitable way to deliver the original policy objective.

**Question 5- Would the Government's proposal to allow charities to claim either under the main GASDS allowance or under the community buildings allowance, but not both, present any specific equality issues or generate any obviously unfair outcomes? Please explain your answer.**

**Question 6 – What impact would this proposal have on your charity?**

4.16 Some respondents to the Call for Evidence explained that although their charity is based in a community building, they are unable to benefit from the allowance because most of their collections take place away from the community building.

4.17 The Government wants to ensure, as far as possible, that the full spectrum of charities is benefiting from GASDS, and believes that groups that undertake valuable work in their local communities should be able to access the scheme, even when some of the donations are received outside of the community building itself.

4.18 Therefore, the Government proposes to explore whether it would be possible in certain circumstances to permit claims under the community buildings rules for donations made outside the community building itself. Consideration would need to be given to any necessary requirements that would ensure the relaxed rules still only benefit collections taking place in the local community.

4.19 The community buildings rules would need to be maintained as a measure of real charitable activities delivered through local branches or community groups. While a few respondents to the Call for Evidence proposed that the '10 people' requirement be relaxed, this could risk abuse of more generous community buildings allowances which would undermine the GASDS. The Government is therefore not currently minded to relax the 10 person requirement.

**Question 7 – Would relaxing the community buildings rules to allow donations to be received outside of the building itself allow more charities to claim under GASDS? Please explain your answer.**

**Question 8 – What reasonable requirements could be included to ensure that the relaxed community buildings rules still only benefit donations received in a specific local community?**

**Question 9 – Are there any other reforms that you would like the Government to consider? Please provide details.**

## 5. Summary of Consultation Questions

1. What would the impact on your charity be of the removal of the current legislative requirement that a charity must have been registered for at least two tax years (the two-year rule) before it can access GASDS? Would this change represent a meaningful simplification of the scheme? Please explain your answer.
2. What would the impact on charities be if the requirement that a charity must have made a successful Gift Aid claim in at least two out of the previous four tax years (the two-in-four rule) was changed to a requirement that a charity must have made a successful Gift Aid claim in the previous tax year only?
3. Does your charity currently collect donations using contactless payment technology, or are you currently considering doing so in future? Please explain your answer.
4. Would the expansion of GASDS to include donations received via contactless credit and debit cards present any challenges to charities, particularly in terms of record keeping or other administrative requirements? Please explain your answer.
5. Would the Government's proposal to allow charities to claim either under the main GASDS allowance or under the community buildings allowance, but not both, present any specific equality issues or generate any obviously unfair outcomes? Please explain your answer.
6. What impact would this proposal have on your charity?
7. Would relaxing the community buildings rules to allow donations to be received outside of the building itself allow more charities to claim under GASDS? Please explain your answer.
8. What reasonable requirements could be included to ensure that the relaxed community buildings rules still only benefit donations received in a specific local community?
9. Are there any other reforms that you would like the Government to consider? Please provide details.

## 6. The Consultation Process

This consultation is being conducted in line with the Tax Consultation Framework. There are 5 stages to tax policy development:

- Stage 1 Setting out objectives and identifying options.
- Stage 2 Determining the best option and developing a framework for implementation including detailed policy design.
- Stage 3 Drafting legislation to effect the proposed change.
- Stage 4 Implementing and monitoring the change.
- Stage 5 Reviewing and evaluating the change.

This consultation is taking place during stage 2 of the process. The purpose of the consultation is to seek views on the detailed policy design and a framework for implementation of a specific proposal, rather than to seek views on alternative proposals.

### How to respond

A summary of the questions in this consultation is included at chapter 5.

Responses should be sent by 1 July 2016, by e-mail to [charitypolicy.taxteam@hmrc.gsi.gov.uk](mailto:charitypolicy.taxteam@hmrc.gsi.gov.uk) or by post to: GASDS Consultation, Room G/45, 100 Parliament Street, London, SW1A 2BQ

Telephone enquiries: Savita Patel - 03000 585152, or Owen Price – 03000 584845

Paper copies of this document or copies in Welsh and alternative formats (large print, audio and Braille) may be obtained free of charge from the above address. This document can also be accessed from [HMRC Inside Government](#). All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.

When responding please say if you are a charity, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

### Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public

authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue and Customs (HMRC).

HMRC will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

## Consultation Principles

This consultation is being run in accordance with the Government's Consultation Principles.

The Consultation Principles are available on the Cabinet Office website: <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

If you have any comments or complaints about the consultation process please contact:

John Pay, Consultation Coordinator, Budget Team, HM Revenue & Customs, 100 Parliament Street, London, SW1A 2BQ.

Email: [hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk](mailto:hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk)

Please do not send responses to the consultation to this address.

## Annex A: List of respondents

Only organisations that responded are listed here; 13 responses were received from individuals or on behalf of organisations for which no name was provided.

2nd Clevedon Scout Group  
46 City of Glasgow Guide Unit  
ACAT  
Air Training Corps  
All Saints Church, Crawley Down PCC  
All Saints Church PCC  
All Saint's Church, Sedgley  
All Saints' Church, Steep  
All Saints Church, Thelwall  
All Saints PCC, Wokingham  
Amesbury PCC  
Anaphylaxis Campaign  
Anglian Parish church  
Anglican Diocese of Liverpool  
Archbishop's Council  
Association of Independent Museums  
Awbridge Parochial Church Council  
Aylesford PCC  
Baptist Union of Great Britain  
Bents Green Methodist Church  
Bluebell Wood Children's Hospice  
Boxgrove Priory  
Bredon Parochial Church Council  
Brighton Lions  
British Council of Shopping Centres  
Calyton with Keymer PCC  
Cancer Research UK  
Canterbury Diocese  
Central Methodist Church, Chesterfield  
Charity Finance Group  
Chadderton St Matthew  
Charity Management Services  
Charity Tax Group  
Chilworth PCC  
Christ Church, Portsdown PCC  
Christ Church, Walton Breck  
Churches' Legislation Advisory Service  
Clowne Methodist Church  
Colkirk PCC  
Cranfield Trust  
Diocese of Leicester  
Diocese of Southwell & Nottingham  
Ditchling Streat and Westmeston PCC  
Donnington Church

Dormansland Baptist Church  
Dynamic & Christ Church, Wrexham  
Edgmond PCC  
Elcena Jeffers Foundation  
Graeae Theatre Company  
Greasbrough United Church  
Great Ryburgh PCC  
Guist Church  
Hasland Methodist Church  
Heydon Parochial Church Council  
Holy Trinity, Bembridge  
Holy Trinity Church  
Holy Trinity with St Columba  
Hyde Heath Chapel; Limes Avenue Baptist Church  
Institute of Chartered Accountants in England and Wales  
Launchpad Reading  
Leominster Museum  
Little Snoring PCC  
Lockerley PCC  
Loundsley Green Church  
Mamble with Bayton Parochial Church Council  
Manchester Diocese  
Marston United Reformed Church  
Milton Keynes Sea Cadets  
National Trust  
National Association for Voluntary Community Action  
Necton Parish  
Newcastle Council for Voluntary Service  
Norwich Diocesan Board of Finance limited  
Offenham PCC  
Oswestry Borderland Rotary Club  
Parish of Chandlers Ford  
PCC of Shotesham  
Penrith Methodist Circuit  
Pershore Abbey PCC  
Portsmouth Diocese  
Powick PCC  
Prince's Mead School  
RAF Benevolent Fund  
Religious Society of Friends  
Riddlesden United Reformed Church  
RNLI  
Royal College of General Practitioners  
Saddleworth St Chad  
Salvation Army  
Sedlescombe Parochial Church Council  
Sheffield Manor Parish  
Shivia  
Shrawley & The Witleys PCC  
South Creak PCC



Sport & Recreation Alliance  
Spowston Parochial Church Council  
St Andrew Church, Redruth  
St Andrew's Church  
St Andrew's Church  
St Andrew's Church, Field Dalling  
St Andrew's Church, Haughton le Skerne  
St Andrew's Church, Nottingham  
St Andrew's, Oving  
St Andrew's PCC, Westlands  
St Ann's, Banstead  
St Bartholomew's Church  
St Breward PCC  
St Bride's Church  
St Chad's Church, Far Headingley  
St Cuthberts Church, Portsmouth  
St Faith's, Havant  
St James Church  
St John the Baptist Church, New Alresford  
St John with St James PCC  
St John's Church  
St John's Church, Preston Brighton  
St John's Church, Woodbridge  
St Johns Muxton Parochial Church Council  
St Lawrence Church, Lindridge  
St Leonard's Church, Beoley  
St Luke's Church  
St Luke's Crosby PCC  
St Lukes with St Augustines  
St Mark's Church, Gabalfa  
St Mary Magdalene Church  
St Mary Magdalene Parish Church  
St Mary the Virgin Bedford PCC  
St Mary's PCC  
St Mary's Church  
St Mary's District Church  
St Mary's PCC  
St Mary's PCC, Buriton  
St Mary's PCC, West Winch  
St Marys, Ringmer  
St Mary's Sullington PCC  
St Mary's, Tadley North  
St Matthew's Church, Ealing Common  
St Michael and All Angels PCC  
St Michaels & All Angels Churches, Verwood  
St Michael's Church  
St Nicolas' Church, Old Shoreham  
St Nicolas PCC, Nuneaton  
St Pauls Church, Wokingham  
St Peter & St Paul

St John's, Poulner  
St Paul's, Bisterne  
St Peter's, Cradley  
St Peter's, Callow  
St Peter's Church, Ipsley  
St Peter's Church, Lapal  
St Peter's Church, Maney  
St Peter's Stockbridge PCC  
St Swithun's PCC  
St Thomas Church, Foxley  
St Thomas's Church, Stourbridge  
Stainbeck Church (URC)  
Steventon Parochial Church Council  
Stewardship  
Steyping Parish Church  
Storrs Road Methodist Church  
Stoulton with Drakes Broughton PCC  
Tharston St Mary's PCC  
The A Cappella Trust  
The Bridge  
The Divine Healing fellowship  
The Guide Dogs for the Blind Association  
The Hanleys PCC  
The Life Church Maidstone  
The Methodist Church  
The Nothampton Roman Catholic Diocesan Trust  
The Parochial Church Council of South Creake  
The Roman Catholic Dioceses of England & Wales  
The United Reformed Church  
Totle Rise Methodist Church  
United Reformed Church - West Park, Harrogate  
Upham PCC  
Upton Snodsbury PCC  
Wadhurst PCC  
Warbleton PCC  
Warwickshire Association of Youth Clubs  
Winchester College Society  
Wolverley Parish Church  
World Wildlife Fund  
Wyggeston's Hospital

## Annex B: Current Government Legislation

The full text of the Small Charitable Donations Act 2012 can be found at <http://www.legislation.gov.uk/ukpga/2012/23/contents?view=plain>