

Is your charity making the most of the Gift Aid scheme?



Estimates published by HMRC indicated that Gift Aid paid to charities increased by about 10% to £1.88b in the 2025/26 tax year. However, HMRC estimates that a further **£560 million of eligible donations goes unclaimed each year.**

Given the increased difficulties in obtaining funding, charities should ensure they are taking full advantage of Gift Aid. Some simple opportunities for your charity to maximise the funds it receives from HMRC through Gift Aid claims are described below.

The Gift Aid Small Donations Scheme (GASDS)

Payments made by HMRC under GASDS remained steady at £40m. This is a prime opportunity which some charities may not be taking full advantage of.

GASDS is a scheme available to charities that also claim Gift Aid, to enable them to claim a top-up payment on certain small cash donations received. This includes contactless donations, collection tins and other cash receipts where it is not practical to obtain a Gift Aid declaration from the donor. Claims can be made for individual donations of £30 or less, collected in the UK.

The maximum amount of donations that can be included in a GASDS claim is usually £8,000 per tax year, worth up to £2,000. Charities carrying out their activities out of more than one 'community building' may be able to access multiple allowances.

Waived refunds

Where your charity has cancelled ticketed events or other fee-paying activities and the donor has indicated that they would like to donate the refund, you should be able to claim Gift Aid on these amounts. The charity will need to hold a valid Gift Aid declaration for the individual, hold a record of the waiver and meet the other usual requirements for Gift Aid to make the claim. Individual donors waiving the right to a repayment of a loan made to your charity may also attract Gift Aid, subject to certain conditions.

Gift Aid cannot be claimed where no physical payment was originally made to the charity, for example if volunteers wish to waive the repayment of their expenses. The expenses would need to be refunded to the volunteer first. Then the volunteer must make a physical payment to charity.

Donations from overseas individuals

Where donors provide a non-UK address as part of their donor record, a charity should carry out additional checks to see if Gift Aid is claimable – do not assume an overseas address blocks a Gift Aid claim. It is possible for a charity to claim Gift Aid on what appears to be an "overseas" donation.

To claim, the charity should ensure that the donor fully understands that they need to have sufficient UK tax liability in the relevant tax year to allow Gift Aid to be claimed. This check is in addition to ensuring that the other main administrative points are dealt with.

Retrospective claims and missing or incomplete records

Gift Aid can be claimed retrospectively subject to the time limits below:

- ◆ **Trusts:** four years from 5 April in which the donation was received;
- ◆ **Corporates:** four years from end of accounting period in which the donation was received;
- ◆ **GASDS:** two years.

A Gift Aid declaration can include wording to allow claims to be made on all previous and future donations. This means that, when a donor provides a declaration there may be opportunity to make claims on their previously unclaimed donations.

Follow up with donors if there is any missing or unclear information from their Gift Aid declaration. In addition, where donors have not completed a Gift Aid declaration, check to see if they are eligible to complete a declaration. If you think there is an opportunity to claim Gift Aid, then take the initiative and contact your donors. There are providers, such as Swiftaid's Great Gift Aid Hunt, who offer services to do this on behalf of the charity.

If your charity has not yet claimed for Gift Aid or is behind with claims, do not delay, get your claim in as soon as possible.

Membership subscriptions

Don't always assume Gift Aid cannot be claimed on membership subscriptions. The guidance is complex and HMRC are getting stricter with such claims, but it could be worth reviewing any benefits provided to members, or consider a different pricing structure to be eligible.

Although always implied, HMRC recently updated its guidance to explicitly state that a charity must, at the time members join, clearly separate out and advertise the basic cost the membership subscription from the cost of any other benefits that would not fall within the normal benefit limits. This might include the provision of facilities, service, classes, training or other activities. The membership element cannot be split out retrospectively. The provision of periodic newsletters explaining the work of the charity, or opportunities to visit and view the work of the charity, can usually be disregarded.

How HaysMac can help

At HaysMac, we have a wealth of experience helping our clients with Gift Aid, offering advice on specific fundraising activities on which Gift Aid can be claimed, Gift Aid benefit limits, guidance on how to register with HMRC for Gift Aid, bespoke staff training, audit-style reviews and checks, and much more. If you would like to speak to one of our team about how we can help your charity, please get in touch with Alice Palmer, Social Purpose Senior Manager.



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