

# Diocese of Winchester

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Newsletter for  
Parish Gift Aid Secretaries

July 2004

## Enclosures

Included with the two newsletters is a leaflet about The UK Church Fundraising Handbook and 'Updata' from Data Developments. For this reason we have not been able to send any newsletters by email this time. However, if you would normally like to receive the newsletters electronically, please let Gordon Randall or me know.

If you would like an article for your magazine or newsletter, please contact me at the address overleaf. Donations and Gift Aid tax will be paid directly into your bank account and donors will be able to make their gift anonymously if they choose.

## Inland Revenue Audit

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## Giving to charity through the tax returns

This time last year we had just received information about the scheme to enable people to donate all or some of any repayment of tax due to them at the end of the financial year to nominated charities.

If your church registered as a 'participating charity', now is the time to let church members know and to give them the 'identification code', for them to insert when they complete their Self Assessment returns.

With each Self Assessment return there is a sheet with information about Gift Aid and an explanation of the new scheme.

The reference for the Inland Revenue website is [www.inlandrevenue.gov.uk/charities/charities-search](http://www.inlandrevenue.gov.uk/charities/charities-search) for people to look up codes themselves. However, the tax return only gives the main website address and I understand it is not easy to find codes from there. This suggests to me that it really is worth publicising your own code so that people don't have to go searching!

I am aware of two churches in the Diocese, which have recently had a visit from the Inland Revenue to audit their Gift Aid. Although it takes time to get the records together for the auditors, the audit itself has been relatively straightforward.

However, one thing that has come to light is that a number of people have signed Gift Aid declarations but they are not UK taxpayers. As a result a reminder about this requirement has been put in the notice sheet and a sentence will be added to the annual 'thank you' letter.

Although it is the individual donors responsibility to make sure that they have paid sufficient tax to cover the amount reclaimed through Gift Aid, putting a reminder in the notice sheet or magazine from time to time could save embarrassment later.

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## More training days from Data Developments

The enclosed leaflet from Data Developments gives details of training days for Gift and Cash Call in September. I attended a training day for Gift 2002

soon after I started working for the Diocese. I found it most helpful in getting an understanding of the all the basic functions of the software.

And I have just attended the two days on Cash Call, which I found to be equally helpful. (I now have a copy of the Gift and Cash Call manuals if you need more information.)

On the first day we were 'introduced' to the software and began to look at how to start setting up accounts under different fund headings. When we entered transactions we had to choose SOFA headings and SORP sub-classes. Before the end of the day we produced a balance sheet.

On the second day we continued with exercises to enter income and expenditure transactions in different financial periods. We learnt how to enter standing order payments and how to change entries. We also set up 'Post Box Accounts', which enables the church to handle money for another organisation without it appearing in the accounts.

By the end of the day we had also covered:

- some useful reports
- pre-payments and accruals
- bank reconciliation and
- year-end procedures (including Parish Return of Finance forms).

Dates for the training and the address for Data Developments can be found on the back of their leaflet.

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## Share Giving

According to the final report from the Giving Campaign "Share Giving is the most generous tax relief available to donors, combining relief on income and capital gains tax, and yet there is relatively low awareness of the scheme."

Giving shares enables the donor to claim tax relief equal to the market value of the shares on the day the donation is made, together with any associated costs. The relief is against income tax for the year and, on a donation of £1,000 could reduce an income tax bill by £400. And no capital gains tax will be due on the gift.

Shares can either be sold immediately or retained as an investment. However, it is also possible for a person to give cash in lieu of shares as long as they notify the PCC in writing that they wish to make a donation of the shares. The PCC should then write to ask the person to sell the shares on their behalf. This way the PCC gets the cash and the donor benefits from the reduction in the tax they have to pay.

If you would like more information about giving shares to charity, please contact me at the address below.

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## The Giving Campaign

The Giving Campaign was launched in July 2001 to promote the use of Gift Aid. In the last three years they have "gone some way down the road" towards achieving their vision but say there is still more to be done to make people more aware of the benefits of Gift Aid and encourage its use by UK taxpayers.

In the church we often talk about 'tithing', giving 10% of what we earn to the church and other charities. Research by the Giving Campaign suggests that the richest 20% give 0.7% of their household expenditure to charity, while the poorest 20% give 3%".

Other research suggests that only a minority of the donations to charity each year are planned and tax-effective. In many churches it is the majority of the congregation who are committed to regular, tax-effective giving.

Churches may be able to benefit by encouraging people to review their giving regularly and consider giving closer to 10% of their take-home income.

I can be contacted about anything you have read in this newsletter, or with any queries relating to Gift Aid or Cash Call, at:

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