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CFG Briefing: Charities Online – what charities should do to prepare

Charities Online, the new system from HMRC to enable charities to claim Gift Aid online, is being introduced on 22 April. HMRC have released [new guidance and spreadsheets](#) for the new system to download, and all charities are encouraged to prepare now in order to complete the switch over to the new system by HMRC's deadline of 30 September 2013. In 2012 charities claimed £1.1bn in Gift Aid claims, so these changes are highly significant for the sector, and it is important that charities prepare fully in advance to ensure a smooth transition.

This email contains information on:

- [How will the new system work?](#)
- [What will be the key benefits of the new system for charities?](#)
- [What should charities do now to prepare for the new system?](#)

HOW WILL THE NEW SYSTEM WORK?

Under the new system charities will have three options for making claims. Charities need to consider the options and decide which is most appropriate for them.

OPTION 1: Claim using an online form – claim for <1,000 donors per day

This can be used to submit a claim with up to 1,000 Gift Aid donors by completing and attaching a schedule spreadsheet to an online claim form, accessed through the Government Gateway. There is no limit to the numbers of claims you can submit. If, for example, you normally send one annual claim with 6,000 donations, you can submit six claims online with up to 1,000 donations on each claim form. The online claim form will have fields you must fill in, and it will automatically check that the information in the schedule spreadsheet has been entered in the correct format.

To find out more and enroll in this system please click [here](#).

OPTION 2: Claim through your own database – claim for <500,000 donors per day

This option is aimed primarily at charities which file Gift Aid claims for more than 1,000 donors, although it can also be used to make smaller claims. Those choosing this option will be able to send one claim per day directly from their own

internal database or system through the Government Gateway system, with details for up to 500,000 Gift Aid donors. Charities wishing to use this system will either need to develop their own compatible software package or purchase a suitable package from a software provider. All major software providers are developing compatible systems for this. You can check your software requirements [here](#).

To find out more and enrol in this system please click [here](#).

OPTION 3: Claim using a new paper form – aimed at charities without access to the internet

A new paper repayment claim form, called a ChR1, will replace all existing R68 claim forms. The new form must be ordered from the HMRC Charities Helpline. For more information, please click [here](#).

PLEASE NOTE: All three options will require charities to submit postcodes of donors, along with at least the first line of their address, to enable HMRC to check compliance with Gift Aid regulations. This rule will be relaxed for one year, but will be mandatory from April 2014, and charities are advised to put systems in place early to collect donor postcodes and ensure they do not miss out on any Gift Aid claims for this reason.

WHAT WILL BE THE KEY BENEFITS OF THE NEW SYSTEM FOR CHARITIES?

Faster claims: HMRC aim to process online claims within 15 days.

More accurate claims: The new system will automatically alert you of any errors in data entered into forms and spreadsheets, reducing the need for claims to be sent back to you to be corrected.

Easier Gift Aid records for sponsored events: All donations for someone taking part in a sponsored event can be put as one entry under the name of that participant. You will no longer need to list every individual donor who sponsored the person (though you can still do this if you wish), which is what happens now for fewer than 10 donors. Only individual donations from a donor of £500 or more shown on individual sponsor sheets will need to be separated out and listed individually on the claim form.

Higher limit for aggregated donations: Claimants will be able to aggregate individual Gift Aid donations of £20 or less, up to a total of £1,000 per entry. This will reduce the number of donations you have to provide details for, but you don't have to aggregate payments if the way you record donations makes it easier to list them individually. You'll still need to keep details of all donations in case HMRC needs to check your claim.

Gift Aid Small Donations Scheme (GASDS): Although existing paper Gift Aid claim forms (R68i) will continue to be accepted until 30 September 2013, claims through GASDS can only be made with the new system.

WHAT SHOULD CHARITIES DO NOW TO PREPARE FOR THE NEW SYSTEM?

1. Choose the claiming option most appropriate for your charity

Find out more about the three options listed above [here](#).

2. Download and start using the new schedule spreadsheet

Charities using Option 1 (appropriate for most CFG members) will need to record donations on a Gift Aid schedule spreadsheet and attach it to an online claim form. You can start to use these spreadsheets now, so that you're ready to submit a claim from 22 April 2013. If you already have information saved on your own spreadsheet, you can copy and paste it into your schedule spreadsheet.

There are two schedule spreadsheets:

A. Schedule spreadsheet for Gift Aid donations

This schedule is used to record your individual Gift Aid donations, your aggregated donations and claims for sponsored events. You can download this spreadsheet [here](#) and view guidance on completing this spreadsheet [here](#).

B. Schedule spreadsheet for other income

This schedule is for claiming back tax on any income received by your charity that has had tax deducted, for example, bank interest, legacies, or royalties. You can download this spreadsheet [here](#) and view guidance on completing this spreadsheet [here](#).

3. Consider how any modified claims you currently submit to HMRC may work under the new system

Charities are encouraged to read all the relevant guidance on HMRC's website, and may then need to contact HMRC directly on this issue. Some modified claims may need to be filed in a new way, for example donations received through sponsored events, as listed above.

4. Register with the Government Gateway

If you are not already registered with the Government Gateway, you will need to register with this to make claims under the new system, although the option to make online Gift Aid claims may not go live until the system launches on 22 April. This process is not complicated but does require working through a number of stages. You will need to:

1. Sign up for an organisation Government Gateway account [here](#) - you will only need to do this once
2. Enrol to use the HMRC Charities Online service - this may only come online from 22 April, when claims can be submitted
3. Activate the Charities Online service account using the Activation Code which will be sent to you by post from the Government Gateway

5. Involve your IT team and speak to your software supplier

Charities using any kind of accounting or fundraising software that links with Gift Aid claims should speak to their software supplier and find out what arrangements

are in place to ensure a smooth and on-time transition to the new system. Software issues will be more complex if you are planning on claiming using Option 2 (above), but may still affect charities using Option 1 - HMRC's schedule spreadsheets.

6. Put in place systems to start collecting postcodes from donors

The new system will require the same information as existing claims forms, but HMRC are requesting that charities include postcodes for all future donations wherever possible, if they do not currently include these already, along with the first line of an address. Postcodes enable HMRC to easily identify donors, and including them with all claims will be mandatory from April 2014.

Peter Mills, from HMRC, spoke at our recent London Members' Meeting on Charities Online, and an article from Peter was also included in March's edition of Finance Focus. More information on any aspect of the Charities Online system can be found on HMRC's website [here](#). This also now includes an [FAQs page](#), which is regularly updated. If you have any feedback for HMRC on the new system, please email katherine.smithson@cfg.org.uk.

CFG Policy Team

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