

**The**  
**Good Giving Guide**  
**2008**

**St. Stephens Church, Shottermill**

**5 ways of giving:-**

1. Envelope scheme
2. Standing order
3. GAYE (give as you earn)
4. CAF (Charities Aid Foundation account)
5. Tax reclaim

**3 types of giver:-**

1. non-taxpayers
2. 22% taxpayers
3. 40% taxpayers

**3 considerations to be taken into account:-**

1. how much can I afford?
2. how can I maximise the tax reclaimable by the Church?
3. what would I like the church to do with the money – general funds or a particular purpose?

In no way would the Church discourage anyone giving in a particular way that they are comfortable with but, as tax is a key element of the Church's income, the table below sets out the various options which are the most beneficial to maximising Church income:-

Type of giver	Giving schemes available to maximise Church income					
	Envelope Without Gift Aid	Envelope with Gift Aid	Standing order without Gift Aid	Standing order with Gift Aid	GAYE	CAF
Non taxpayer	YES		YES			YES
22% taxpayer		YES		YES	YES	YES
40% taxpayer		YES*		YES*	YES	YES*

\* = further actions may be required to maximise the benefit to the Church for which see later in this document.

## The available schemes in detail

### 1 Envelope scheme

Participants receive 52 envelopes each year with a number unique to individual giver

The unique number is confidential to the giver and to the treasurer only

Donations are placed in the envelope and either put on the collection plate or deposited in the wall safe

Donations can be used for cash or cheques

22% tax reclaim carried out by finance team for tax payers if gift aid form completed.

**Please contact the treasurer if you:-**

- **wish to join the envelope scheme,**
- **require further envelopes**
- **require a gift aid form**
- **would like further details of this scheme**

### 2 Standing order

- Participants complete a standing order mandate which provides for automatic payment into the Church account each month of a particular amount
- Standing orders can either be updated by the giver personally at his / her bank or by completing a standing order form and giving this to the treasurer
- Confidentiality of giving secured due to very limited access to bank account statements (treasurer and assistant treasurer only)
- Benefit to church of being able to plan from regular income stream
- 22% tax reclaim carried out by treasurer for tax payers if gift aid form completed.
- 40% tax payers – see separate section for additional action required to secure maximum benefit to the Church

**Please contact the treasurer if you:-**

- **wish to join this scheme,**
- **require a new standing order mandate**
- **require a gift aid form**
- **would like further details of this scheme**

### 3 GAYE

If you are employed this may be relevant to you.

- A GAYE scheme is run by participating employers
- You nominate a charity to which donations should be sent and your employer does the rest
- Payments made directly into Church bank account by this scheme
- The benefits of joining a GAYE scheme are that:-

(a) some employers add to your donation with their own contribution;

(b) No tax reclaim is required to be made by the Church finance team as regular monthly payments to the Church are made gross, including tax at either 22% or 40% depending upon giver's tax status.

Employers need to be registered with the scheme but it is relatively simple for new employers to join

If you wish to find out whether your employer participates already go to <http://www.cafonline.org/apps/companysearch/default.aspx> or ask the treasurer.

If you wish to join your employer's scheme and give money to St Stephens, you will need to specify St Stephen's Shottermill PCC as the name of the relevant charity and instead of a charity number give your employer our tax reference number which is XN26121.

### **GROSS UP IMPORTANT:-**

If you are considering utilising a GAYE scheme to maximise Church income in this way you need to inform your employer of the tax-inclusive figure you wish to contribute rather than the after tax figure that it will actually cost you.

To do this a small calculation needs to be made otherwise no additional benefit to the Church will be gained:-

Step 1: calculate how much you wish to give out of net income e.g. £100

Step 2: gross up using the calculation below (the Treasurer can help as required):-

Higher rate tax payers:-

Tax-inclusive figure to use under GAYE = cost to you after tax / 60 multiplied by 100

**£166.66** = £100/60 multiplied by 100

Basic rate tax payers:-

Tax-inclusive figure to use under GAYE = cost to you after tax / **78** multiplied by 100

**£128.21** = £100/78 multiplied by 100

NB: from April 2008 the basic tax rate reduces from 22% to 20% so the calculation for basic tax payers will need to be amended so that the number 78 is replaced with the number 80.

**Please contact the treasurer if you:-**

- **wish to move to a GAYE scheme,**
- **require help finding out whether your employer is registered for GAYE**
- **require help finding out how to get your employer registered for GAYE**
- **require help calculating the tax-inclusive figure**
- **would like further details of this scheme**

### 4 CAF

- Run by the Charity Aid Foundation
- Each giver has a Charity Aid Account from which cheques can be written or standing orders made to the Church
- 22% tax on contributions automatically reclaimed by CAF under Gift Aid and added to the funds in your account
- A useful method for giving to other charities too
- It is possible to combine GAYE with CAF i.e. your employer pays into your Charity Aid Account

**Please contact the treasurer if you:-**

- **require help setting up a CAF account**
- **would like further details of this scheme**

## 5 Higher rate tax payers (40%)

It is a common misconception that only basic tax relief can be claimed on charitable donations. This is not correct! Those 40% taxpayers that utilise GAYE (and gross-up their contributions using the calculation above) do already contribute to the Church the benefit of the higher rate tax relief. However, most giving into the Church does not benefit from the additional 18-20% that could be claimed. As a finance team our aim is to do something about this!

### **5.1 Huge benefit to the Church**

Encouraging all 40% taxpayers to claim higher rate tax relief on giving to the Church could be hugely beneficial to the Church. For example:-

- assume we have 10 higher rate tax payers giving regularly to the Church
- assume each currently contributes £100 a month using gift aid
- Current contribution with gift aid reclaimed = £128.21
- Contribution if higher rate tax relief claimed = £166.66
- Extra contribution per giver = £38.45 a month / £461.40 a year
- Extra contribution for the 10 givers in this example = £4,614 a year (at, it is assumed, no additional cost to the giver)!

Whilst basic rate can be claimed fairly easily via CAF or standard Gift Aid, to obtain the additional 18-20% tax relief you will need to do a few more things.

### **5.2 How to claim tax relief at 40%**

- Utilise a GAYE scheme; or
- If you complete a tax return each year, elect to claim the additional 18-20% relief and direct this to be paid to St Stephens (there is a box on the self-assessment form to do this. Please specify St Stephen's Shottermill PCC as the name of the relevant charity and instead of a charity number you need to give a unique SA Donate reference number for St Stephens. We are in the process of applying for this number so please contact the treasurer or watch the website for details; or
- If you do not complete a tax return each year but are a 40% taxpayer you can reclaim the additional 18% tax by letter to your particular tax office. A format for that letter is attached and your employer should be able to tell you the address of your tax office. You can send this letter in at any time but it may be good practice to send this letter in each year immediately after the end of the tax year on 6 April. It is important that the letter makes it clear that you want the Revenue to pay you the actual amount of the claim rather than adjust your PAYE Coding. Unfortunately it is up to your individual tax office as to how to give you the relief but we can at least try and convince them how to pay!

### **5.3 Back claims**

- **VERY IMPORTANT** – it is possible to reclaim tax on all charitable donations that you have made (whether to St Stephens or to any other charity) not just in this tax year but (currently) for all tax years April 2002 onwards.

- If you would like to reclaim this past tax for the benefit of the Church then you should specify in your tax return or your letter to the Revenue which years you would like to claim for and the amount of donations made.

**Please contact the treasurer if you:-**

- **Would like help completing a letter to the Revenue**
- **Would like details of your contributions to the Church this year or in past years**
- **Would like further details of this scheme**

## 6 Legacies

Legacies can be an important source of income for Charities such as St Stephens. To arrange a legacy you will need to create a Will or amend your existing will by a Codicil. Whichever method you use, it is generally advisable to visit your solicitor to effect this.

### 6.1 Types of legacy

There are a number of different types of legacy that can be left in your Will, including:-

#### **Residuary bequest**

A gift of the remainder of the estate after all other bequests have been made and debts cleared is called a residuary bequest.

#### **Pecuniary bequest**

A gift of a fixed sum of money in your Will is called a pecuniary bequest. The value of pecuniary legacies will decrease over time, as the cost of living increases.

#### **Specific bequest**

A particular named item left as a gift in your Will is known as a specific bequest - for example, a piece of jewellery.

#### **Contingent bequest**

A gift in your Will that depends upon the occurrence of an event which may or may not happen is known legally as a contingent bequest. An example is a bequest to a charity which applies only if other beneficiaries named in the Will die before the testator (person who made the Will).

### 6.2 Example wording to take to your solicitor

See attachments for example wording to discuss with your solicitor.

**Please contact the treasurer if you:-**

- **would like further details as to how to leave a legacy to St Stephens**
- **would like details of an appropriate solicitor.**

**E. Walker**

**Treasurer, 31 January 2008**

[HMRC template letter]

[date]

[Tax office address]

Dear Sirs

**Reclaim of tax on charitable donations**

My details:-

<b>Name:</b>	
<b>Address:</b>	
<b>National Insurance Number:</b>	

St. Stephens' Church details:-

<b>Name:</b>	St. Stephen's Church Shottermill PCC
<b>Tax Reference:</b>	XN26121

I confirm that I have made the following donations to St. Stephen's Church on which Gift Aid has been claimed:

<b>Tax year</b>	<b>Gross amount (£)</b>
2002/2003	
2003/2004	
2004/2005	
2005/2006	
2006/2007	
2007/2008	

As a higher rate taxpayer for the above listed tax years, I wish to claim the additional tax relief permissible and, rather than have the relief given to me by way of a variation of my future PAYE coding, for such amount to be paid direct to St. Stephen's Church if possible, or if not direct to me for onward transmission to St. Stephen's Church.

Yours faithfully

[your name]

## Legacies

### [Example wording for Wills and Codicils]

Should you wish to remember St Stephens in your Will you might wish to take the following wording suggestions to your solicitor. They will ensure that your wishes are accurately followed and will also be able to advise you on index-linked (inflation proof) giving:

#### **Residuary bequest (a proportion)**

I give (%) of the residue of my real and personal estate which I can dispose of by Will in any manner I think proper to St. Stephens Church Shottermill (Tax / Charity Reference: XN26121) care of Treasurer, St. Stephens Church, Church Road, Shottermill, Haslemere GU27 1NS and the receipt of the Treasurer or the proper officer for the time being of St Stephens Church Shottermill shall be a complete discharge to my Executors.

#### **Pecuniary bequest (a set sum)**

I give the sum of ..... pounds to St. Stephens Church Shottermill (Tax / Charity Reference: XN26121) care of Treasurer, St. Stephens Church, Church Road, Shottermill, Haslemere GU27 1NS and the receipt of the Treasurer or other proper officer for the time being of St Stephens Church Shottermill shall be a complete discharge to my Executors.

**In addition it is important to ensure that the following clause is inserted, whichever wording you need to use:**

If at my death any charity named as a beneficiary in this Will or any Codicil hereto has changed its name or amalgamated with or transferred its assets to another body then my Executors shall give effect to any gift made to such charity as if it had been made (in the first case) to the body in its changed name or (in the second place) to the body which results from such amalgamation or to which such transfer has been made.