

St Stephen's
Church,
Shottermill
**Good Giving
Guide**
2010

How Should I Give?

There are 5 ways to give:

1. Envelope Scheme
2. Standing Order
3. GAYE (Give As You Earn)
4. CAF (Charities Aid Foundation account)
5. Tax reclaim

There are 3 considerations to take 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?

There are 3 types of giver:

1. Non taxpayer
2. 20% taxpayer
3. 40% taxpayer

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	✓		✓			✓
20% taxpayer		✓		✓	✓	✓
40% taxpayer		✓ *		✓ *	✓	✓ *

* further action may be required to maximise the benefit to the Church (explained later in this document).

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
- 20% tax reclaim carried out by finance team for tax payers if gift aid form completed

Please contact the treasurer if you:

- *wish to join this 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
- 20% 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 20% 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 our charity number which is 1134016.

Calculating Gross

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 / 80 multiplied by 100

£125 = £100/80 multiplied by 100

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
- 20% 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
- If you want to give directly from CAF to the Church this can be achieved by cheque or online via CAF's e-fundraising application. Online is preferable to a CAF cheque as the money is sent direct to the Church.

Please contact the treasurer if you:

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

5. Tax reclaim

If you are a higher rate tax payer (40%) this may be relevant to you.

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 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 = £125...

Contribution if higher rate tax relief claimed = £166.66...

Extra contribution per giver = £41.66 a month / £499.92 a year...

Extra contribution for the 10 givers in this example = £4,999 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 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, you will be asked to state exactly how much you have donated to charity during the year. This will automatically

5. Tax reclaim (cont.)

Contact

increase the amount of your 20% tax band and you will benefit as a result. You can decide to enjoy this “present” from the Inland Revenue or elect to pay the additional 20% relief on your giving throughout the year direct 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 give your employer our tax reference number for these purposes is TAJ16B) ; or

- If you do not complete a tax return each year but are a 40% taxpayer you can reclaim the additional 20% 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.

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*

Ed Walker
Treasurer
St Stephen’s Church, Shottermill

email: grosvenorwalker@sky.com
tel: 07932 749067