

Transitional Gift Aid relief announced in the Budget

The Church of England has welcomed the transitional relief arrangement announced in the Budget for Gift Aid claims by charities over the next three years. In the Budget speech, the Chancellor, Alistair Darling, announced a transitional rate of relief of 22 per cent from 2008/09 to 2010/11. This retains an estimated £8m per year that would otherwise be income lost by Church of England parishes, which for the diocese of Wakefield is equivalent to around £110,000 a year.

Parishes will need to claim at the 20% rate from 6th April this year. (i.e. 25p per £1 donated) . Additional relief will then be added by HMRC to make it up to the equivalent of the 22% rate (i.e. 28.2p per £1 donated).

Consequently parishes will need to submit two separate schedules for this year : one for 1st January to 5th April at the 22% rate, the other for 6th April to 31st December at the 20% rate.

Parishes are encouraged to remove any leaflets advertising a reduction in the rate of Gift Aid. Advice on accessing the transitional relief will follow in due course to PCC Treasurers, and will also be published on the diocesan website, and on www.parishresources.org.uk/giftaid.htm

The Treasury also announced a package of measures designed to smooth the processes used for claiming Gift Aid, and auditing these claims. These include a de minimis error level below which charities making smaller claims would not be penalised for errors in record-keeping; and an adjustment to the Gift Aid claims process to allow charities to aggregate donations under £10 in claims up to a total of £500.