

How Gift Aid works with your Fundraising



Gift Aid is a government refund of tax paid on gifts. Here's how Gift Aid works for you and for the Stars Appeal.

The first thing to explain is that when JustGiving and VirginMoneyGiving claim back Gift Aid on behalf of the Stars Appeal it does not count towards your fundraising target.

This is because

1. Not every donation is eligible for Gift Aid (eg if donors don't pay basic rate tax or live outside the UK) so fundraising sites sometimes REMOVE the Gift Aid claim even when your supporter has claimed it
2. Gift Aid is applicable ONLY to direct donations by a charity's supporters. Not to money that you collect and pay in. And not to money you raise by selling event tickets, running a raffle, or selling goods or services (such as cakes or babysitting). Even if you pay tax, that's only relevant for donations that you personally make from your own funds, not money you have raised
3. Gift Aid has to be reclaimed and then paid to the charity. We don't get it at the same time as the donation, and there's always a possibility that when checking Gift Aid claims, HMRC will reject some and not pay Gift Aid where it doesn't fit their rules
4. Fundraising sites use the Gift Aid they collect to pay for their administration and processing fees, and to pay card companies and PayPal fees. For instance on JustGiving you might think a £10 donation would automatically be worth £12.50 with Gift Aid. In fact we get £11.74 after fees. For donations that aren't Gift Aided they take the fees from the donation. So for a £10 donation we get around £9.37. If we got £10 with Gift Aid and £10 without, on average we'd make about £1 more than the donated £20.

That's why the fundraising websites show your grand total without Gift Aid. On average the Gift Aid we get back covers the admin and processing costs that the websites charge us and that we also separately incur when organising events like our treks. If we get more than enough to pay that, it's simply great news for everyone who benefits from the Stars Appeal.

More here:

<https://help.justgiving.com/hc/en-us/articles/200670391-A-guide-to-Gift-Aid>

<https://www.justgiving.com/fees/108126?isGiftAidable=True>

<http://blog.justgiving.com/an-important-gift-aid-update-for-our-charities/>

The second point is that you can't claim Gift Aid on your fundraising if you're fundraising for the costs of your trek, as well as for your donation to the Stars Appeal. That's because HMRC see that you're getting a benefit from your fundraising – ie going on a trip to Petra.

Their guidance (<https://www.gov.uk/guidance/gift-aid-what-donations-charities-and-cascs-can-claim-on#sponsored-challenges>) says the charity MAY be able to claim Gift Aid on the money you raise, over and above the cost of your trek. While you are fundraising there is no way to demonstrate that you will definitely hit your target, cover the costs and make a donation. So it has to be a retrospective claim by the Stars Appeal, should we have the resources to make it, AFTER the fundraising and trek are complete.

We recommend you think of any Gift Aid we get as lovely, but unpredictable, extra fundraising for the Stars Appeal, and look at your Total without Gift Aid when you check your progress.