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GATS Gift Aid Tax Software

Accounting Periods in GATS v 3.7

HM Revenue & Customs have issued revised Gift Aid claim forms to take account of the introduction of 'Accounting Periods' into the claims procedure. GATS v 3.7 produces the new style of HMRC form R68 Gift Aid. This form is known as the 'schedule' and **a separate schedule must be produced for each accounting period.**

[As in earlier versions, GATS v 3.7 does not produce the R68 Claim form; you should copy the total figures from the schedule to the Claim form.]

HMRC have pointed out to us that, whilst it is not particularly easy to understand the differences between trusts and companies, it is essential to get this right. It not only affects how HMRC calculate repayment interest, but also when claims go out of date, and what type of tax return a charity may have to complete.

The trust or company status will depend on how the organisation was actually set up. All Community Amateur Sports Clubs are treated as companies. Charities will be a trust if they were set up by a Trust Deed or Will. If a charity is set up by Act of Parliament, Constitution, Memorandum & Articles of Association, etc. then they will be companies for tax purposes. HMRC tell us that charities often find this confusing because, for example, all Church of England churches are companies because they were set up by Act of Parliament. **If you are in any doubt about your status we strongly advise you to call HMRC before you start to prepare a GATS claim, as we are not qualified to expand on this note.**

If you are a company your Gift Aid accounting period will follow the dates to which you prepare your annual accounts.

For those charities that are trusts, legislation states that they must make any tax claims or tax returns to the tax year end. So although they may well have a different accounting date, they must continue to make claims in line with the tax year end of 5th April, and where the form refers to an accounting date they must take this as being 5th April for the purposes of their claim.

When you create a claim in GATS v 3.7 all donations are included up to the date you select as the end date for that claim. You therefore need to make sure that the selected end date does not take you into a second accounting period. One schedule cannot include donations from two accounting periods. For this reason before you finalise a claim you will see one of two warning messages.

As we are all used to the concept of collecting tax repayments on donations that were made prior to the receipt of the Gift Aid Declaration, it is possible that a claim may include old items that belong in a previous accounting period. If GATS detects that the 'earliest' and 'latest' dates are more than a year apart you will get a warning that the schedule is not valid, and you must use the 'Abort Claim' button.

Each schedule can only use one tax rate. It is anticipated that the tax rate will change at 6th April 2008, so it is important that a claim does not include donations both before and after 6th April 2008. A warning will appear to remind you to check that you are not crossing 6th April on a schedule in such a year when the rate has been changed.

A claim may be created at any time (i.e. for part of an accounting year), provided it does not go over the end of an accounting period, or a tax change date.

[For continuity with previous versions, GATS still refers to a 'Claim', although strictly speaking this should be known as a 'Schedule'.] It is important to understand that GATS records the date a claim is prepared. This date is used to identify a particular claim, and this claim date will appear in the list of claims, along with the total donations and tax recovered under that claim. Also, the date of claim is recorded against every donation that was included in that schedule. (It is the fact that there is a 'claimed date' against a donation

that prevents GATS including that donation on a future claim). **It is not possible to prepare more than one schedule on a given date.** HMRC require separate schedules (R68 Gift Aid) for each accounting period, but you may add together the totals from more than one schedule when you are completing the R68 Claim form. If you wish to do this it will be necessary to use GATS to create the schedules on different days, but send them off to HMRC with one R68 Claim form.

Example - Assume that your accounting period is 31 December, and that the tax rate will change at 6.4.08.

On 1st May 2008 you prepare a schedule (called 'Create a Claim' in GATS) for donations up to 31.12.07 - total tax to claim back is £1,000 (shown in Section C Box 3 of R68 Gift Aid).

On 2nd May 2008 you prepare a schedule for donations up to 5.4.08 - total tax to claim back is £500. Enclose both schedules with your R68 Claim form, and show the total of £1,500 in Box B of the R68 Claim form.

Note that at the start of each tax year GATS requires you to enter the tax rate. This rate is automatically applied to all donations, based on the date of donation, and the R68 Gift Aid form that GATS produces will always show the correct rate for the tax year to which your claim relates.

Help is available from HMRC at www.hmrc.gov.uk/charities or on 0845 302 0203

Cleaford Services Software Helpline (enquiries about GATS) is on 0906 716 0777 (calls charged at 50p/minute)

*A. Cleaver
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