

## **HMRC Raising money at meetings**

Cash placed in the collection plate is the traditional method of raising money at meetings. However, collections taken using Gift Aid envelopes are more efficient as tax can be reclaimed on qualifying donations.

Unless otherwise announced (orally in the Lodge or in writing in the summons) all collections in a Masonic Lodge are to be considered for charitable purposes and are to be deposited in the Lodge Charity Account.

Lodges should be careful to specify the destination of collections according to their wishes. 'To take a collection for charity' would indicate that the funds might go to Masonic or non-Masonic charitable destinations while 'To take a collection for Masonic charity' is specific. 'To honour the charities' is a phrase historically referring to Masonic charity. 'To collect alms' would imply any charitable destination.

It is perfectly in order for collections to be taken for a purpose other than charitable (such as widows' presents or a building fund) but it must be made clear beforehand what the object of the collection is. In these cases the funds collected must not be placed in the Lodge Charity Account but in the Lodge General Account and subsequently drawn from that account.

## **THE IMPORTANCE OF GIFT AID**

Gift Aid increases the value of donations to charities by allowing them to reclaim basic rate tax from UK tax payers. The HMRC website gives guidance on how the donor may claim back higher rate tax, carrying back Gift Aid donations to the previous tax year.

You should take full advantage of the scheme by encouraging as many members as possible to 'sign up' in order to maximise their donations.

Completing a simple declaration form is all that is required to ensure that all future donations to that charity are treated as Gift Aid donations. Please note that a separate form is required for each charity.

Making such a declaration will cost a member:

**NOTHING MORE THAN HIS AGREEMENT**

But will enhance the value of all future donations.

Donations will be regarded as having had basic rate tax deducted and the charity can reclaim the value of that basic rate tax from Her Majesty's Revenue and Customs (HMRC), enhancing the value of the member's donation at no extra cost to the member.

For example:

With a basic tax rate of 20 per cent (at June 2011), every £10 donated through Gift Aid would be worth £12.50 to the charity. This is derived from a member's gross earnings of £12.50, on which basic rate tax of £2.50 would have been deducted.

Higher rate tax payers can claim extra tax relief on their donations.

Tax can be reclaimed through Gift Aid wherever the amount of Income or Capital Gains Tax paid by the donor in any tax year (6 April to 5 April) is at least equivalent to the amount of tax reclaimed on all Gift Aid donations made in the same year. This applies to tax paid in the UK only. If tax is paid outside the UK, Gift Aid cannot be claimed.

The donor does not necessarily have to be working to pay tax. Besides Income and Capital Gains tax, other forms include tax on savings interest, on state or other pensions and on investment or rental income.

It is the responsibility of every donor to notify the charity if the tax recoverable exceeds the tax paid and

reclaimed under the Gift Aid Scheme. HMRC may require any shortfall to be repaid.

Guidance on Gift Aid, is available on the HMRC website 'Giving to charity through Gift Aid'. The information contained on this website has not been reproduced in this handbook as tax rules and rates will change over time. Before responding to more complex enquiries from members, you are advised to consult the site, or direct members to it.

## **Using Gift Aid Envelopes**

Gift Aid Envelopes are an excellent vehicle for enhancing the value of cash or cheque collections by allowing tax to be reclaimed.

The West Lancashire Freemasons' Charity produces its own envelopes. Locally produced variations are not recommended. The Charity will on request provide sets of pre-printed labels for each member for distribution by the Charity Steward.

A full description of the schemes available are included in the Charity Stewards pack. Further copies are available from the West Lancashire Freemasons' Charity.

Gift Aid Envelopes can be used in various ways, e.g.

- Sent with the Summons.
- Used for Lodge Room collections. Typically, the envelopes are placed on the seats before the meeting, including those of visitors if desired. Unused envelopes can be collected afterwards.
- At 'White Table' meetings ladies, other Masonic and non-Masonic guests can make Gift Aid donations, as long as they are U.K. tax payers.

When used for Lodge Room collections, putting envelopes on the chairs in the Lodge Room prior to the meeting gives Brethren an opportunity to complete them in advance of their collection.

## **RAFFLES**

HMRC guidance notes are very clear in that a donor using the gift aid scheme must not receive any benefit for his donation. A raffle prize would be deemed a benefit and accordingly, Gift Aid Envelopes should not in any circumstances be used for raffles.