

Gift Aid

CASE STUDIES



Case Study 1 - non-compliant

A school with its own charity presents a laptop scheme as a means for parents to acquire laptops for their children at a significant discount. The Foundation uses tax claimed from the Inland Revenue to subsidise the cost of the laptops to the parents. This scheme is not eligible for Gift Aid because the parents' payments are not gifts to the Foundation. Any tax claimed from the Inland Revenue is repayable with interest.

Case Study 2 – non-compliant

A school with its own local Foundation offers the opportunity to participate in a laptop scheme to all pupils and invites all parents to make donations to support the Foundation. However, only 25% of parents agree to make donations although more express a wish for their children to participate. Only those pupils whose parents agree to make specified payments to the Foundation are allocated laptops, to which they have exclusive access. This scheme is not eligible for Gift Aid because the benefit of exclusive use of a laptop is received as a direct consequence of making a donation to the Foundation. The Inland Revenue considers that the value of that exclusive access exceeds the Gift Aid limits.

Case Study 3 – non-compliant

A school with its own local Foundation establishes a pool of laptops in a similar manner to Case Study 4. However, the children of parents who make donations above a specified limit have exclusive use of designated laptops, which they are able to take home with them. The Inland Revenue considers that the exclusive use and right to take the laptop home represents a benefit received as a result of having made a donation. The Inland Revenue considers that the value of the benefit exceeds the Gift Aid limits and the payments made do not qualify for repayment of tax.

Case Study 4 - compliant

A school with its own charity offers the opportunity to participate in an e-learning programme to all pupils and invites all parents to make donations to support the Foundation. Only 25% of parents agree to make donations although more express a wish for their children to participate. The school puts those pupils whose parents want them to participate into groups with 100% individual access to laptops. The Foundation does not receive donations from all parents of children in those groups. The Inland Revenue accepts that this arrangement qualifies for Gift Aid because the benefit of laptop access does not depend on a pupil's parents donating to the Foundation Guidance notes.

Case Study 5 - compliant

A school offers the opportunity to participate in an e-learning programme to all pupils and invites all parents to make donations to support the Foundation. Sufficient parents donate to enable the Foundation to provide sufficient laptops to allow 30% of pupil's exclusive access. Instead of allocating the laptops to those pupils whose parents have contributed, the school establishes a pool of laptops. The pooled laptops are available to all pupils at the direction of teaching staff. This arrangement is eligible for Gift Aid because the benefit of access to a laptop does not depend on whether a parent has donated to the Foundation. There is no need to value the benefit because it is not directly connected to making a donation.

Case Study 6 – compliant

A school has experienced problems with a small number of students who are deliberately abusing the laptops when taken home. The insurance company has expressed concerns, and warned that it will not pay claims when the damage is due to “wilful neglect”. The school is concerned that it will compromise its’ Gift Aid entitlement if it withdraws the right to take a laptop home to this group of students. Because the removal of the right to home access is not related to the financial contributions made by the parents, the Inland Revenue does not believe that this affects Gift Aid entitlement; although they would be concerned if sanctions were less severe for students of donating parents compared to those who did not donate.

Case Study 7 – compliant

A school wished to apply a £100 “deposit” as part of the parental donation for students in the sixth form. The laptops are on a two year lease so some students would end up taking a laptop with them when they went on to University. If a student returned the laptop at the end of the sixth form period then the deposit was returned to the parents. If the student decided to take a laptop then the deposit would be forfeited.

The Inland Revenue view on this was:

The starting point must be that Gift Aid will only be due on donations if getting the use of laptops is determined entirely without regard to the making of donations or any other payment. So, if students can get the use of laptops whether or not their parents pay the “deposit”, Gift Aid will be available.

As long as the conditions above are satisfied this is not a problem regarding the Gift Aid, however, the £100 received may well fall to be treated as a trading receipt, which could be taxable.

Case Study 8 – non-compliant

A large Secondary school produced a pack of information for parents inviting them to contribute towards the scheme. Because of their concern about parents agreeing to participate, but then dropping out once the laptops had been committed to by the school, they presented the programme as requiring a donation in order to participate, and stated that if a parent ceased to make donations the laptop would be withdrawn from their child. The documentation did not make any reference to parents who wished their children to participate but were unable to afford it.

Parents were asked to complete an Order Form for the laptop of their choice and the period of use was linked to the level of donation made. The Inland Revenue’s ruling was that the programme did not qualify for Gift Aid because:

- The allocation of laptop computers appeared to be directly related to a parents ability or willingness to contribute to the scheme.
- The scheme did not make sufficiently clear that parents could participate even if they were unable to make a donation.
- The system of parents ordering their laptop suggested that there was a direct link between the payment and a benefit for a particular child.
- They were concerned that there would be non-educational use made of the laptop by the wider family.