

CHARITABLE GIVING BY CHURCHES



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Many churches give generously to charities and causes both locally and overseas each year. For such churches, longstanding relationships with mission partners are a key part of their ministry and mission as a community of Christ. For others, giving proportionately from planned giving income (5% is a common figure) is a way to activate the generosity of their congregations while supporting brothers and sisters in need.

If your church would like to start giving, or is already doing so, there are a few things you need to consider to ensure you are giving both legally and ethically.



How much to give away?

The question of how much to give away is one for your PCC to decide based on what they think God is calling them to do. You should consider your income against your planned expenditure, and balance this with possible unplanned expenditure.

Some churches choose to tithe their income, and others give away their annual surplus once their expenses have been met each year. You could commit as a church to raising enough in 11 months for all the annual costs of the church's ministry and mission (i.e. 12 months). Then, for harvest month, give away everything you are given. This is a great way of demonstrating the generosity we want to encourage. The church could explore all the ways it can be generous during this month within its community. It gives a focus to our work to encourage generosity and is a great testament to the faith of the church and its love for those within its community.

As Christians we are all called to give to build the kingdom of God, and churches are one of the ways we can do this.

Notifying Your Givers

It's essential that you notify anyone giving an unrestricted donation to your church that your church will be making charitable gifts from general funds. The [Code of Fundraising Practice](#) states that you should be clear with donors in advance of taking a donation where their donation will go and only use their money as you have stated.

Explain to your congregation throughout the year that the PCC intend to make charitable gifts from general funds as part of the work of your church.

Unrestricted gifts given toward the 'general purposes' or 'the work of the church' will form the basis for charitable giving, so you must make the link between this giving and the charitable giving you make. You should report what gifts were made in the previous year at your APCM. You could invite charities or mission partners you have supported to come and speak at services throughout the year and share the impact your giving is having on their work.

It is also a good idea to explain to your congregation why your church would like to make financial donations to other charities and what principles underpin its charitable giving. Charitable giving of money may be just one kind of outward giving carried out by your church, alongside contribution to local foodbanks, people's time in volunteering for local mission work, and making the church building available to local organisations, such as night shelters.

Choosing Charities

Many churches invite members of their congregations to nominate charities to support with donations from church funds.

Criteria to consider when deciding which charities to support include:

- *Whether a member of the church's congregation is actively involved with the charity;*
- *Whether the church has previously granted funds to the organisation;*
- *Whether the charity is well run and appropriately funded;*
- *The local impact of the charity (if appropriate);*
- *Whether the charity's aims and activities are consistent with the Christian faith;*
- *Whether the church's support would make a real difference to the charity.*

It's a good idea to do some due diligence checks on the charities nominated before making recommendations about which to give to. This could include looking at the charity's website, viewing their annual accounts on the [Charity Commission website](#), doing an internet search, and speaking to people who know the charity well about their work and asking any questions you may have.

The PCC will need to agree and sign off any grant payments to charities, whether they have decided on the causes to support from a short list, or they are approving charities selected by popular vote.

Taking Collections on Another Charity's Behalf

Making donations to charities from church funds is different to collecting donations on behalf of another charity, for example during Christian Aid week. If a church collection is collected on behalf of another charity and simply passed directly on to that charity then the money collected does not form part of the church's income, as it is merely acting as a go-between for the donor and the charity. To reduce the risks of fraud, it is good practice for money collected to go through a church's account and to be counted with the same processes used for a normal church collection.

Gift Aid

HMRC give specific guidance about church giving and gift aid when taking donations for other charities.

- If the church is inviting the collection and then the PCC chooses to exercise its discretion in donating that collection to a named charity, then it is possible for the church to open a fund, run it as a restricted fund and claim gift aid on eligible donations. That gift aid should be passed on to the charity.
- If a church is not exercising any discretion and it is the case of people giving the donation to the church to pass on to the charity, then the givers should complete a gift aid form from the charity itself, which is then sent through to the charity by the church along with the collected donations.

More information is available from HMRC here:

<https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid>

