

Tax-efficient giving made easy

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Funding Landscapes - York

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Main methods of tax-efficient giving

- Gift Aid
- Payroll Giving
- Share Giving
- Legacies

What is Gift Aid?

For every £1 a UK tax-paying donor gives to charity that charity can get an extra *25p from Her Majesty's Revenue Customs (HMRC).....

at no extra cost to the donor!

* changed on 6th April 2011

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CAF Charities Aid
Foundation

Gift Aid stats

- during 2010/11...
 - **over £1.1bn paid back to charities**
 - **over £300 million claimed by higher rate taxpayers – unfortunately this no longer applies**
- estimated amount left unclaimed runs into hundreds of millions each year!

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Gift Aid – The Rules

- donor must pay at least as much Income Tax and/or Capital Gains Tax as the charity claims back in Gift Aid from HMRC
- donor must complete a Gift Aid declaration (paper or oral)
- donor ‘thank you’ gifts cannot exceed HMRC’s ‘*Donor Benefit Rules*’

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The benefits valuation rule

SINGLE DONATION	VALUE OF BENEFIT (max)
£0 - £100	25% of donation
£100 - £1,000	£25
>£1,000	5%

Maximum benefit that can be given back in one year is £2500

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Ways to make a declaration

- charity literature
- online – email/Internet
- telephone (recorded or written follow-up)
- written declaration

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The health check

“I am a UK taxpayer and pay an amount of Income Tax and/or Capital Gains Tax at least equal to the tax that can be reclaimed on my donation(s).”

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Gift Aid Declaration

If you are a UK tax payer, your gift of **£30.00** could be worth **£38.46** to **Medecins Sans Frontieres [UK]** under the Gift Aid scheme.

Please complete the Gift Aid declaration below.

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- I am a UK tax payer and pay an amount of Income Tax and/or Capital Gains Tax at least equal to the tax that can be reclaimed on my donation.
- I do not pay tax and/or this statement does not apply to me

next >>



onlinedonations@cafonline.org



This is a secure transaction environment. You should see a padlock in the corner of your browser to indicate this.

This donation service is managed by [CAF](#) and WorldPay



SECURE TRANSACTION DOCUMENT

Gift Aid can be claimed on...

- cash
- cheques
- direct debits
- standing orders
- credit/debit cards
- postal orders
- and can be made in any currency
(as long as donor is a UK tax payer)

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Gift Aid cannot be claimed on...

- purchase of most goods or services
 - eg Christmas cards and jumble sales
- raffle and lottery tickets
- donations already receiving tax relief
 - eg charity vouchers or payroll giving
- in-kind donations

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Audit trail

Charities need to keep a clear audit trail to demonstrate to the HMRC that they have received the donations they are reclaiming tax on, as well as having the correct Gift Aid declarations.

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Gift Aid – a clear audit trail

- Gift Aid declaration
- correspondence with donor
- bank statements
- donation records (receipts, cash book entry etc)

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Main Budget 2011 changes to Gift Aid

- **Gift Aid Small Donations Scheme** – Will allow charities to claim Gift Aid on up to £5000 of small donations without the need to submit Gift Aid declaration forms. Charities need to have been registered for Gift Aid for 3 years prior to doing this – **from 2013**
- **Maximum Gift Aid 'Benefit'** to donor increased from £500 to £2500 – **from April 2011**
- A new and simpler version of online filing for Gift Aid – **by 2013**

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Useful contacts/further help

Institute of Fundraising

www.institute-of-fundraising.org.uk

www.tax-effectivegiving.org.uk

Helpline: 0845 458 4586

HMRC

<http://www.hmrc.gov.uk/individuals/giving/gift-aid.htm>

0845 302 0203

CAF Charity Services

www.cafonline.org/charities

03000 123 400 – Fundraising Support

What is payroll giving?

- a way of giving to charity tax free
- scheme is processed by payroll giving agencies (PGA's) to provide an audit trail and prevent fraud
- CAF (Give As You Earn) is a PGA – and there are several others, all listed on HMRC website

“Costs you less to give more”

Tax effective

Donor pledges	Actual cost (20%)	Actual cost (40%)	Actual cost (50%)	Charity Receives
£5.00	£4.00	£3.00	£2.50	£5.00
£10.00	£8.00	£6.00	£5.00	£10.00
£50.00	£40.00	£30.00	£25.00	£50.00

So, for example, the donor pledges £10, and the cost is either £8.00, £6.00 or £5.00 (depending on tax rate) and the charity receives £10.00

(PGA's normally deduct a small admin fee)

An added advantage

- some employers offer matching on staff donations
- others will pay the administration fee – some do both
- good way for employers to support staff and is an incentive to get staff to join the scheme



tax
advantage



employer
matching

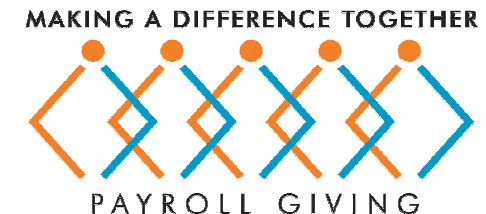


Employer Quality Mark Awards

Awarded for staff participation rates and 'employer support'...

- **Bronze** – 1% employee participation rate
- **Silver** – 5% employee participation rate
- **Gold** – 10% employee participation rate

'Employer support' – pay admin fees, match donations or promoted during past 12 months



What is the potential?

- long-term donors
- approx 750,000 individuals currently giving
- 24 million potential donors are paid via PAYE
- there are over 2 million companies in the UK but...
- only 10,000 are signed up to payroll giving

Benefits for employees

- **Tax advantage:** Payroll Giving donations are deducted from your gross pay before tax so you enjoy immediate tax relief. As a standard rate taxpayer if you pledge £5.00 you only make a payment of £4.00.
- **Flexible:** Payroll Giving donations are easy to set up and can be stopped or changed at any time. You can donate to more than one charity at a time with only one deduction from your pay.
- **Easy:** Once you are signed up to Payroll Giving it all happens automatically each month. Your donation is important to us and we will write to thank you.
- **Reliable:** Supporting the Woodland Trust through Payroll Giving will provide us with a regular, reliable income stream enabling us to plan and budget for the future.

For more information on benefits for employees visit:
www.payrollgivingcentre.org.uk/employees

You pledge	Actual cost to you as a standard rate taxpayer (20%)	Actual cost to you as a higher rate taxpayer (40%)
£5	£4	£3
£10	£8	£6
£50	£40	£30



Why support us?

- The Woodland Trust is the UK's leading woodland conservation charity. We are dedicated to conserving, restoring, re-establishing and creating native woodland across the UK.
- This precious heritage needs our care and protection, from ancient trees that have stood witness to our history for hundreds, even thousands of years, to newly planted woodland that is just establishing itself. All provide a habitat for an incredible variety of woodland wildlife and in some cases, rare species that can live nowhere else.
- Our vision is to reverse a century of environmental vandalism and to inspire the next generation to love and care for the planet. We are committed to sharing our passion for woodland with everyone, our woods are open for the public to visit and enjoy for free.



Get in touch

If you would like more information about supporting the Woodland Trust through payroll giving, please contact us at:
 The Woodland Trust, Autumn Park, Grantham,
 Lincolnshire NG31 6LL. Tel: 01476 581112
 or visit www.woodlandtrust.org.uk/payrollgiving

If you are keen to help the environment by reducing your carbon dioxide emissions and offsetting the residual you can arrange to do so through our 'reduce and offset' payroll giving programme. For more information please call Sarah Locker on 01476 581112.

The Woodland Trust is a charity registered in England and Wales (no. 294044) and in Scotland (no. SC038885). A non-profit making company limited by guarantee.
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Payroll Giving

The easiest and most tax efficient way of making regular donations to help protect our ancient woodland.



Support us today to help the environment tomorrow

Are you...

- an employer who would like to boost your staff morale AND support charitable causes?
- an employee who would like to give regularly to charity AND benefit from tax relief?

Making a difference....

By supporting the Woodland Trust through Payroll Giving YOU can help us to:

- create and care for new green spaces
- protect threatened ancient woodland – the UK's equivalent of rainforest.
- provide discovery activities for children at a number of the Woodland Trust's 1,000 sites.



Benefits for employers

- **Helping your business:** Payroll Giving is a great way for your company to demonstrate its commitment to the causes your employees care about.
- **Easy to set up:** The cost and administration of implementing the scheme is small and once in place Payroll Giving is easy to maintain.
- **Payroll Giving Quality Mark:** Companies with a Payroll Giving scheme in place are awarded a Quality Mark. Awards are given to companies that reach a certain level of employee participation. Bronze, Silver and Gold Awards are given for 1 per cent, 5 per cent and 10 per cent employee participation, respectively.

For more information on benefits for employers visit:
www.payrollgivingcentre.org.uk/employers

How we spend your money In one year....



Will sponsor four children to experience a school woodland discovery event through our Tree For All campaign. We need to inspire our children to become future guardians of their natural environment. Tree For All is an urgent call to action which aims to plant a tree for every child in the UK.



Will fund the distribution of three Hedge & Cope packs to schools. School grounds in need of TLC could benefit from a pack of 30 native trees (enough for a small grove or short length of hedge) which come with guidance on planting and maintenance.



Will enable us to plant and care for 40 native tree saplings at one of our woods. The UK is the least wooded place in Europe, with only 12 per cent woodland cover, compared to a European average of 44 per cent. Since we were founded in 1972 we have grown to care for and protect more than 1000 sites covering 20,000 hectares (50,000 acres).

Will enable us to care for and protect a quarter of an acre of existing woodland. With climate change and development threats, protecting the future of our precious woodland is more urgent than ever. Every wood is unique but typically a quarter acre will contain about 10 mature trees. One oak tree alone can support over 1,000 different species of wildlife.



- ▶ **Regular Giving**
- ▶ **What your money buys**
- ▶ **A gift in your will**
- ▶ **Giving shares**
- ▶ **Wedding donations**
- ▶ **Celebrating an occasion?**
- ▶ **Sponsor a friend**
- ▶ **Give an hour to WaterAid this payday**
 - Payroll giving for employers
 - Case study: WaterAid
- ▶ **Make a gift in memory**
- ▶ **Donate your mobile**
- ▶ **WaterAid credit card**
- ▶ **Gift Aid**
- ▶ **WaterAid on eBay**
- ▶ **WaterAid and Everyclick**
- ▶ **TV appeal**
- ▶ **Shop for life**
- ▶ **Increase your Direct Debit**
- ▶ **Give water and give life this Christmas!**

Give an hour to WaterAid this payday!

Imagine spending your entire working day collecting just enough water for your family to survive.

Millions of people in the developing world spend up to eight hours a day walking for water, often so dirty it may kill them. This grueling, daily journey leaves little time to earn any money.



By giving an hour of your salary to WaterAid each month, you can help the world's poorest people gain access to safe water close to home.

Donating through your salary is easy – and best of all it costs you less as you won't pay tax on your donation. A monthly gift of £15 will cost a higher rate tax payer just £9 and a standard rate payer £12.

Payroll Calculator – enter the amount you would like to give WaterAid

Click the tax rate that you pay on your salary

WaterAid receives: **0**

The actual cost of your donation from your gross salary is: **0**

"It really is hassle free..."



"It's great to be able to donate to charity via payroll giving - it really is hassle free. In addition, the fact that it is tax effective means that I can afford to give that little bit more."

- **Anish Shah**, Community Investment Co-ordinator, Thames Water

FAQs: find out more

[What is payroll giving?](#)

[Why is it a good idea?](#)

[How can I sign up?](#)

[What does my employer need to do?](#)

[How does it work?](#)

[What if I want to change](#)

Share giving

- several million people in the UK own shares worth approximately £200 billion
- £100 million is given in shares each year
- the average share gift is worth £7000
- charities can sell shares or retain for future need

A share donor...

- must be a UK tax payer to receive tax benefits
- receives all the benefit (as with payroll giving)
- receives Income Tax relief and potentially Capital Gains Tax relief too
- should consult a financial adviser

(subject to personal circumstances)

Example – 20% taxpayer

- individual donates shares worth £5000 – can claim income tax relief of £1000 (20% of £5000)
- so donation has cost donor £4000, while charity has been given shares worth £5000
- donor will not have to pay any Capital Gains Tax having given shares to charity
- **personal circumstances may change this**

Example – 40% taxpayer

- individual donates shares worth £5000 – can claim income tax relief of £2000 (40% of £5000)
- so donation has cost donor £3000, while charity has been given shares worth £5000
- donor will not have to pay any Capital Gains Tax having given shares to charity

- **personal circumstances may change this**

Example – 50% taxpayer

- individual donates shares worth £5000 – can claim income tax relief of £2500 (50% of £5000)
- so donation has cost donor £2500, while charity has been given shares worth £5000
- donor will not have to pay any Capital Gains Tax having given shares to charity

- **personal circumstances may change this**

Things to remember

- UK tax payer
- charity's ethical policy
- keep accurate records
- suggest donor seeks independent financial advice
- **don't offer financial advice yourself...unless you are qualified to do so**

Seeking help

CAF

03000 123 107

www.cafonline.org/shares

HMRC

0845 302 0203

www.hmrc.gov.uk/shares

APCIMS

020 7247 7080

www.apcims.co.uk

IFA Promotion

020 7833 3131

www.ifap.org.uk

ShareGift

020 7337 0501

www.sharegift.org

Legacies – leaving money to charity in a will

- also known as a bequest
- inheritance tax relief
 - current threshold £325,000 and £650,000 for married couples or civil partnerships
(frozen at this level in 2010 budget until 2014/5)
 - **current rate is 40% however this rate will be reduced (April 2012) to 36% for estates leaving 10% or more to charity**
- charitable legacies (bequests) are free of inheritance tax

Legacies – key statistics

- they bring in £1.95bn a year to charities
- pecuniary legacy has average value of £3,500
- residuary legacy has average value of £51,300
- while 75% of the population give during their lifetime, only 7% remember a charity in their will
- can be:
 - money (pecuniary legacy)
 - specified item of value (eg jewellery, artwork, vehicle)

Promoting legacies

- regular/committed givers
- solicitor networks
- special one-off events – promoted in trade magazines
- www.willaid.org.uk
- www.rememberacharity.org.uk

Legacies – smaller budgets

- local contacts
- solicitors and trustees
- articles in local paper
- legacy stories in newsletters
- including legacy request in talks

don't be in a rush – this will take time!

CAF overview – www.cafonline.org

- CAF Bank
- Investment funds
- Venturesome
- Advisory and consultancy
- Training
- Fundraising Support Services
- Charity account
- Give As You Earn (GAYE)
- Trusts
- Research
- International
- Policy

03000 123 000

Speak to me...

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