**SMALL CHARITABLE DONATIONS AND CHILDCARE PAYMENTS BILL 2016-17**

***Submission from the Charity Tax Group***

1. The Charity Tax Group (CTG) has over 500 members of all sizes representing all types of charitable activity. It was established in 1982 to make representations to Government on charity taxation and it has since become the leading voice for the sector on this issue.

**Changes to the Gift Aid Small Donations Scheme (GASDS)**

1. CTG responded to both the Call for Evidence and Consultation and welcomes the Government’s decision to bring forward our recommendations to remove the Gift Aid history requirement and extend the GASDS to contactless payments. We welcome the cross-party support for GASDS and will continue to work with officials to communicate the value of the Scheme and to maximise take-up.
2. However, we hope that the Committee might give some thought to the following issues:

* **Reforming the matching requirement** – CTG recognises the importance of retaining a link between GASDS and Gift Aid and supports the rationale that such a link both helps to incentivise Gift Aid take-up and provides a safeguard against fraud. However, we believe that the requirement should simply be for a charity to have made a Gift Aid claim within that year (or the previous year as many smaller charities don’t claim Gift Aid each year) rather than to apply an arbitrary matching threshold. The act of claiming Gift Aid itself should provide sufficient safeguards, as the claimant will be required to have registered with HMRC and claim GASDS through the Charities Online portal. Whether that claim is for £1 of Gift Aid, or the maximum £800 (under the current matching rules), does not, in our view make a material difference as *the process is the same regardless*. The Government’s decision to increase the threshold from 1:1 to 10:1 during the passage of the original Bill would appear to support this assertion.
* **Reviewing the “6 and 10” community buildings rule:** There is currently a requirement that there must be at least six events annually in a community building and that they must be attended by at least ten people. Feedback from our members suggests that this is rather impractical and set at an arbitrary level. The rule can cause difficulties for isolated community buildings or those that enjoy peaks in use (for example around public holidays), so we think it would be sensible to allow for averaging the attendance across the six events. The removal of the exclusion on fundraising events as eligible charitable activities in community buildings is welcome.
* **Clarifying the application of the new rules on donations collected outside community buildings** – We welcome the Government’s proposal to expand the scope of donations eligible under the community buildings rules. However, it remains unclear to us how these new rules interact with the “6 and 10” rule discussed above. Would a charity collecting donations outside the community building and within the local authority area be able to claim exclusively on donations claimed there, or would it also be required to claim on donations from within the community building? In each case, is it sufficient for a charity simply to have a community building (currently only defined in guidance) or is there a requirement to fulfil the 6 and 10 requirement? We believe the former would be preferable and most practical. It would be unfortunate if the intended beneficiaries of this change in the rules (which we understand to be uniformed charities and scout-like organisations) were to be precluded from benefiting because they either fall foul of the connected charities rules, or do not have an eligible “community building”. We believe that this needs to be clarified in the legislation rather than simply addressed in guidance as Explanatory Note 49 to the Bill is unclear.

**Comments on amendments currently tabled**

1. **Amendments 1, 2 & 3:** We would support the extension of the GASDS to SMS giving. Giving by text is generally an impulsive action that can be completed simply by texting a word. We feel that this is analogous to throwing coins in a bucket or making a contactless gift and within the original spirit of the Scheme, which was to maximise the value of donations that were impractical for Gift Aid claims. Gift Aid take-up on SMS giving is far lower than on traditional giving methods and this would provide a welcome boost to charities alongside the separate Gift Aid and intermediaries project.
2. **NC1:** We would strongly support an assessment of the abolition of the 10 per cent Gift Aid donations threshold.
3. **NC2:** We would strongly support an assessment of the efficacy of anti-fraud measures.
4. **NC3:** We welcome the attempt to remove these youth organisations from the operation of the connected charities rule, mainly to avoid them being precluded from benefiting from the extension of the community building rules, given that they were an intended beneficiary of this change. However, we feel that the scope of this amendment is too narrow and would unfairly exclude other equivalent charities, which could also fall foul of the connected charities rule. We would, however, support an amendment with a broader definition.