

Shaping Gift Aid, today and in the future

The Gift Aid working group, co-ordinated by the Charity Tax Group (CTG), now has over 80 charities on its mailing list. Our quarterly meetings are at capacity attracting active and engaged discussion on best practice to maximise eligible Gift Aid claims. Working group members have been able to improve their Gift Aid processes, resulting in £millions of additional payments being made to charities.



The working group is not just a talking shop. Its feedback is having a real influence on HMRC policy. The experience and expertise of our members means that we can act as a trusted critical friend and be a testing ground for new ideas. For example, feedback from the working group was important in persuading the Minister responsible for charity taxation not to impose a blanket ban on Gift Aid fees charged by intermediaries such as JustGiving. The Minister requested a meeting with us to discuss the relationship between charities and the intermediaries and we argued that sector led dialogue was the best approach. I am pleased to report that these discussions have now begun. A Government ban on intermediary Gift Aid fees could have resulted in higher fees on processing donations, a lower quality of service, or complete removal of the service altogether. At the same time, it is important that new Gift Aid intermediaries (including Facebook) engage with the sector to ensure that the data they provide charities with is of good enough quality to satisfy HMRC's requirements for Gift Aid claims.

new declarations (rather than just an initial) this will not be mandatory. HMRC agreed to this approach after we highlighted the practical difficulties it would cause and demonstrated that there were alternative ways to secure a gradual improvement in the number full forenames entered in claims. This change will safeguard Gift Aid in the short-term. But we still need to work closely with HMRC to protect the integrity of Gift Aid claims and help reduce the estimated "tax gap" of up to £180m (10% of the £1.2bn total claim) of ineligible Gift Aid claims made each year.

While concerns about the tax gap need to be addressed, HMRC sponsored research estimates that £560m of Gift Aid is left unclaimed each year. A major focus for the working group is unlocking this income which is so desperately needed by charities. This will include future-proofing Gift Aid so that it can be claimed on new forms of digital giving such as contactless payments. While there will be practical issues to work through, there are exciting developments afoot that could unlock significant extra Gift Aid. We will continue to support all efforts to promote and champion Gift Aid and I encourage all CTG members to support us in our work. It is vitally needed.

Richard Bray,
Chair of the Gift Aid practical issues working group

"As a small charity, obtaining all the information we need to know about Gift Aid can be a minefield. I have been receiving your emails for just under a year and find them very informative, especially as there is no one in the charity to discuss various matters with."

Margaret Lloyd, Shropshire Cat Rescue

Feedback from the working group has also prevented HMRC introducing new compliance requirements which we believe would have been counter-productive for all concerned. For example, HMRC has agreed that while charities are strongly encouraged to provide full forenames when obtaining

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