

Key consultation questions

The following areas have been identified as important to the sector and a number of key questions have been set out to guide you. However, we welcome your thoughts and ideas on any other areas that fall within the terms of reference of this consultation.

1. Small and local charities

Initial discussions with representatives of the charitable sector have identified that smaller charities and local voluntary organisations find it particularly difficult to benefit fully from the Gift Aid scheme. The Government is particularly keen to hear the views of these smaller organisations in order to establish how it can work with the sector to help smaller charities to access Gift Aid.

- **How can the Government work with charities to increase their overall awareness and understanding of Gift Aid?**
- **What proportion, if any, of your donations is made using Gift Aid? If this proportion is small, why do you think this is the case? If this proportion is relatively large, what challenges do you face and how have you overcome them?**
- **Do you make Gift aid repayment claims? If not, why not?**
- **What kind of guidance or mechanisms do smaller charities need to support them in the Gift Aid process and what format should this take?**

2. The donors

Research into UK giving by the Charities Aid Foundation (CAF) and the National Council for Voluntary Organisations (NCVO) in 2005-06 showed that about one third of donors in the UK use Gift Aid for one or more of their donations in an average month. However, there is scope for take-up to be increased. The Government recognises the need to raise donor awareness of Gift Aid and a separate awareness raising campaign will take place over the coming months. Your responses to these questions will help shape this campaign.

- **Do you find that Gift Aid encourages your donors to give more?**
- **What do you think are the perceived barriers to using Gift Aid amongst the general public?**
- **How can the Government work with the sector to raise the awareness of Gift Aid amongst donors?**

3. Wealthy donors and higher rate taxpayers

Wealthy donors stand out as a particular target for Gift Aid promotion. Wealthy donors usually pay higher rate income tax and can therefore currently claim an additional tax relief of 18 per cent (the difference between the higher rate of 40 per cent and the basic rate of 22 per cent) on their donations. However, nearly half of donors giving more than £100 per month are not giving tax-efficiently, and the use of Gift Aid within this group has dropped substantially since 2004-05, while it has remained static amongst other groups. Representations from the sector have also identified that there is potential to increase the number of higher rate taxpayers making a further donation of their additional tax relief to charity.

- **What proportion of your donors giving large sums of money donates using Gift Aid?**
- **Do you believe that the higher rate relief encourages wealthy donors to give? If so, what evidence do you have of this?**
- **Have you employed any particular methods to increase awareness of the higher rate relief? How successful has this been?**

- In your experience, do higher rate taxpayers also donate the tax relief that they receive on Gift Aided donations? Which mechanisms are they using to do this?
- Are you promoting the use of SA Donate? If so, how?
- What, in your view, are the key reasons for higher rate taxpayers not donating their additional tax relief?
- What measures might encourage higher rate donors to donate their additional tax relief?
- How can the government work with the sector to raise awareness of the higher rate relief amongst wealthy donors?

4. Gift Aid in respect of rights of admission

Gift Aid claims and repayments are allowable in certain circumstances in respect of admission charges to view property preserved, maintained, kept or created by a charity including buildings, grounds or other land, works of art and other specified types of objects or places of public interest.

A right of admission can qualify for Gift Aid provided the donor chooses to pay ten percent more than the standard admission charge for a one-off right of entry or that payment secures admission to the property for twelve months or more.

- **If you are a charity that is eligible to claim Gift Aid on rights of admission, do you operate such a scheme?**
 - If not, why not?
 - If so, what is your experience and what are the main challenges you have faced?
- **If you are not eligible to use the scheme do you feel disadvantaged?**
- **What more could be done to encourage Gift Aid visits?**

5. The record-keeping and auditing process

Charities claiming Gift Aid repayments must keep appropriate records. This enables HMRC to verify that the donations on which a repayment is claimed have been made and that they come from an identifiable donor who has made a valid declaration and paid sufficient tax. Charities may undergo an audit by HMRC to ensure that systems and records are being operated and correctly maintained. The Government has received representations from the sector indicating that elements of the record-keeping and audit process can present barriers to charities claiming Gift Aid.

Claims and record-keeping

- **Do you operate Gift Aid repayment claims? If so, what are the main challenges that you face in reclaiming Gift Aid?**
- **How do you keep track of your donors, donations and claims?**
 - **Could the claim process be simplified? If so, how?**
 - **Is there anything that would encourage you to operate a Gift Aid system if you do not?**
- **Do you use the record keeping process to follow up with donors that have made gifts through Gift Aid?**
- **Do you use information technology to support your organisation to keep a record of Gift Aid declarations? If so, what do you use and how helpful is it? Are there other ways that IT systems could support the process?**

Audit process

- **What has your experience been of the Gift Aid audit process and what challenges have you faced?**
- **If you have faced any particular difficulties, how do you think the process could be improved?**