

Payroll Giving



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0845 300 1818

Payroll Giving enables individuals to give money to their chosen charity or charities through their pay packets. As all Scout Groups, Districts, Counties, and Areas have charitable status, Scouting in the UK can benefit from this scheme (N.B. the word Group is used for the remainder of the document although District/County/Area could equally apply). Essentially, a fixed amount, decided by the donor, is deducted from their pay before it is taxed. In effect, money that would have been taken as tax is diverted to the chosen Group. As such, this can be regarded as a form of tax relief. In addition to monthly payments it is also possible to give money as a one-off donation through the same system. The overall programme is administered through one of the Payroll Giving Agencies who take a fee of 4% from the donation to cover the costs of implementation.

Background

Payroll Giving is one scheme under the government's 'Give as you Earn' programme, designed to let individuals donate money to charity with tax benefits. Although Payroll Giving has been established since 1986 this method of giving to charity has not enjoyed the success it was predicted to have. As a result the government altered the legislation during the March 2000 budget, with the changes becoming active in the April. The main changes included:

1. An abolition of the £1200 ceiling on annual donations.
2. A promotional measure from the government who will top up all donations with a 10% supplement until April 2003.

An Example

If we take, for instance, a gross donation of £10 per month to a Scout Group, a basic rate taxpayer (22%) will only pay £7.80 per month using Payroll Giving. The Treasury picks up the difference in the donation from the tax they would have taken through the wage packet. Until 2003 the extra 10% supplement increases this to £11 each month which goes directly to the Group.

For higher rate taxpayers Payroll Giving is even more effective. For their donation of £10, the cost for a higher rate taxpayer is just £6. This donation is also eligible for the 10% top up supplement, again making a total of £11. Clearly, the benefits of Payroll Giving to Groups who can receive almost twice what the individual high rate taxpayer donates cannot be understated.

How does it work?

The scheme is fairly simple to participate in. In fact 500,000 employees already do. About 1 in 5 employers currently operate the Payroll Giving scheme, with many larger employers already registered. The government hopes to increase this figure to 1 in 3 during their current promotion ending in 2003. To find out if an employer is already a member of the scheme an employee needs to contact their payroll department. If this facility already exists, an employee need only complete a form and their payroll department should do the rest. This can be seen as an extra benefit of Payroll Giving, because it involves little work for a Group other than the initial publicity to establish donors.

The Scout Information Centre

Gilwell Park Chingford London E4 7QW Tel + 44 (0)20 8433 7100 Fax + 44 (0)20 8433 7103 email info.centre@scout.org.uk www.scoutbase.org.uk

Selling the Scheme

If Payroll Giving is not established at a workplace it will be necessary to suggest that this facility be created. This does not involve major changes to the payroll structure (although minor alterations may be needed). To increase the appeal of scheme to an employer Payroll Giving can be 'sold' as an enhancement of the current benefits package at work. In addition, many employers now match donations or take up Payroll Giving Agency fees to support their employees' charitable giving. This can help enhance internal communication and raise morale within a workforce. Information for employers can be requested from the Charities Aid Foundation.

Contacts

Further information can be obtained from the Fundraising Department:

Email: fundraising@scout.org.uk

Tel: 0845 300 1818

Alternatively, this can be provided direct from the Charities Aid Foundation, the largest Payroll Giving Agency:

Website: www.giveasyouearn.org

Email: giveasyouearn@caf.charitynet.org

Telephone: 01732 520 019

Address: Kings Hill
West Malling
Kent
ME19 4TA