



**NICVA response to HMRC Consultation on
Gift Aid Small Donations Scheme
May 2012**

1. Background

The Chancellor announced at Budget 2011 that a new Gift Aid Small Donations Scheme would be introduced in 2013. Qualifying charities and Community Amateur Sports Clubs (CASCs) would be able to claim a top-up payment equivalent to Gift Aid on small cash donations.

NICVA's briefing paper and the HMRC Consultation was published on the NICVA website and comments invited on 3 May 2012.

The HMRC consultation has run for 9 weeks from 27 March to the closing date for responses, the 25 May 2012.

2. Introduction

NICVA (Northern Ireland Council for Voluntary Action) welcomes the opportunity to respond to the HMRC consultation on the Gift Aid Small Donations Scheme.

NICVA is the umbrella body for the voluntary and community sector in Northern Ireland. It provides over 1,000 members with information, advice and training on a wide range of issues from management consultancy and finance, through to policy development and lobbying. NICVA adopts a community development approach, attempting to empower local communities to pursue their own needs and agendas.

NICVA's response is based on its role as the representative body for the voluntary and community sector in Northern Ireland. The response is also informed by earlier work carried out by NICVA in related policy areas and in particular our previous responses to Gift Aid consultations.

3. Intention of Small Donations Scheme is welcome

NICVA welcomes the proposal to introduce a Gift Aid Small Donations Scheme (GASDS) to enable charities to claim Gift Aid without the need for declarations. NICVA is in favour of any measure that seeks to increase the level of income to voluntary and community organisations in these difficult financial times.

We do however have some concerns that the proposed scheme does not simplify the overall Gift Aid Scheme for charities and Community Amateur Sports Clubs (CASCs) but adds further complexity to it.

NICVA is still of the view that a flat rate Gift Aid scheme, where charities could reclaim an amount (at a level agreed) on all voluntary donations from individuals without the need for declarations, is still the best solution for a scheme that is still overly burdensome for charities and not easy for donors to comprehend.

4. The new Bill should completely reform Gift Aid

Given that the Government plans a new Bill to introduce the Gift Aid Small Donations Scheme, there is a missed opportunity to completely reform and simplify the Gift Aid Scheme in its entirety rather than tweak details at the edges.

The (GASDS) scheme proposes a modest level of eligible reclaims to the value of an extra £1,250 on donations totalling £5,000 where the maximum donation is £20. However, further complexity and bureaucracy is added to the GASDS for larger organisations wishing to claim for all its offices, regions and branches.

5. The criteria to increase maximum claims for local groups is impractical

The criteria to increase the eligible locations where GASDS can be claimed is largely impractical for many organisations. It is difficult to understand how the criteria on local groups will work in practice. Presumably organisations will have to keep records for locations on which it is claiming additional GASDS which will have to include who attended and how many were members of the committee of that organisation at the time.

This does not represent a simplification of the Gift Aid Scheme. It is also not clear why fundraising activities would be exempt from qualifying for increased maximums.

6. Organisations new to Gift Aid should not be excluded

The fact that the GASDS is only eligible to organisations with three years good compliance and who are also claiming gift aid through the normal scheme (of the same amount) creates a disincentive for many small charities and CASCs not in this position, for whom GASDS would have been particularly attractive.

Many of the smaller organisations opt out of claiming any Gift Aid due to the disproportionate complexity of the scheme. In their view the financial return isn't worth the bureaucracy for them or the nuisance for their donors. GASDS would have been most attractive to these organisations, but they have been excluded from it.

NICVA is of the view that organisations should be permitted to enter GASDS even if they have not previously submitted a Gift Aid Claim in three of the last five years. There should be no qualification period for entering the scheme.

7. GASDS matching requirement should be dropped

NICVA believes there should be no requirement for a Gift Aid matching criteria for GASDS precisely to attract organisations into the scheme – and once they have benefitted from this top-up income they could be further drawn into the full scheme.

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