

Gift Aid: Understanding donor behaviour

HM Revenue & Customs Research Report 344

Report prepared by TNS BMRB

October 2014



TNS BMRB

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Published by HM Revenue and Customs, November 2014.

www.hmrc.gov.uk

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Key Findings

Understanding Gift Aid

Participants generally knew that Gift Aid involves the Government ‘topping up’ donations made to charities, although understanding of how this worked in practice was generally poor, with the link to individual tax seldom made. Some respondents held deeper misconceptions, including the notion that Gift Aid was an additional tax or donation from them. Donors’ understanding of Gift Aid had a significant effect on decisions about whether or not to claim it.

Reasons for claiming and not claiming

Participants tended to claim Gift Aid if they believed themselves to be eligible, did not feel that claiming would incur any costs to themselves or the charity, and felt that the benefits to the charity outweighed the effort of claiming Gift Aid. Most knew Gift Aid benefits charities, and were claiming Gift Aid most or all of the time as they felt this was the ‘right’ thing to do – *including some who were ineligible as they were not paying any/enough tax, but had not made the link between ‘taxpayer’ and the need to have paid tax.* However, some who were eligible to claim were not doing so: they believed there to be a cost to the charity or themselves; they were deterred by a practical barrier such as unwillingness to share personal information with charities in case they were re-contacted for fundraising; a reluctance to participate in anything ‘official’, or a general view of form-filling as inconvenient.

The influence of habit

Though the factors outlined above influenced conscious decisions about Gift Aid, the research indicated that donors did not deliberate about Gift Aid every time they donated. Rather, donors’ choices were often automatic, following a previous decision they had made about whether or not to claim. Over time this choice had become habitual and unthinking, so that they did not read information or engage consciously with the question of whether or not to claim. Disrupting this habitual process with up-front ‘priming’ messages highlighting the benefits of Gift Aid was received positively by participants.

Views on Gift Aid Declarations

This research suggests some key information the Gift Aid Declaration (GAD) needs to communicate (in particular the link to tax paid, the reason for asking for an address, and the fact it is the donor’s responsibility to ensure that enough tax has been paid) to allow donors to assess their eligibility and to overcome misconceptions. Breaking information up into tick-box bullets seemed an effective way to communicate content that otherwise risked being seen as too detailed and ignored. The tick box encouraged donors to read and take the content seriously as it implied that they were actively agreeing to something, as well as flagging something different about the scheme – although four tick boxes was felt to be too many, whilst one did not provide enough detail to enable participants to determine their eligibility.

Conclusions: changing behaviours

This research suggests that decisions about Gift Aid are often automatic, and that the habits of eligible donors who do not claim, and ineligible donors who do claim, need to be disrupted before their behaviour can be changed. Once they engage consciously with Gift Aid, these donors need to understand it properly in order to overcome the misconceptions that lead to undesirable claiming behaviours.

This research suggests two opportunities for disrupting habits via communications. First, introducing Gift Aid ‘up-front’ at the same time as a request for a donation may mean that donors pay more attention to it and see it as a more integral part of their donation. Second, changing the format of the GAD may allow it to communicate key facts more effectively and make it harder to ignore. Deterring ineligible donors from claiming is likely to entail clarifying first that they need to have paid tax, and second that incorrect claims are their responsibility. However, these messages will need to be carefully constructed to avoid discouraging eligible donors.

Summary report

Background to the research

Gift Aid is a scheme that allows charities to claim the value of Basic Rate Income Tax that donors have paid on the amount they donate. For this to happen, the donor needs to complete a Gift Aid Declaration (GAD) confirming he or she will have paid enough tax by the end of the current tax year to cover all Gift Aid claims made in that year.

Claiming Gift Aid has the effect of increasing the value of donations by 25p in every £1, and increasing take-up of Gift Aid for eligible donations is a Government priority. Reducing the number of ineligible claims (e.g. on donations from people who have signed a declaration but are non-taxpayers or who have not paid enough tax to cover all the claims they make) is also important. In June 2014, HMRC commissioned qualitative research from TNS BMRB to inform these aims.

The research aimed to gain an in-depth understanding of what encourages and deters Gift Aid claiming, and to uncover causes of incorrect and ineligible claims.

Aims and objectives

The specific research objectives were:

- To determine how Gift Aid is seen and understood by donors
- To identify how donors decide whether or not to claim
- To uncover the common causes of error, and how these can be prevented
- To explore how Gift Aid should be introduced and communicated to increase uptake and prevent errors

Method and sample

The study involved two stages of fieldwork. Phase 1 comprised 40 depth interviews with scenario and role play exercises to explore charity donors' understanding of Gift Aid, the drivers and barriers affecting decisions

about whether to claim, and how this varied across different types of donor. Interim analysis led to the development of messages that might encourage eligible claims, and possible alternative designs for the Gift Aid Declaration. Phase 2 consisted of four group discussions to refine and validate the findings from Phase 1, and to test the messages and propositions.

The sample covered a range of donor types, including those who did and did not claim Gift Aid, a variety of tax statuses, and a range of donation frequencies, levels and main methods of donation. Three types of donor represented targets for behaviour change for HMRC: those who could be claiming Gift Aid but don't; those who could claim but only sometimes do; and those who claim despite being ineligible to do so.

Donors who were eligible to claim and did so, or ineligible and did not, were also included to explore what was driving this desired behaviour.

Key findings

Understanding Gift Aid

Most donors in the sample had a poor understanding of how Gift Aid works and what is required of them and why; few had thought about it in any depth. Almost all knew that it involves the Government 'topping up' donations made to charities, but the link to tax was seldom made. Instead, most assumed, often unthinkingly, that Gift Aid was a bonus from government – a straightforward 'gift' to charity. They knew that donors need to be 'taxpayers' in order to make an eligible claim, but most ascribed a vaguer meaning such as 'UK citizen' to this term, and did not make a connection with the need to have paid tax.

Beyond this basic misunderstanding, some respondents held deeper misconceptions. These included the notion that Gift Aid incurs an additional charge for the donor; that it could potentially change their tax

code; that it is worth a smaller amount to charities than is actually the case; and that charities would be taxed or charged extra if they ticked the Gift Aid box.

Donors' understanding of Gift Aid had a significant and lasting effect on their claiming behaviours, as discussed below.

Reasons for claiming and not claiming

Donors' choices about whether and how much to donate were driven by a range of factors, but (as the role play exercises and in-depth discussion showed) these choices were typically made separately from any consideration of Gift Aid. Gift Aid was generally an after-thought - a separate component of the donation requiring a separate decision - rather than an integral element of the overall donation.

This separation meant that a donor's motivation to give to a charity did not necessarily drive them to claim Gift Aid as well, even if they knew this would increase the value of their donation. Rather the decision to claim or not depended on whether they saw any costs to claiming, which in turn depended on their understanding of Gift Aid.

Donors tended to claim Gift Aid if they believed themselves to be eligible, did not feel that claiming would incur any costs to themselves or the charity, and felt that the benefits to the charity outweighed the effort of completing the GAD. Thus many of those who did not hold any of the deeper misconceptions outlined above were claiming Gift Aid most or all of the time – *including a few who were ineligible as they were not paying any or enough tax, but did not make the link between 'taxpayer' and the need to have paid tax.*

Those who were eligible to claim but were not doing so – either routinely or at all – tended to believe that there would be a cost to the charity or themselves (as above), or were deterred by a practical barrier. These included: unwillingness to share personal information with charities for fear of being re-contacted for marketing and fundraising;

unwillingness to give details to HMRC in case they were 'followed up' in some way; reluctance to sign up to something they did not really understand; and a general view that filling in forms is inconvenient and to be avoided.

Some ineligible donors were claiming Gift Aid despite knowing that they were not eligible. They had individual reasons for justifying this, for example: others in their household paid tax; they had paid tax in the past; they did not see why a charity should not benefit from Gift Aid because they were not a taxpayer; or they did not think HMRC would check their claim.

The influence of habit

Conscious decisions about Gift Aid were influenced by the factors outlined above, but the role play exercises and in-depth discussion showed that donors did not deliberate about Gift Aid every time they donated. Rather, donors' choices were often either automatic or followed a previous decision they had made about whether or not to claim.

Donors who did not routinely claim had often decided at some point in the past that they did not 'do' Gift Aid, and over time this choice had become habitual and unthinking, so that they did not read information or engage consciously with the question of whether or not to claim. Likewise, those who did claim routinely (including those who were ineligible) also tended to do this automatically, completing the form without thinking much about it.

Views on draft Gift Aid Declarations

Respondents in the Phase 1 interviews were shown three versions of a Gift Aid Declaration (GAD), each with different designs and levels of detail. Reactions to these GADs showed that it is important to communicate key information about Gift Aid (in particular the link to tax paid, the reason for asking for an address, and the fact that it is the donor's responsibility to ensure that enough tax has been paid) to allow donors to assess their eligibility and to overcome the misconceptions noted

above. However, the amount and presentation of this information is also important: information that is too detailed or too densely presented is easy to ignore, given donors' lack of engagement with the detail; and too many references to tax were off-putting for many.

The most effective format seemed to be to use tick-box bullets to communicate information in small amounts. Breaking up the information made it easier to digest and harder to gloss over; and the tick box itself seemed to encourage donors to read and take the content seriously as it implied that they were actively agreeing to something. However, it will be important to get the number of tick boxes right: one version tested had a single tick box, which encouraged some to tick even if ineligible as it did not contain enough information to allow donors to assess their eligibility; a second version had four tick boxes, which was off-putting to many.

Presenting and explaining Gift Aid

Following the learnings from Phase 1 that donors tend to act habitually, to separate Gift Aid from the donation, and to ignore information in the GAD, respondents in the Phase 2 groups were shown a variety of letters asking them to donate to a charity and telling them a little about Gift Aid (e.g. how much the charity would benefit). The group discussions suggested that priming donors in this way could make them more likely to consider Gift Aid and to read the GAD in order to find out more.

Conclusions: changing behaviours

This research suggests that decisions about Gift Aid are often automatic, and that the habits of eligible donors who do not claim therefore need to be disrupted before their behaviour can be changed. Once they engage consciously with Gift Aid, these donors need to understand it properly; to appreciate that there are few costs attached; to value the benefits it has for charities; and to link it more closely to their decisions about donating so that it becomes integral, rather than an optional add-on.

The same is true of ineligible donors who do claim Gift Aid: they need to be encouraged to engage with it and then informed why they should not claim and what will happen if they do.

However, this disruption and education needs to be achieved without affecting the habits and choices of the eligible who claim and the ineligible who do not. In particular, it will be important to ensure that efforts to dissuade the ineligible from claiming do not also put off those who are eligible.

This research suggests two opportunities for disrupting habits via communications. First, introducing Gift Aid at the same time as a request for a donation may mean that donors pay more attention to it and see it as a more integral part of their donation choice. Second, changing the format of the GAD may allow it to communicate key facts more effectively and make it harder to ignore.

Deterring ineligible donors from claiming is likely to entail clarifying first that they need to have paid tax, and second that incorrect claims are their responsibility. However, these messages will need to be carefully constructed to avoid discouraging eligible donors. This research suggests that such messages may elicit defensive reactions and risks putting them off claiming altogether.

Prompting consideration of Gift Aid in these ways is likely to create an opportunity to inform donors so that they can make a more educated decision about Gift Aid. Here it will be important to overcome the misconceptions and mistakes that lead to undesirable claiming behaviours. This could be achieved in positive up-front communications about donations and Gift Aid, in the GAD itself, or both.

1. Introduction

1.1 Context of the research

Gift Aid is a scheme that increases the value of donations made to charities and Community Amateur Sports Clubs (CASCs) by allowing them to reclaim Basic Rate Income Tax on the gift, increasing the donation by 25%. For example, a donation of £10 increases to £12.50 if Gift Aid is claimed. £1 billion of Gift Aid was paid to charities in 2012-13, representing about 2% of all charities' income¹.

In order to claim Gift Aid, individual donors must 'opt-in' by making a declaration, usually presented by the charity as a tick-box within their donation form. The declaration confirms that the donor will pay Income or Capital Gains Tax at least equal to the amount to be claimed in Gift Aid by charities or CASCs in the current tax year. This declaration then authorises the charity to claim Gift Aid from HMRC. Responses to a recent consultation² demonstrated generally negative perceptions of the current declaration, for example that it is considered too long, and requires too much information from the donor. Work is currently being undertaken to simplify and modernise the Gift Aid Declaration and process.

The government has stated its broad intention to increase the take-up of Gift Aid for eligible donations³ and boost the value of Gift Aid to charities by increasing take-up. The Institute for Fundraising has estimated that £740 million in potential Gift Aid income is missed out on by charities each year⁴ as a result of people not claiming despite being eligible. As part of this, HMRC commissioned TNS BMRB to undertake qualitative research with donors. Further to gaining an in-depth understanding of donor behaviour, the research was also intended to uncover common causes for error and incorrect claims, where the donor has not paid sufficient tax to cover their Gift Aid claims – which cost HMRC an estimated £55 million per year⁵. Insights drawn from this research were intended to inform the design of the model Gift Aid Declaration (GAD), by determining the optimum way to present and explain Gift Aid to donors. Although charities can customise the GAD as long as certain essential information is included, HMRC makes a model GAD available for charities who do not wish to use a customised version.

Gift Aid was also intended to encourage individuals and companies to increase their charitable donations, though based on existing evidence it was unclear whether or to what extent Gift Aid encourages charitable donations. As part of this, higher or additional rate taxpayers can also claim relief on the difference between their highest tax rate and the basic rate. This work also examined awareness of this, for the portion of the sample who paid Income Tax at these rates.

1.2 Aims and objectives

The overarching aim of this research was to gain an in-depth understanding of donor behaviour when giving to charities, and the factors influencing their decision to claim Gift Aid, to inform strategies to increase take-up amongst eligible donors. The aim was also to help improve understanding about the extent to which Gift Aid encourages charitable donations. The specific research objectives for this work were:

¹ National Audit Office: Gift Aid and reliefs on donations, Nov 2013

² HM Treasury: Gift Aid and digital giving: consultation response, April 2014

³ HM Treasury: Budget 2014

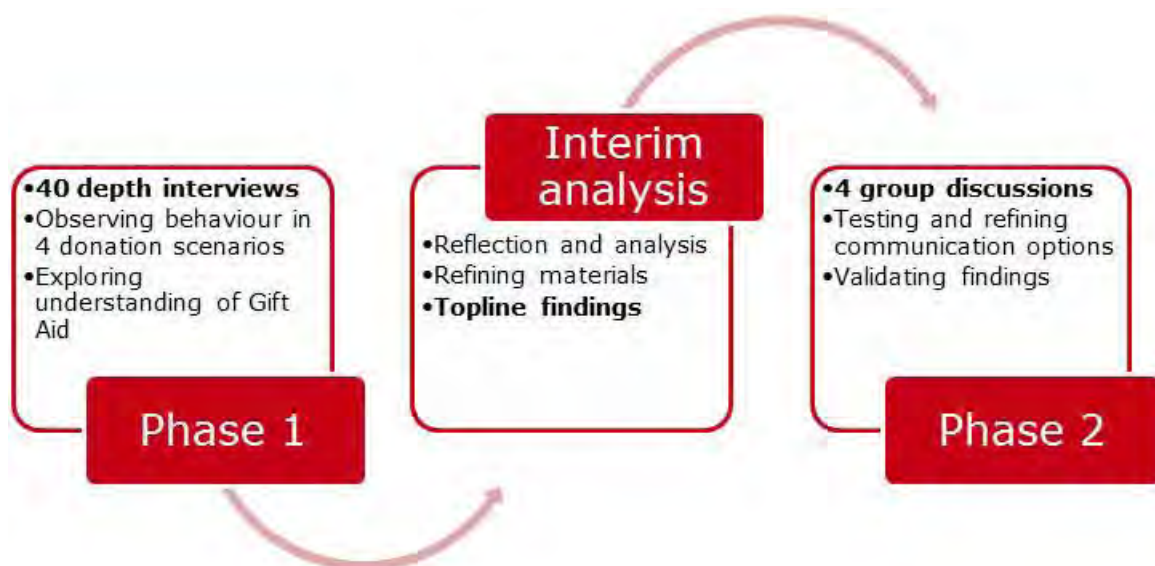
⁴ <http://www.institute-of-fundraising.org.uk/guidance/tax-effective-giving/>

⁵ National Audit Office: Gift Aid and reliefs on donations, Nov 2013

- To understand how Gift Aid is seen and understood by donors
- To identify how donors decide whether to claim Gift Aid or not
- To uncover common causes of incorrect Gift Aid claims, and how these can be prevented
- To explore how Gift Aid should be introduced and communicated to increase uptake and prevent errors
- To explore what the most appropriate declaration form looks like – in length, content, form and style – to encourage donations and ensure their accuracy.

1.3 Methodology and sampling

A two-phase, iterative design was adopted for this research. Phase 1 consisted of 40 depth interviews that used scenarios to explore Gift Aid behaviour and understanding, and tested 3 versions of the Gift Aid Declaration. An interim period of analysis followed, where materials were developed and refined. Phase 2 consisted of 4 group discussions to test the refined materials and validate findings from phase 1. The same Gift Aid Declarations were tested in this phase.



Phase 1 was used to identify the key issues and map out the range of barriers donors face in claiming Gift Aid. Various ‘scenarios’ were used in the depth interviews, to observe donor behaviour in the context of actually making a donation, without drawing their attention to Gift Aid or the subject of the interview. Scenarios were conducted at the beginning of interviews, before any mention or discussion of Gift Aid. Respondents were asked to simulate making a donation to their preferred charity through a familiar channel they had used in the past – either online, via post, SMS (text message), or in a charity shop⁶. They were also encouraged to think back to the last time they had donated in that way, and talk through what they had done then. Each respondent completed 2 scenarios in the interview, and scenarios were rotated to match respondent experience and ensure each scenario was encountered by enough participants to draw conclusions.

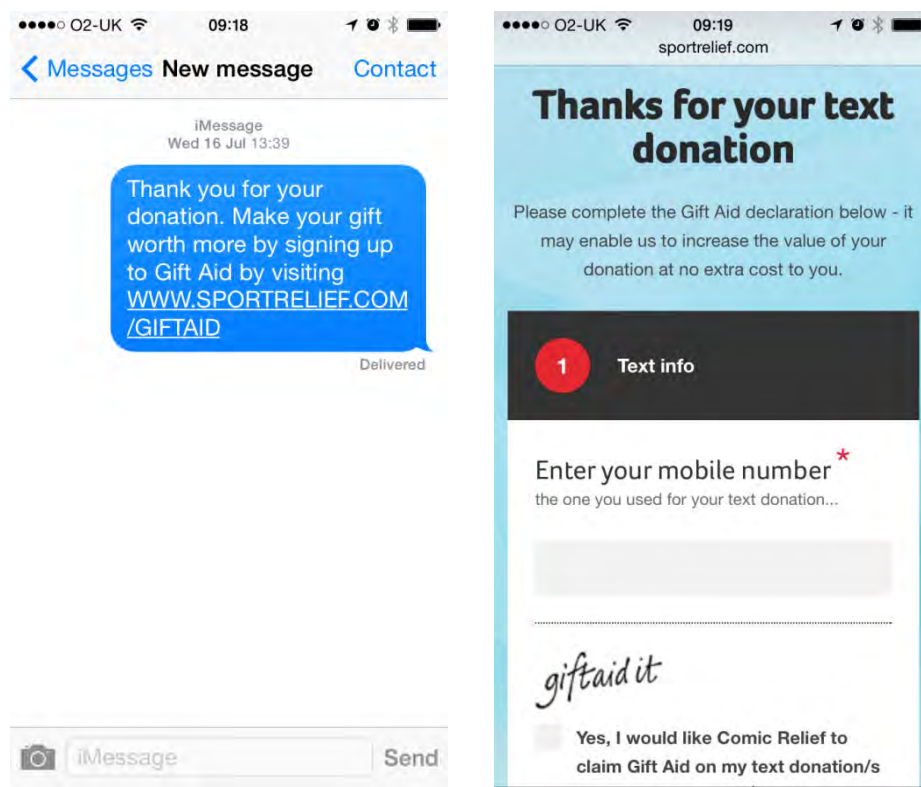
⁶ See Appendix 7.1 for a description of the scenarios and how they were used in interviews.

In the **online** scenarios, respondents were asked to use a computer to make a donation to a charity of their choice. They were observed as they navigated to the site and filled in the donation form as they normally would, and their Gift Aid behaviour was noted.

In the post scenario, respondents were asked to imagine they had received fundraising material through the post from a charity they often donated to. They were invited to think back to the last time they donated by post, and asked to complete an example donation form⁷, according to their usual behaviour. Again, respondents were observed filling in the form, including whether they ticked the Gift Aid box.

In the SMS scenario, respondents were asked to imagine they had seen a charity appeal that invited them to donate via text message. They were encouraged to think back to the last time they had donated in this way, and what they had done then. Respondents were then texted with a mocked up example reply (see below) they might receive once they had made an SMS donation, inviting them to follow a link to a webpage in order to Gift Aid their donation. Respondents were asked to do what they would normally do, or what they had done on previous occasions.

Figure 1: Example SMS message used in scenarios, and the website linked to.



In the charity shop scenario, a short role-playing exercise was conducted with respondents, who were asked to imagine they were donating clothes to a local charity shop. Researchers undertook the role of the volunteer and asked whether respondents wished to Gift Aid their donation. If they assented, they were asked to complete the following form⁸ below.

⁷ See Appendix 7.3 for the form used.

⁸ See Appendix 7.4 for a larger version of the form used.

Figure 2: Example form used in charity shop scenario

Following the scenarios, understanding of Gift Aid was then explored in greater depth, and a full range of drivers and barriers to claiming were mapped out. Three versions of Gift Aid Declarations were tested (in both the depth interviews and focus groups), with the ordering rotated⁹ across the interviews. These can be found in section 5.3.

Analysis of the phase 1 interviews fed into the design and adaptation of phase 2 materials. HMRC suggested a range of potential ideas and messages for increasing correct claims, which were incorporated into phase 2 materials. Different messages to encourage claims were mocked up in example fundraising materials (see appendix 7.6), which were tested with respondents. The four different versions were equally spread across the groups, and initial reactions gathered, before the groups compared different versions. The group discussions tested and refined these messages, whilst also validating and building upon emerging findings.

Sampling








A purposive sampling approach was adopted to represent a wide spectrum of donor types. The primary quotas for the depth interviews included whether or not a donor claimed Gift Aid, and their Income Tax status. The sample was also designed to include individuals with a mix of different typical donation frequency, average amount donated, and main method of donation (see table below).

Use of Gift Aid	Tax status	Frequency / type of donor	Average donation amount	Area
Always claim: 15	Below basic rate: 10	Ad hoc (range of frequency): 22 Regular: 18	Under £10: 15	Cardiff – 8 Croydon – 6 Bexleyheath – 8 Portsmouth – 6 Oldham – 6 Nottingham – 6
Sometimes claim: 10	Basic rate: 17		£10-19.99: 14	
Don't/never claim: 15	Higher or Additional rate: 9		£20-79.99: 8	
	Capital Gains: 4		£80+: 3	

⁹ The ordering of the GADs was rotated to avoid findings based on ordering effects, as well as to allow respondents to draw comparisons between the different versions.

Respondents were recruited on the basis of their main donation method, but were asked about all the donation methods they used. A breakdown of all donation methods used is shown in table 2 below.

Table 2: Phase 1 donation methods

Donation method	Number of participants using this as their <i>primary</i> donation method	<u>Number of participants who had ever used this donation method</u>
 Online	13	19
 Payroll giving/direct debit	8	9
 Cheque	6	4
 Charity bucket/church collection	5	17
 Donating goods	3	16
 SMS or phone call	3	14
 Cash (other)	2	14

Participants for the group discussions were recruited according to their Income Tax status (i.e. their eligibility to claim Gift Aid), and their current Gift Aid claiming behaviour. Two of the groups represented targets for behavioural change for HMRC: both those who could claim but never or only sometimes claimed, and those that should not claim but did anyway.

The other two groups consisted of individuals whose current behaviour in relation to Gift Aid did not need to change: those who could claim and did already; and those who should not and did not claim. A broad spread across the other recruitment criteria (e.g. donation method) was achieved across the groups.

Interviews were undertaken in Cardiff, London, Portsmouth, Nottingham and Oldham, in both rural and urban areas. Focus groups were conducted in London and Oldham. Across the sample, respondents were drawn from a range of age, gender, ethnicity and socio-economic groups.

Table 3: Phase 2 focus group - sample achieved			
COULD but DON'T	COULD but DON'T (or sometimes don't)	COULD and DO already (mix of always and sometimes)	SHOULDN'T but DO (mix of always and sometimes)
London	Oldham	London	Oldham
Total: 8	Total: 8	Total: 7	Total: 8
Basic rate (5) Higher rate (3)	Basic rate (3) Higher rate (5)	Basic rate (4) Higher rate (3)	All below Basic Rate or otherwise ineligible

All fieldwork was conducted in July 2014.

1.4 Analysis methodology

All interviews and group discussions were digitally recorded and transcribed. Analysis entailed a series of researcher debriefs using notes and stimulus materials, followed by 'matrix mapping', an approach entailing entry of all summarised data into an analytical framework to allow systematic coding, sorting and thematic analysis. This robust analysis method allows researchers to draw out the diversity of opinions expressed by participants, as well as identify common themes across interviews.

A note on the report

The report draws on findings from both phases of the research, drawn together. It is based on qualitative research, and thus does not seek to quantify or be generalizable, but rather to represent a range of attitudes and behaviours in relation to charity giving and Gift Aid use.

1.5 Presentation of quotes

Throughout the report, quotes from participants to illustrate particular findings are included verbatim, with background information on their location, tax status and Gift Aid behaviour in the following convention:

For quotes from group discussions:

"Quote." (Oldham Group, Could claim but don't)

For quotes from depth interviews:

"Quote." (Bexleyheath, Could claim and do, Higher Rate tax)

2. How Gift Aid is Understood

The extent to which individuals understand Gift Aid strongly influenced decisions to claim. This section explores donors' unprompted understanding of Gift Aid, including how they thought it worked, why they thought it existed, and the eligibility criteria. It then looks more closely at how more detailed information about Gift Aid is received, and any areas that caused confusion.

2.1 Unprompted awareness of Gift Aid

Individuals' understanding of Gift Aid was a clear driver for their claiming behaviour, with the highest level of knowledge amongst those already claiming correctly. This group generally had a good grasp of the basics of the scheme, though they lacked a detailed understanding. Misconceptions about Gift Aid prevailed amongst those not claiming and those claiming incorrectly, and complete misunderstanding of the scheme was not uncommon. Misnomers about Gift Aid held by some respondents included:

- The perception that it was an additional tax for the donor, or that it could potentially change their tax code;
- The perception that charities would be taxed extra as a result of ticking the box;
- Viewing the Gift Aid scheme as a request from the charity to sign up to regular donations;
- Thinking that Gift Aid added only around 5-10% to donations, and was therefore not worth claiming (particularly for smaller gifts).

These views were not shared by all respondents, but were linked to claiming behaviour. The various spontaneous understandings of Gift Aid are detailed below, broken down by claiming behaviour and eligibility.

Understanding amongst those already claiming

Gift Aid had rarely been considered in any depth, and at best, understanding was simplistic and partial. In general, respondents knew it was a way for charities to increase the value of each donation, but were vague about where money had come from and how much it was. Whilst a few had picked up on the fact that it represented 25% benefit on top of a donation, many did not know the precise amount, estimating it was somewhere between 5-20%. Some respondents assumed the scheme was simply a way for government to give to charity, so saw Gift Aid as a straightforward donation from government. As a result, the actual source of the Gift Aid 'bonus' was deemed unimportant and irrelevant.

"It's a bonus on top. It shouldn't really matter where it's coming from, it's just more money going to charity."

(London Group, Could and do)

Eligibility was broadly understood as being linked to UK taxpaying status – and this was often simplified to working status. Other respondents believed that the need to ascertain tax status

was about identifying the donor as a UK citizen. This perception fuelled the idea that Gift Aid came 'from government', rather than being linked to an individual's personal tax. Only a few individuals – who tended to be higher rate taxpayers or working in the financial sector – had made this connection.

"I clicked on Gift Aid because I know that I'm entitled to do that and it gives a little bit extra; I don't really know the in-depth details, but because I work I'm eligible."

(Oldham, Could and do, Basic Rate)

"It's not come from yourself has it.....it's come from the tax man."

(Oldham Group, Shouldn't but do)

Understanding amongst those eligible, but not claiming

Those who were eligible but were not claiming had usually misunderstood at least one aspect of the scheme. This was either a misconception about where the money came from, where the money went, or both. For some respondents, the mention of tax had led them to believe that Gift Aid was in fact an additional tax, either for the donor or for the charity. Some respondents believed that ticking the Gift Aid box would effectively be doubling their donation amount, with the additional paid through their tax, and in some cases thought it would result in their tax code changing. Others felt it would mean charities being charged tax on the donation made. A few knew very little about the scheme whatsoever.

On donation forms, Gift Aid declarations are usually presented alongside other information being collected for donation purposes. This resulted in some ambiguity as to whether the information requested related to the donation or to Gift Aid, and whether information was going to the charity or elsewhere. A few respondents were concerned about the proximity of their personal details to any mention of tax. Some thought they would be signing up to regular donations via direct debit, or that Gift Aid entailed some other long term commitment with the charity itself.

"I don't want to sign up to anything...you're a potential customer, another giver...so I'd feel like I was signing to [the charity] rather than Gift Aid'."

(Oldham, Could but don't, Higher Rate)

Understanding amongst those not eligible, and not claiming

Those who were not eligible to claim Gift Aid and did not claim were also highly likely to have misunderstood the scheme. A common misunderstanding amongst this group was that it benefitted the government at the expense of the charity. However, they explained that they had made little effort to understand the scheme when they first encountered it, because they had noticed it referred to taxpayers. This group had thus decided the scheme was not applicable to them, so had not read further.

"I don't put Gift Aid ... they don't get the full amount, because the government take 15% or 17% from it, is that so? If I give £1 to charity 15p will go probably to the government."

(Portsmouth, Shouldn't and don't, Below Basic Rate)

Understanding amongst those not eligible, but were claiming

Those not eligible but who *were* claiming had the inverse understanding. Whilst grasping that the scheme was intended to benefit charities, and that ticking the Gift Aid box increased the value of their donation – they had not fully engaged with eligibility. Some had overlooked the mention of taxpayer, so were unaware there were any eligibility criteria. Others had ‘extended’ the definition of taxpayer: to include other members of their household who paid tax, or felt they were eligible because they had paid tax in the past, for example. This was fuelled by the perception that Gift Aid was not linked to individual tax paid, but rather was seen as a way to indicate citizenship.

The numerous and widespread misconceptions about Gift Aid are indicative of the little attention it was reportedly paid. The reasons behind low knowledge and understanding of the details of the scheme, and the impact this has on claiming behaviour are explored in section 3.

2.2 Understanding of Gift Aid information provided

Once spontaneous awareness had been explored, respondents were presented with information about Gift Aid and how it works (see Appendix 7.5 for the stimulus materials used). Given that only those claiming correctly had even a basic understanding of Gift Aid, most of the information was new to respondents. This section outlines responses to various aspects of the scheme, including areas that were more challenging to understand.

Complexity of the Gift Aid scheme

Respondents had not previously considered what the administrative process of claiming Gift Aid might be. When confronted with the details, or indeed any information that exposed the complexities of Gift Aid, they were surprised, having assumed Gift Aid to be a very simple scheme. This occasionally raised questions about why HMRC did not simplify the scheme, for example by removing the eligibility criteria and making it a straightforward donation from government.

"I didn't know the charities claimed it back. I didn't know how it worked actually."

(Nottingham, Shouldn't and don't, Below Basic Rate)

"They should just flip the whole thing on its head. It should be automatic. They should assume you're a taxpayer rather than having to go through this whole business; why can't [government] just give the money anyway?"

(London group, Could but don't)

Another area for confusion for respondents was the reason behind the perceived inconsistency between the Basic Rate of Income Tax (20%) and the value of Gift Aid to charities (25%). Respondents struggled to understand why they were different – which could be part of the reason they had not made a link between Gift Aid and their personal tax.

Eligibility criteria

Learning that eligibility was any more complicated than simply being a taxpayer was also surprising. No respondents had previously been aware that Capital Gains Tax, or Income Tax paid on savings interest or rental income, counted towards their eligibility. Non-pensioners in the sample had not considered the inclusion of Income Tax paid on pension income, perceiving pensioners to fall into the ineligible category. Pensioners themselves, however, were well aware of the tax they paid and the implications for eligibility.

No respondents had known that they needed to pay enough tax to cover all their Gift Aid claims in a year. This idea was quite difficult for a number of respondents to grasp, particularly for those who were not claiming (either correctly or incorrectly). Respondents had very little awareness of how much Income Tax they usually paid in a tax year.

"If you donated quite a lot you'd want to have a look wouldn't you about how much tax you paid, I didn't realise it equated to how much tax you paid over the period."

(Portsmouth, Can and do, Basic Rate)

Respondents' different reactions to this information reflected their personal circumstances. Higher Rate taxpayers and more confident respondents tended to discount tax paid as a concern, once they had calculated that they did not donate a significant proportion of their income, and would be unaffected. They saw it as only relevant to people making very large donations.

"I don't think anybody gives a substantial amount and has to worry about their limit, it's obviously something you need to know, but that will only be people who donate huge amounts"

(Cardiff, Could and sometimes claim, Higher Rate)

As less confident respondents had struggled to understand the concept, they were more wary of making mistakes. They envisaged numerous circumstances in which donors could unwittingly make errors, for example those on lower incomes with irregular working patterns, and fluctuating tax status. It also raised questions about how donors would be expected to keep track of all the donations they make within a year.

"It already seems too complicated...the fact that you've got to work out your income tax and your CGT at least to equal the amount all charities you donate to reclaim, the fact that it's mentioning tax year."

(Oldham, Could but don't, Higher Rate)

The 'HMRC recovers the shortfall' wording

The information presented about Gift Aid (see appendix 7.5) included the following statement: *"If you don't pay enough tax then HMRC may take action to recover any shortfall in tax you owe them."* Respondents reacted negatively to learning that HMRC may pursue donors or charities to recover any shortfall. It was felt to be at odds with the perceived charitable intent of the scheme, thus reflecting badly on HMRC.

"That sums up my feelings about Gift Aid. As I said I had no faith in the tax system doing the right thing, and I don't think that is...I don't think the government are doing the right thing...with regards to taking it back from individuals in coming back to recover that money that you've pledged to charity"

(Bexleyheath, Could and sometimes claim, Basic Rate)

Respondents felt threatened by the prospect of receiving a tax bill, or in some cases put off by the idea of any contact with HMRC.

"So you could end up owing money for doing something good...I don't like to sign against anything where you might end up with the tax office"

(Oldham, Could but don't, Basic Rate)

"It might put people off thinkingI can't Gift Aid it because they might catch up on me and check other things"

(Cardiff, Could but don't, Basic Rate)

The most negative reactions were elicited amongst those eligible to claim Gift Aid (both those claiming and not claiming), who felt it would constitute a punishment for giving to charity. Overall, respondents felt that the potential contact with HMRC introduced too much uncertainty and risk, and that they would probably err on the side of caution as a result and avoid Gift Aid. This was the case even amongst those claiming already, and who knew they had never donated enough compared to the income tax they'd paid to incur a shortfall.

"If the tax man came knocking at my door for extra because I had Gift Aided...it would put me off donating again."

(Cardiff, Can and do, Basic Rate)

"I wouldn't want a bill through the door for donating. I've not done anything wrong."

(Bexleyheath, Shouldn't and don't, Below Basic Rate)

Interestingly, those least put off by shortfall messages were those making incorrect claims. Whilst the shortfall message was off-putting for some, for the same reasons outlined above, this group was slightly more sceptical about the likelihood that HMRC would pursue shortfall from their claims, which were likely to be small amounts. Further, they were fairly unconcerned about paying any resultant tax bill.

"The worst thing that can happen is that you get a tax bill for £1.25."

(Oldham Group, Shouldn't but do)

Higher rate tax relief

This issue was briefly explored with the higher and additional rate taxpayers in the sample¹⁰, almost all of whom were unaware of the fact that they could claim tax relief on Gift Aid claims. Once discussed, they did not see it as an effective incentive to donate and felt they were unlikely to claim any tax relief. This was partly driven by the fact that their donation amounts were relatively low (between £20-80) and spread throughout the year, making it time-consuming to claim this relief using HMRC's Self Assessment system. They felt the scheme was more applicable for people making donations that were larger than the amounts they were typically giving. Moreover, respondents felt morally opposed to the idea of personal gain from their donations, feeling it would compromise the nature of their charitable gesture.

"For the amount that it would probably benefit me...that is outweighed by the hassle of doing self-assessment tax online."

(Portsmouth, Could and do, Higher Rate)

In summary, donors' understanding of Gift Aid had a clear impact on their decision to claim. The next section explores in more detail how this and other factors impacted on claiming behaviour.

¹⁰ It should be noted that the respondents in the sample were generally Higher Rate taxpayers, rather than Additional Rate, and were donating amounts under £100.

3. How decisions around Gift Aid are made

This section tracks the donor's Gift Aid 'journey', from the ways in which early decisions are made, and how behaviour becomes habitual over time. Section 3.1 explores the interaction between awareness of Gift Aid and the decision to donate, and the extent to which the existence of Gift Aid affected the amount donated. Section 3.2 outlines the factors influencing the early decision about whether to claim, including the rational incentives and barriers to claiming. Finally, section 3.3 examines the production and inculcation of habit, and the impact on the attention paid to Gift Aid.

3.1 Gift Aid and the decision to donate

The initial decision to make a donation to a charity was not influenced by the existence of Gift Aid. Respondents decided to donate to a charity in response to external factors, for example encountering campaign materials or attending an event. The amount donated was determined by individual circumstances and their personal feelings towards the charity or the person asking them to donate. Donors generally only encountered Gift Aid once these decisions had been made, i.e. once completing a donation form online, and regarded it as a separate decision or an afterthought. Crucially, respondents were not thinking about Gift Aid when thinking about their donation, nor were they necessarily seeing it as part of their donation until the last moment. Respondents were thus unlikely to increase or decrease their donation amount based on the existence of Gift Aid.

"It isn't playing into the decision I don't think, no it doesn't merit a place really"

(Nottingham, Could and do, Higher Rate)

"We donate whatever we felt we could afford to donate to that cause at that time, and the Gift Aid is a bonus on top."

(Nottingham, Could and do, Basic Rate)

3.2 Influencers of behaviour

Early decisions about whether or not to claim Gift Aid were influenced by three main factors:

- understanding of eligibility;
- understanding of where Gift Aid money goes;
- any practical barriers, relating to risk and the perception of hassle.

The costs and benefits were then briefly weighed up and a decision made. The ways in which these three factors played out amongst different groups is outlined below:

Those already correctly claiming knew they were taxpayers, knew the scheme benefitted charities, and recognised there being no cost to them. For them, the benefit to charity overcame any barriers – though they perceived very few.

Decisions not to claim amongst the ineligible were most influenced by the understanding that they were not taxpayers. The views of the scheme, positive or negative, were less relevant to their decision, as many paid little attention once they realised Gift Aid did not apply to them.

For those who could be claiming but were not, decisions not to claim were most strongly driven by their misunderstanding of some aspect of the scheme, usually that it was of negligible benefit to the charity, or at some personal cost to themselves. This group was more likely to be influenced by practical barriers to claiming, as they did not recognise any benefits to offset them.

Finally, incorrect claims were driven by an understanding of the benefit to charity, but a misunderstanding of, or disregard for, the eligibility criteria.

3.3 Reasons for claiming Gift Aid

Motivation to claim Gift Aid was fuelled by the idea that it would benefit the charity, and thus for some was 'the right thing to do'. An important component of this was that there was no attendant cost to the donor – it was often seen as 'free money from the government' or an added bonus at no cost to them. Amongst some respondents, particularly those who did not consistently claim every time, decisions to claim were fairly passive and made in the absence of any perceived barriers.

"I may as well top up the charity."

(Cardiff, Could and sometimes do, Higher Rate)

Messengers acted as effective advocates for Gift Aid, often explaining the scheme and convincing respondents of its benefits. Friends, colleagues, and church leaders had requested that respondents claim Gift Aid, emphasising the belief that it was the right thing to do. This responsiveness to social norms is perhaps suggestive of passivity surrounding some Gift Aid claims, exemplified in the fact that respondents sometimes unquestioningly accepted the instruction, without reading the Gift Aid information or declaration for themselves at any point. Others cited being asked by a friend or church member as their reason for claiming Gift Aid, whilst having low understanding of the scheme.

"I've not really read it to be fair. I literally took my friend on his word."

(London, Could and do, Higher Rate)

Others, on the other hand, felt more strongly about their 'right' to claim Gift Aid, and felt moral justification in doing so even if ineligible. This was linked to their desire to see charities benefit, the view that the money came directly from government, and confusion about eligibility criteria. In some cases, lack of awareness that Gift Aid was linked to individual tax paid led to indignation at being excluded from the scheme, resulting in (sometimes intentional) incorrect claims.

Errors concerning eligibility were caused by respondents' lack of clarity about tax; specifically that the Gift Aid Declaration (GAD) referred to an individual, in the current tax year. Some ineligible respondents self-categorised as eligible because either they had worked and paid tax in the past, would work in the future (e.g. were on maternity leave), or had other household members or a partner who paid tax.

"In my head...my husband works... because he is paying tax anyway so it is an income for your family."

(Oldham Group, Shouldn't but do)

3.4 Barriers to claiming Gift Aid

Barriers to claiming Gift Aid were often based on **misunderstandings of the scheme** – for example that it benefits the government to the detriment of charities or the donor (see section 3.1 for more detail about understanding of Gift Aid). Others who were not claiming Gift Aid may have recognised that it benefitted charities, but had assumed that the **benefit was negligible** (between 5-10% extra).

As such, there was little to outweigh the other barriers surrounding Gift Aid claims. These included:

- An **aversion to filling in forms** and the perceived inconvenience of doing so;
- Discomfort with **sharing personal information** with charities – linked to a desire to avoid being contacted by charities for future fundraising;
- **A lack of confidence** dealing with tax affairs or official processes, and a reticence about 'signing up' to something;
- The fact that Gift Aid was **viewed as separate from the donation itself**, leading to it being an afterthought and more likely to be viewed as an additional request or inconvenience.

Inconvenience and form filling

Form-filling was often considered time-consuming and inconvenient. Some respondents whose main donation method was cash or charity buckets rarely filled in any forms or submitted any personal information when they donated to charity. They were particularly averse to doing so in order to claim Gift Aid. Those who usually claimed said they may be put off claiming Gift Aid by the requirement to fill in a form if it wasn't necessary to the donation, for example when donating goods to a charity shop. This attitude was more pronounced in the context of SMS donations, where the spontaneity of the donation method was perceived to be at odds with the requirement to navigate to an online form.

"It's like all documents. They look long and tedious and they've got all big words in. It's like, oh, god, I can't cope with this."

(Bexleyheath, Could and sometimes do, Basic Rate)

Sharing personal information

Some respondents were uncomfortable with sharing any personal information, mainly as they wished to avoid being contacted by charities for further donations. They often expressed the view that they had already 'done their bit' by giving to charity, and that anything additional was an imposition. Again, this was mostly likely to be mentioned by respondents who tended to make predominantly cash donations.

'I think [the charity] would ask me to donate all year round... once they've got your number and email, that's it.' (Oldham, Could but don't, Higher Rate)

"Where's all this information going? ...That makes me a bit uncomfortable, and that's why I normally don't do it."

(London Group, Could but don't)

Respondents had not really considered that their information would be shared with HMRC, but having discussed it they felt it was reasonable in order to administer the scheme.

Lack of confidence dealing with tax affairs

A lack of confidence in dealing with tax affairs or official forms and processes sometimes acted as a barrier to claiming. Both the mention of tax, along with the feeling of 'signing up to something' was off-putting for some, particularly where they did not feel confident that they understood Gift Aid.

"I don't like signing things and putting my signature to anything because I get things wrong and my daughter has to sort it out...I don't want my tax messed about."

(Oldham, Could but don't, Basic Rate)

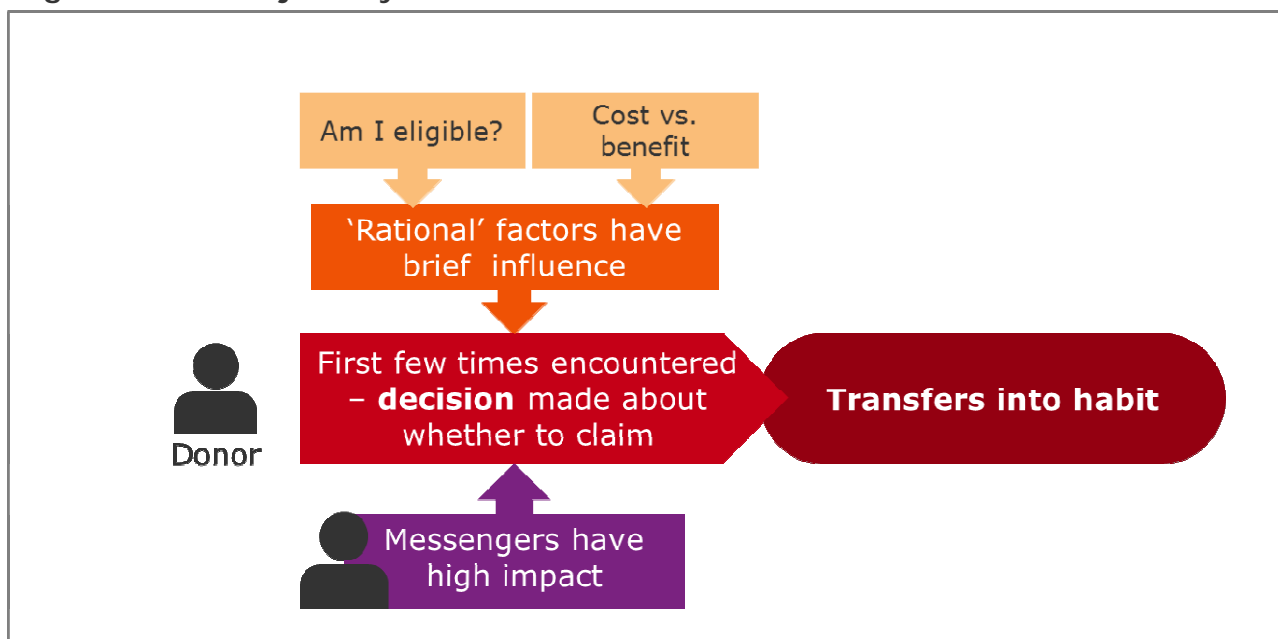
Separation of Gift Aid from the donation

Beyond these practical barriers and those linked to comprehension, a further barrier existed in the separation of Gift Aid from the donation itself. The research suggested that the later Gift Aid was introduced in the donation process, the less effective it was at attracting donors, as it increased the likelihood that respondents would mistakenly perceive it as an additional donation, or see it as inconvenient or burdensome. This is exemplified by channel-specific donation methods, further explored in section 4.1.

3.5 The Gift Aid journey and the importance of habit

A key finding of this research was that decisions about whether or not to claim Gift Aid were not regular, and once a decision was made it was rarely reviewed. Respondents tended to weigh up the perceived costs and benefits of claiming Gift Aid during their first few encounters with it, or when prompted to reconsider by a messenger. It was during these early encounters that the various factors were taken into account, and a decision made. Once the decision had been made, however, claiming behaviour became habitual and automatic, with most subsequent encounters with Gift Aid eliciting the same behaviour (see Figure 3 below).

Figure 3: Gift Aid journey



"I think it's an automatic thing now, I think because a lot of my family do quite a bit of charity work as well, it's drummed into you; don't forget to tick Gift Aid"

(Portsmouth, Can and do, Higher Rate)

As behaviour became habitual, very little attention was paid to information about Gift Aid in general, with the GAD being skimmed or ignored. Respondents thus did not notice any information about Gift Aid that may have corrected any misconceptions they held.

"If I'm honest, I've never really paid it much attention. I've just never really thought about it...growing up...when I was reading it I'd just automatically tick it and I just kind of followed that through I guess."

(Cardiff, Can and do, Basic Rate)

Conversely, whilst a change in personal circumstances had sometimes elicited a change in behaviour, this was not always the case. For example, a respondent having a career break to bring up children for a number of years had not stopped ticking the Gift Aid box, because they believed they had paid enough tax in the past to be eligible, and had simply continued to claim.

The challenge to encouraging 'desirable' Gift Aid behaviour is thus to disrupt habits – to prompt donors to re-think their eligibility or to learn more about the scheme and how it works. The following section explores the ways in which habits can be effectively disrupted, and how best to present Gift Aid to donors.

4. How to present Gift Aid

Given that Gift Aid Declarations (GADs) tend to be skimmed or skipped when making a donation, this section looks at various methods of disrupting habitual behaviour beyond the particular information provided in the GAD, as well as in the GAD itself - to encourage Gift Aid claims while deterring claims from ineligible individuals.

Observations from the depth interviews demonstrated circumstances that already disrupt habitual behaviour both negatively and positively: a change in the donation method; and having Gift Aid explained or championed by messengers. These situations represent both an opportunity and a challenge for increasing the number of correct claims, and are explored in section 4.1 and 4.2 below.



Sections 4.3 and 4.4 apply insights from the phase 1 interviews to explore two other ways of disrupting habits through the way Gift Aid is presented. These were tested in the phase 2 groups, to measure their effectiveness at drawing donor attention to Gift Aid and presenting it in a new light – both outside the GAD and within it.

4.1 The potential for donation channel to disrupt behaviour

Certain methods of donation tended to prompt more habitual behaviour. The main method of donation was where habits were formed. These included online donations, and ‘paper’ donation (made via cheque or sent through the post). In the donation scenarios conducted in the depth interviews, respondents were observed completing a form as if making a donation. Respondents were slightly more likely to slow down and pay more attention to the GAD when looking at the paper form. Online, by contrast, the ability to scroll through information meant that the GAD was sometimes wholly missed by respondents (even if they normally claimed). Overall, though, respondents were skimming the GAD as they filled in the donation form, and conforming to their usual reported claiming behaviour.

Donating via SMS

Respondents were more likely to deviate from the norm when donating through particular channels. When donating via SMS, for example, some respondents were very unlikely to claim Gift Aid, even if they normally did so via other channels. This was both observed in the scenarios¹¹ and confirmed through discussion, in both phases of the research. Respondents

¹¹ See appendix 7.1, for descriptions of the scenarios. The SMS scenario was undertaken with 16 out of 40 respondents in phase 1. All groups in phase 2 discussed SMS donations and their propensity to claim Gift Aid via that channel. The text messages used are included in the Introduction (section 1.3, Figure 1).

received a text from the charity following their donation, asking them to follow a hyperlink to Gift Aid their donation. As discussed in section 3.4, channel-specific barriers to claiming were driven by the donation and Gift Aid becoming increasingly distant and viewed as a separate process. Whilst some followed the link and carefully entered their information, the addition of an extra step caused some respondents to give up, and others to become confused about what they were being asked to do. Little attention was paid to the content of the follow up message, as respondents assumed it was simply a confirmation or 'thank you' text. Skimming of information here led some to assume that the charity was requesting them to set up a regular donation. Respondents agreed that in order for Gift Aid to maximise their SMS revenue, the process would need to be simplified as much as possible.

"It takes too much time sometimes. ... It's a spur of the moment thing. You've seen the poster, you give your money, you've done your good deed. ... It's overcomplicating a simple thing. Maybe they could send you a text saying would you like to give Gift Aid, yes or no. And you could text back Y or N. ... A follow up, in that moment."

(London Group, Could but don't)

There were further barriers specific to SMS donations, linked to the circumstances and donation amount. As respondents who sometimes donated via SMS did so spontaneously, they expected the process to be quick and easy, with only a single action required. Donation amounts also tended to be relatively low, between £2 and £5. Respondents who would normally make a Gift Aid claim reasoned that it was less important to claim on smaller amounts, when balanced against the time it would take. Further, SMS donations provoked particular concerns about information sharing, with the expectation that any further interaction could invite unwanted solicitation calls from the charity. It is worth noting that very few respondents had ever encountered the option to Gift Aid when donating via text.

Donating goods to a charity shop

Similar issues were observed and discussed following this scenario. Respondents usually spent just a few minutes dropping off goods, and explained they were often in a rush. As with SMS, few had ever been offered the option to Gift Aid their goods, so were surprised when asked. On the whole, respondents said they would be reluctant to complete a form in the charity shop¹², given their desire to complete the donation quickly, and discomfort with sharing personal information. Whilst respondents were generally happy to submit information online, as forms were deemed 'secure', in a charity shop they felt they could not be sure where the information would be going or who would have access to it.

"If I was having to fill it in and hand it to someone I didn't know, I would be a bit slightly wary, so perhaps that's it."

(Bexleyheath, Could and sometimes claim, Basic Rate)

4.2 Importance of messengers

Though the discussion above points to the ways in which charity shop donations disrupted habits negatively (in that they stopped donors from claiming), they also present a potential opportunity. Respondents often explained how they had started claiming Gift Aid once someone had explained it to them, correcting misconceptions or convincing them of its value. Volunteers staffing charity shops would be well-placed to explain the scheme, and encourage donors to engage with it.

¹² See appendix 7.1 for descriptions of the scenarios and 7.4 for the example form used.

"It was the Oxfam people who suggested it to us. Now I look for it, because if the tax can be claimed back."

(Nottingham, Can and do, Basic Rate)

As discussed in section 3.3, messengers were effective at both introducing Gift Aid to those who had previously paid it little attention, and changing the minds of those who held misconceptions about it. Once Gift Aid had been introduced, respondents were primed to pay attention to it in subsequent encounters.

4.3 Priming messaging

This research found that separating Gift Aid from the donation is a clear barrier to claiming, so it is important to try to close that gap and bring the two closer together. As individual messengers will not always be present to introduce Gift Aid as donors opt to donate, the ways in which Gift Aid is presented on donation forms present a practical opportunity to educate donors about Gift Aid and encourage take up.

Introducing Gift Aid early on – alongside the donation information provided by charities – was effective in the group discussions at priming respondents to take notice of it later, even if they usually did not. Some respondents – who were eligible to claim but did not currently – noticed the up-front messaging¹³ and actively sought out the declaration as a result. Though they had become habituated to ignoring the GAD, priming messages up-front were effective at both getting donors to notice Gift Aid, and emphasising the benefits to those who hadn't recognised them previously.

Four different priming messages, suggested by HMRC and HM Treasury staff working on Gift Aid and based on informal conversations with donors and charities, were tested in the phase 2 focus groups, to give an indicative idea of the relative impact of different message types. These are explored in turn below:

Join in, and boost your donation even further

Lots of taxpayers across the UK have been increasing the value of their donations by adding Gift Aid. Last year, taxpayers helped contribute over £1 billion to charities with Gift Aid alone.

Respondents were impressed and persuaded by the large figure, finding it more engaging than knowing that charities get an extra 25% from each donation.

"It's got your big over a billion pounds to charity, so it's that big wow factor back to your pound and 25p."

(Oldham Group, Could and sometimes claim)

Don't let charities lose out

If you are a UK taxpayer, choosing to claim Gift Aid boosts the value of your donation. But if you don't claim it, we could miss out.

If 2,000 donors gave £5 each and chose to Gift Aid their donations, we would receive £12,500. If they had not chosen to Gift Aid this donation, we would lose out on £2,500.

¹³ See appendix 7.6 for an example of the stimulus used.

This loss aversion message was powerful for some, though others disengaged due to the perceived complexity and cognitive effort required to understand the calculation (particularly in fleeting circumstances).

"It makes me feel a little bit guilty actually. Because it tells you how much they're missing if you don't Gift Aid...I don't normally do it, but now I look at that, all you've got to do is tick a box..."

(London Group, Could but don't)

Gift Aid helps us do more

If a UK taxpayer chooses to Gift Aid their donation, this increases the value of their donation by 25%.

We received £18,750 because of Gift Aid donations last year. This money allowed us to run an additional project, providing opportunities for young people and setting up our new centre of operations in the local area.

Respondents found the concrete example relatable, and thought this could be very effective when coming from the charity they were donating to –particularly if they felt a personal or emotional connection to the work.



Boost your donation even further

If you're a UK taxpayer and you sign up to Gift Aid, it allows us to claim back 25p more for every £1 we make from donations. This makes a huge difference to us, and doesn't cost you a thing.

A simple, visual message was effective at drawing respondents' attention and quickly demonstrating the value of Gift Aid, working against previously held assumptions that it represented only 5 to 10%.

Overall, respondents responded well to messages that were simple, and emphasised concrete or high value benefits to charities. Overly complex, numerical descriptions risked disengagement.

4.4 Changing the format of the GAD

Though the declaration in its current format (a paragraph of text and single tick box) was ignored in the depth interview scenarios, alternative formats were noticed. In group discussions, a multiple tick box version was used. Respondents were much more likely to stop and read the declaration when it had multiple tick boxes. This was for three reasons: firstly, the differences in format compared to other GADs suggested something new about Gift Aid; secondly as multiple boxes highlighted that there were several criteria for eligibility, rather than just one, and thirdly, the multiple boxes emphasised that the respondent was agreeing to something.

Not all respondents were attracted to reading the new format of declaration without prompting, however, as it was seen as too long and complex. This was in part due to its

overall length, but also due to the number of tick-boxes, as four was seen as too many. Some of these respondents preferred fewer tick boxes, though on reflection were unsure whether a single tick box provided adequate information. The challenge of determining the right amount of information to include in the GAD is explored in the following section.

5. How to explain Gift Aid

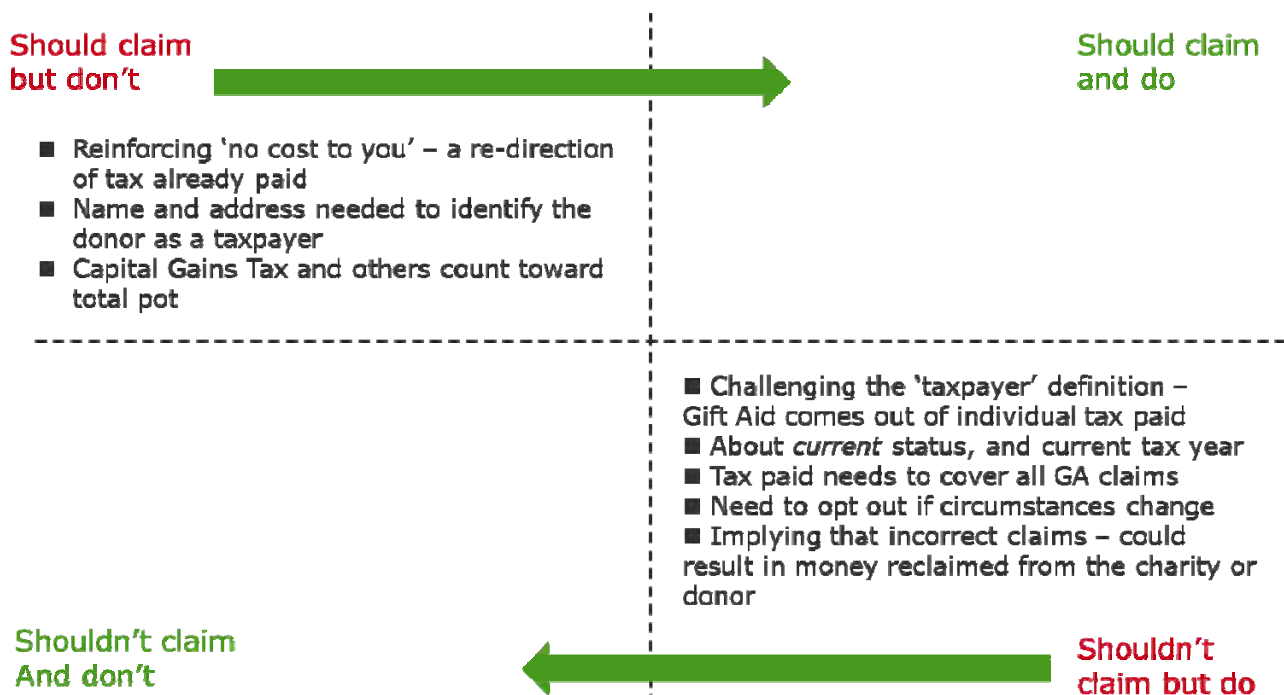
Whilst the previous section outlined the ways to disrupt habit in order to get donors to pay attention to Gift Aid, this section looks at ways of addressing existing barriers once attention is held. It explores the level of information and particular messages that should be included in or excluded from the declaration. As there is a balance to be struck between providing comprehensive explanations and not discouraging eligible donors, section 5.1 explores the trade-offs to be made to maximise correct claims and reduce errors. These principles are then applied to three test versions of the Gift Aid Declaration (GAD), which were tested in both phases.



5.1 Striking the balance between information and effective change

Combatting misconceptions about what Gift Aid is for and how it works is central to both increasing the number of correct claims and deterring incorrect ones. However, there are numerous potential messages for communication, which cannot all fit into the GAD. Whilst some messages are applicable to all donors, others are specific to changing the behaviour of a particular group (see Figure 4 below). The challenge is selecting a few pertinent messages to include, that will ultimately maximise correct claims and minimise errors overall.

Figure 4: Potential messages to shift claiming behaviour



Providing very little information is likely to have no impact on claiming behaviour – as there will not be adequate information for people to understand eligibility and determine their individual status. Once respondents had learnt more about Gift Aid, they felt it was important to explain some of the key features of the scheme.

“You need to confirm properly and know what you're actually signing”

(Oldham, Could and do, Basic Rate)

Lengthy declarations, on the other hand, were off-putting to respondents – not only in terms of claiming Gift Aid but from reading the information at all. As discussed above, respondents were surprised and confused by any suggestion that Gift Aid was complicated.

“I must admit I switch off, I start reading and it just goes on and on ...I just wouldn't carry on.”

(London, Could and do, Basic Rate)

Those more likely to read and make effort to understand the information were those already claiming correctly. Discovering the scheme to be more complex than they had initially thought, some of this group became wary of 'signing up' to it, and said they would not claim.

Too much information is likely to either disengage respondents, rather than prompt them to reconsider their eligibility, or frighten off those already making correct claims. The ideal balance is thus to provide key information for donors to be able to work out whether or not they are eligible, and to *imply* seriousness without discouraging correct claims.

5.2 Key messages to include in the GAD

Though the exact messages required to correct the most common errors would require robust quantitative scaling of donor understanding; based on analysis of the common misconceptions in the qualitative sample, the following messages are suggested.

“Boost your donation at no cost to you”

This message was effective in the stimulus used as part of this research. Respondents engaged with the idea that Gift Aid did not cost them anything, and would be a useful message to reinforce to donors paying attention to a new GAD, who had assumed Gift Aid was a request for an additional tax or donation.

“Gift Aid comes from the income tax you've already paid. Your address is needed to identify you as a current taxpayer. ”

The significance of the requirement to be a taxpayer was universally misinterpreted, often resulting in erroneous claims. This message would help shift the definition of eligibility from simply. 'taxpayer', to the tax paid by an individual. Reference to *current* taxpayer would work against assumptions that tax paid in the past accrued towards eligibility. Finally, mention of the need for an address could reassure those with concerns about sharing information, about the specific information required and how it will be used.

“So I don't know whether it's just if you're a tax payer full stop, even if you're only paying £100 a year tax, then the charities can reclaim Gift Aid.”

(Nottingham, Shouldn't but do, Below Basic Rate)

Whether you've paid enough tax this year to cover all Gift Aid claims

This was a key feature of Gift Aid that respondents were unaware of. Though it did require cognitive effort to understand, the pause created by the (a) interruption of habit and (b) re-evaluation of eligibility would hopefully prompt respondents to slow down and read it. Respondents felt it was important to include this message to demonstrate transparency, particularly if HMRC intended to collect any shortfall. Those already claiming correctly were fairly able to absorb this and work out whether it affected them. Those on lower wages or with more liminal tax status could re-evaluate their decision to claim.

"Well it does say here at the bottom, I understand that if I choose to Gift Aid my donation but if I'm not paying enough tax I should pay any shortfall to the HMRC. So there's a bit of a red flag there, if people might think well I'm not quite sure whether I do or not, so I'm not going to tick it."

(Nottingham, Shouldn't but do, Below Basic Rate)

Based on the most common misunderstandings about the scheme and responses to the GAD options, the key messages to communicate are presented in table 4 below. These are broken down by the desired behaviour change.

Table 4: Key messages to communicate in order to maximise the number of correct claims	
Increase the uptake of Gift Aid	Prevent ineligible donors from claiming Gift Aid
That the donor's address is required to identify them as a taxpayer: this would underline the link with an individual's tax, as well as reassuring those with concerns about sharing personal information.	
The benefit to charity at no cost to the donor: it was important for the GAD to reinforce positive messages about the scheme, and have a positive tone overall to encourage claims. The fact that ticking would not cost the donor anything was an existing, effective driver of claiming behaviour, and could overcome the common misconception that Gift Aid was an additional donation or tax.	The fact that eligibility is related to individual tax paid, rather than taxpaying or working status: even those with the most comprehensive grasp of the scheme had often misconstrued eligibility, with interpretations ranging from past working status to UK citizenship. Linking eligibility to individual tax would thus prompt donors to re-think their behaviour, reducing errors claims.
	The fact that donors must have paid enough tax to cover all Gift Aid donations, and incorrect claims are their responsibility: this was widely unknown, and deemed important to explain to donors to help them avoid unwitting errors.
	That the declaration refers to the current tax year: this would overcome some errors made around eligibility.

5.3 Feedback on the GADs

Three versions of the declaration forms were tested in both phases of the research. This section provides an overview of responses to the forms, focussing on the principles underlying successful design.

Respondents echoed the need for balance in their review of the GADs. Overly long, repetitive or complex forms were disengaging and would not be read. On the other hand, insufficient information to help with eligibility assessments were perceived as evasive and unfair.

Respondents preferred a positive overall tone, encouraging donors and emphasising the benefits to charities. The use of 'legal' language that too strongly implied a commitment was viewed as pressurising and intimidating, putting off even those correctly claiming who knew they were eligible.

Clear, succinct information was sought, broken down into easily digestible sections. Respondents preferred the use of numbers over percentages, which they found easier to digest, and anything requiring calculation or cognitive effort risked disengagement amongst some. As simplicity was prioritised over detail, respondents identified various pieces of information they considered superfluous, including:

- That VAT and Council tax didn't count towards eligibility – respondents instinctively had not expected it to
- That Capital Gains Tax counted towards eligibility – even those paying felt they wouldn't factor it into their decision
- Mention of Community Amateur Sports Clubs – respondents felt they didn't need to know and were often confused by its inclusion, believing it related to where their money was going
- The specific dates of the tax year – as 'current tax year' was deemed clear enough

Annotated versions of the GADs, with feedback specific to each form, are included below.

Figure 5: Gift Aid Declaration 1

giftaid it

Gift Aid declaration –for a single donation

Name of charity or Community Amateur Sports Club

Please treat the enclosed gift of £ _____ as a Gift Aid donation.

I confirm I have paid or will pay an amount of Income Tax and/or Capital Gains Tax for the current tax year (6 April to 5 April) that is at least equal to the amount of tax that all the charities and Community Amateur Sports Clubs (CASCs) that I donate to will reclaim on my gifts for the current tax year. I understand that other taxes such as VAT and Council Tax do not qualify. I understand the charity will reclaim 25p of tax on every £1 that I have given.

Donor's details

Title _____ First name or initial(s) _____

Surname _____

Full Home address _____

Postcode _____

Date _____

Signature _____

Please notify the charity or CASC if you:

- *Want to cancel this declaration*
- *Change your name or home address*
- *No longer pay sufficient tax on your income and/or capital gains.*

If you pay Income Tax at the higher or additional rate and want to receive the additional tax relief due to you, you must include all your Gift Aid donations on your Self Assessment tax return or ask HM Revenue and Customs to adjust your tax code.

The paragraph contained an off-putting number of references to tax and 'technical' details (tax year, Capital Gains Tax). This meant that the GAD appeared to be officious, and drew associations with HMRC and tax processes (seen by many as daunting, and high-effort).

Mixed perception: many ignore or skim the mention of CASCs, but for some it is confusing. Some assume it is the name for the charity; others assume a different type of charity relating to community sports.

The presentation of the text in an unbroken paragraph was off-putting and unappealing. It encouraged skim-reading, and made the text appear dense and complex.

The detail in the GAD paragraph regarding VAT and Council Tax was seen as unnecessary by many. The need to be a 'taxpayer' was intuitively linked with the idea of being in employment and paying Income Tax.

As this form referred to a single donation, this notification was seen to be irrelevant, and further added to the sense of increased complexity and effort on the part of the individual making the declaration.

This note was not seen to be relevant for those who were not paying Higher Rate Tax; and did not act as an effective incentive for the higher rate tax payers in the sample. Some suggested that a link-out to an information page (online) would be useful for those who were particularly interested.

Figure 6: Gift Aid Declaration 2

giftaid it

Gift Aid:
Boost your donations by 25% at no cost to you

Yes, I want to add Gift Aid to all donations I have made to [Charity], and all my future donations.

** To apply Gift Aid each tax year, you must pay more in income tax than charities reclaim on your donations (25p per £1 given).*

My details are:

Title _____

First Name _____ Surname _____

Home Address _____

Postcode _____

Date _____

Some found the mention of percentages to be insufficiently clear, preferring instead to have a concrete example (25p in the pound).

Having a positive message about Gift Aid up front was encouraging, and helped make clear what it was that the form was designed to achieve.

The lack of 'asterisks' to indicate mandatory items was confusing for some.

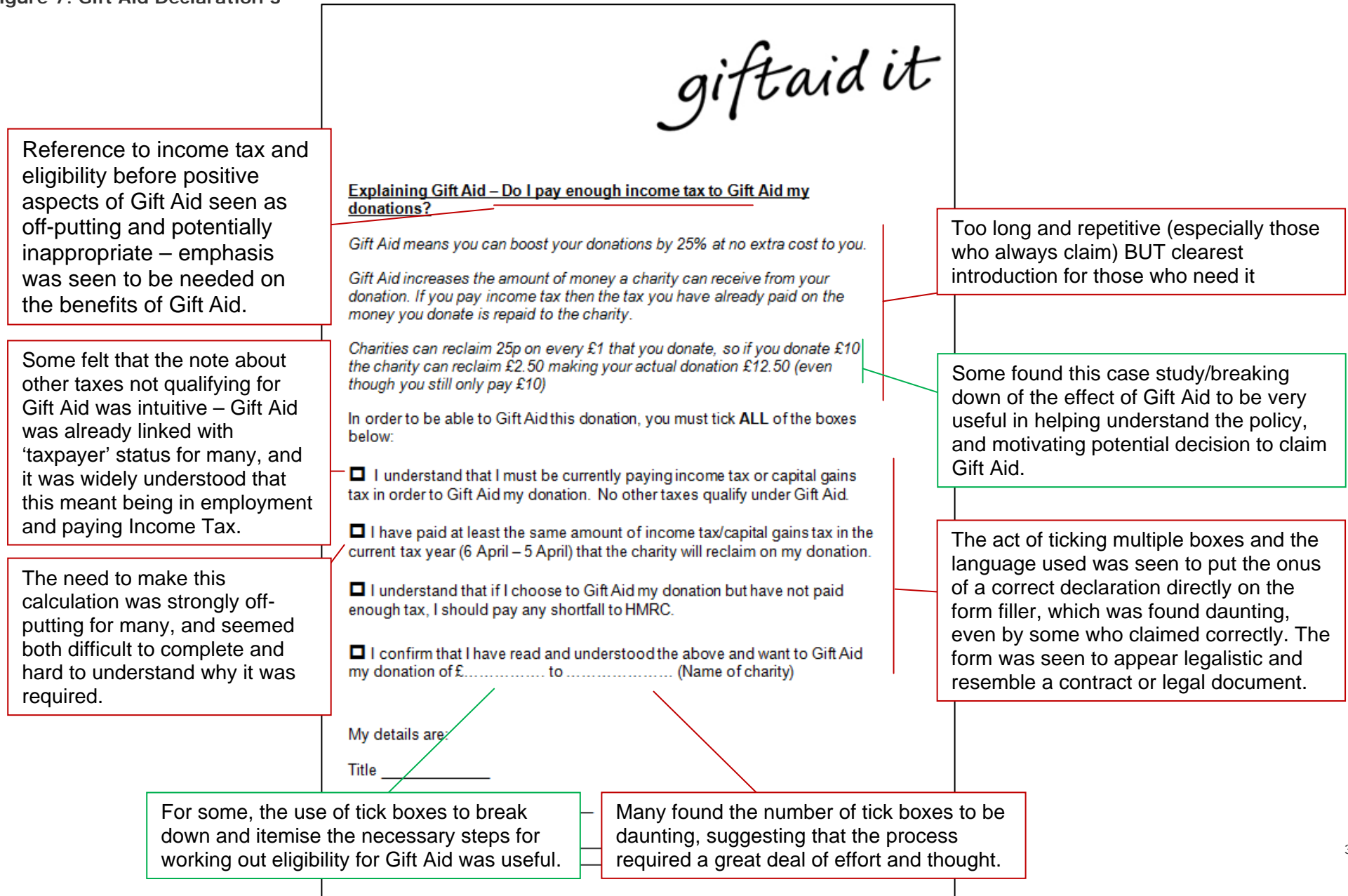
The simplicity and shortness of the GAD overall was received positively. For those who were already claiming, it required less additional thought than the other GADs, and prevented the process from seeming 'unduly complicated'

Some felt that the GAD was insufficiently clear about the mechanics of Gift Aid, and where the boost in donations came from.

This GAD was seen to be insufficiently clear about eligibility. Several respondents who were ineligible for claim Gift Aid stated that they would consider ticking the box on this form but not the others. This was in part due to the recessive nature of the note regarding eligibility, which was formatted in a way that made it appear like an incidental footnote / 'small print'.

Some suggested that in order to improve the form, further information about eligibility could be provided via an online hyperlink, or a second page in a paper form. Others suggested that a second tick box would cause them to pause and consider this statement more.

Figure 7: Gift Aid Declaration 3



Reference to income tax and eligibility before positive aspects of Gift Aid seen as off-putting and potentially inappropriate – emphasis was seen to be needed on the benefits of Gift Aid.

Some felt that the note about other taxes not qualifying for Gift Aid was intuitive – Gift Aid was already linked with ‘taxpayer’ status for many, and it was widely understood that this meant being in employment and paying Income Tax.

The need to make this calculation was strongly off-putting for many, and seemed both difficult to complete and hard to understand why it was required.

Too long and repetitive (especially those who always claim) BUT clearest introduction for those who need it

Some found this case study/breaking down of the effect of Gift Aid to be very useful in helping understand the policy, and motivating potential decision to claim Gift Aid.

The act of ticking multiple boxes and the language used was seen to put the onus of a correct declaration directly on the form filler, which was found daunting, even by some who claimed correctly. The form was seen to appear legalistic and resemble a contract or legal document.

For some, the use of tick boxes to break down and itemise the necessary steps for working out eligibility for Gift Aid was useful.

Many found the number of tick boxes to be daunting, suggesting that the process required a great deal of effort and thought.

6. Conclusions

Understanding of Gift Aid

Donors who claimed Gift Aid broadly understood it as a scheme that increased the value of their donations to charities. However, as Gift Aid had never been considered or engaged with in any depth, it was misunderstood or only partially understood by some. The detail of eligibility was widely misconceived – though donors broadly knew they were required to be taxpayers in order to claim, the significance of this restriction was not understood. Respondents assumed it merely identified them as UK citizens, so importantly had not made any connection with their individual tax paid. As it was widely assumed that the Gift Aid ‘bonus’ came from government, constituting a straight forward donation to charity, mistakes made around eligibility were a common source of error.

Factors affecting decision-making

Decisions about whether or not to claim Gift Aid were based on three factors: self-determination of eligibility; understanding of the purpose of the scheme; and any practical barriers related to the claiming process. Those claiming already did so in the absence of any perceived cost to them, and supported the benefit to charity. Decisions not to claim, including amongst those who were eligible, tended to be based on one or more misconceptions about the scheme:

- that it was an additional tax for the donor or charity;
- that it was a request from the charity to sign up to regular donations;
- that it add only around 5-10% to donations, and was thus not worth claiming.

A number of practical barriers to claiming Gift Aid existed, including the inconvenience of form filling and discomfort with sharing personal information or ‘signing up’ to something not fully understood.

The effect of misunderstandings on claiming behaviour suggests that changing information about Gift Aid will be central to increasing the number of correct claims, and understanding is important to decisions. However, this influence is restricted to early encounters with Gift Aid. Respondents remarked that they usually ignored the text in the declaration itself, as they had read it in the past. The findings suggest that once a decision had been made about whether to claim, behaviour quickly became habitual and automatic. Consequently, changing Gift Aid behaviour requires a two-part process: to disrupt existing habits, and to address barriers to claiming or misunderstanding.

How to present Gift Aid

This research demonstrated that habitual claiming behaviour can be effectively disrupted by altering the physical environment – in terms of the way Gift Aid information is presented, and the information within and surrounding the Gift Aid Declaration. By introducing Gift Aid early on in the donation, donors can be primed to pay more attention to it, viewing it as an integral

part of their donation. Priming is also an opportunity to emphasise the benefits of Gift Aid to charities, by emphasising the significant financial benefit to charities overall, or relatable, concrete benefits to the charity.

The format of the Gift Aid Declaration (GAD) can be altered to flag a change to donors, causing decision-making to be slowed down. Using a multiple tick-box format was effective in doing this, as it demonstrated that multiple eligibility criteria existed (though respondents found too many boxes overwhelming). The fact that ticking a box required an action, and for the donor to agree to something, suggested a commitment or contract. This means serious deterrent messages or legal language, which had deterred eligible participants from claiming, may not be needed in the GAD itself.

The increasing use of online channels for donation points to a key opportunity in the presentation of Gift Aid, as respondents suggested visually engaging pop-ups could be used to draw their attention to it. To keep the GAD short and succinct, whilst retaining the option to learn more, online channels could allow hover-overs or links to more information for those who are unsure. A further opportunity to disrupt habits lies with messengers: charities and their supporters, who have strong influence over donor behaviour and are able to effectively explain a scheme that few have engaged with in much depth.

How to communicate Gift Aid

Once habit has been effectively disrupted, there is an opportunity to overcome misconceptions about Gift Aid and address barriers to claiming. Maximising this opportunity entails achieving the right balance of information in the GAD, to prompt incorrect claimers to re-think eligibility, without putting others off. There are limits here: while the design of the GAD can help to maximise correct claiming behaviour as a whole, it cannot be expected to reach everyone or correct every error.

Keeping the GAD short and clear is vital to retaining correct claims, as length was a barrier to individuals both reading information and claiming Gift Aid. Further, those more likely to read detailed information and be discouraged from claiming were those already claiming correctly – whereas those claiming in error said they were more likely to skip the information and continue to claim. A 2-3 tick box format could engage donors to pay more attention to the information they are agreeing to – whilst the overall tone should be kept positive to maintain a disposition to claiming, for those eligible.

Based on the most common misunderstandings about the scheme and responses to the GAD options, the key messages to communicate include:

- The benefit to charity at no cost to the donor
- The fact that eligibility is related to individual tax paid, rather than taxpaying or working status
- That the donor's address is required to identify them as a taxpayer
- The fact that donors must have paid enough tax to cover all Gift Aid donations
- That the declaration refers to the current tax year

7. Glossary of terms

BR: Basic Rate tax

HR: Higher Rate tax

CASC: Community Amateur Sports Club

GAD: Gift Aid Declaration

VAT: Value Added Tax

8. Appendix

8.1 Depth interview topic guide (phase 1)

HMRC GA Donors

Topic Guide

Research aims and objectives:

To understand donor's behaviours in relation to Gift Aid claiming, in order to increase claiming and reduce errors. Specifically, to understand:

- How Gift Aid is seen by donors
- How donors decide whether to claim or not
- What the common causes of error are, and how these could be prevented
- How Gift Aid should be introduced and communicated to increase uptake and prevent errors
- What the most appropriate declaration form looks like, in length, content, form and style, to encourage donations and ensure their accuracy

Introduction (2 mins)

- Introduce self, TNS BMRB independent research agency
- Aim of research to understand charitable giving
- Explain recordings and anonymity
- Check use of computer (if applicable)
- Length 60 minutes

Background (3 mins)

- Name, who they live with, if they work – what they do
- Favourite charity or charity they give to most
- Briefly: why they think people give to charity

Scenarios (5-10 mins)

*(Researcher note: refer to schedule for the correct **order** and the two scenarios to use. If postal scenario, please refer to order to GAD form to be used in the scenario)*

Researcher to introduce the scenario activity - to explore some of the different ways people donate to charity now. We would ask them to as best as they can, imagine they are using this method to donate to their preferred charity (one mentioned previously), and that they can choose the amount they donate.

If they have used the method before, encourage them to think about the last time they did so. Ask some contextual questions about the occasion – where they were, when/why they decided to donate, they charity, amount, how long the process took, how they felt etc. - before beginning the scenario.

Scenario 1: Post

Researcher to explain: Please imagine you have received the following in the post from your (*preferred charity*). You are at home and have decided to make a donation – please fill in this form (**STIMULUS A**) in the way you have in the past, or you normally would, in order to make a donation.

Researcher to observe them completing the form; only answering questions relating to the scenario rather than anything on the form itself.

Scenario 2: Online

Researcher to explain: Please imagine you have decided to make a donation to your preferred charity online. Please could you show me how you would go about this on your computer/laptop, filling in all the relevant information – stopping short of actually making the donation.

Researcher to observe them completing the online form; only answering questions relating to the scenario rather than anything on the form itself. Note – if respondent's chosen website does not include a GA declaration – please direct them to the Sports Relief website, and ask them to do the same.

Scenario 3: SMS

Thank you for your donation. Make your gift worth more by signing up to Gift Aid by visiting WWW.SPORTRELIEF.COM/GIFTAID

Researcher to explain: Please imagine you are sitting on a train, and you've seen an advert for a charity you want to donate to. The advert has a number you can text to donate, so you do so. Then imagine that immediately you receive this text in response. (*send the text to the respondent/hand them a phone with the text on, as appropriate*). Please talk me through your thoughts about this process, and what you'd do/think next.

- If respondent says they would access the link, on their phone, please ask them to do so – ask if they think they would be likely to access it straightaway or at a later time
- Observe what they do when they view the page; whether they fill in the information

Scenario 4: Charity shop donation

Researcher to explain: Please imagine you have decided to take some old clothes to donate to your local charity shop, and have gone into the shop to give in the clothes (rather than leaving them for collection). Imagine I'm the volunteer working at the shop, you come up to the counter to talk to me – and we'll do a quick role play of what you would say:

*Researcher: act out scenario, thank respondent for their donation etc. Tell them they can use the 'Gift Aid' scheme their donation if they wish. As Gift Aid was designed for cash donations, the charity needs to know the value of the goods sold (after selling the goods on the donor's behalf). The donor needs to agree they will donate the sale proceeds to the charity, who will then reclaim Gift Aid on this amount. If they agree to this, tell them they'll need to fill in a form (**STIMULUS B**). Researcher can respond to questions about Gift Aid, giving generic/basic explanations, as respondent reads and fills in form.*

Follow up and donating behaviour (5 mins)

After both scenarios, please go through the following for both scenarios in turn:

- BRIEFLY thoughts about the process, what they were thinking about
- How typical this was of their usual donating behaviour
 - *How* they usually donate (including when they might use this channel)
 - The situation/circumstances they usually are in when they donate
 - How much they'd usually donate
 - How frequently they donate; which charity
- *Notice whether they claimed GA* – check whether they have heard of GA before
- If they claimed Gift Aid: why/why not
 - Whether that fits with their usual behaviour
 - If they have donated this way before, whether they had claimed GA then; why/why not
- How much attention they paid to the information about GA; why
 - How far this is their typical behaviour/how far driven by research environment
 - *If respondent says they always read all the info* – why

Comparing the two methods of donating:

- Anything about the channel that affects whether they a) pay attention to the information and b) claim GA

Spontaneous, then:

- Time, perceived hassle, location, how comfortable with channel (e.g. how many times used before to donate)

Current use of GA (15 mins)

If they **have** claimed GA in the past:

- When, to whom, in what circumstances, via what channel
- Why
- What they remember about it
- How much they thought about it
- How they made the decision; any other factors that may have affected this
 - Spontaneous, then probe: who asked them to donate, amount, hassle, eligibility, tax status and channel (*researcher not to explain each, just check whether it was a factor, then can explain later*)
- Whether claiming GA affects how much they donate
 - E.g. if GA did not exist
 - Whether GA affects their view of the charity in any way
 - FOR HIGHER RATE TAX ONLY: Whether affected by tax relief/whether they were aware of it (*if unaware, say will explain later*)

If they **have not** claimed GA in the past:

- Why not
- What they remember about it
- To what extent they noticed/read declaration/s
- How much they thought about it
- Whether decision was affected by thinking they didn't pay enough tax

If there have been times where they have claimed GA and others where they haven't –

- Explore fully the factors affecting their decision/behaviour

Introduce **STIMULUS C** and map out all the reasons why they would or would not claim GA. Encourage them to think about all the possible factors that might encourage or discourage them from claiming GA.

Ask them to circle the reasons they think are the most important; or that affect them the most when donating.

Then thinking about donating in general –

- Why *they* donate to charity; what encourages them most to give
- How they think some of these reasons compare to this

Understanding Gift Aid (7 mins)

Turning to talk about Gift Aid in a bit more depth -

- How much do they feel they know about Gift Aid
- Capture spontaneous responses, then probe on anything not covered:
- What they think it is; why it exists and what it aims to achieve
- Whether they thought it was automatically collected; why they think it can't be automatic
- What do they think the GAD is for?
- Who is eligible for Gift Aid and who is not
 - How this affects them, e.g. whether/how much/how often they claim
 - Do they know whether/how much IT they pay
 - FOR CGT ONLY: Do they know how much CGT they pay
 - In a tax year
- What they think happens to the information they provide to the charity – SPONTANEOUS, then probe:
 - Have they thought about it before
 - Do they think it is sent to HMRC
 - How comfortable they feel with this
 - What they think about the amount of information they are asked for

Researcher to introduce information on Gift Aid (**STIMULUS D**):

Allow respondent to read through info on their own, then go through each section explaining in researcher's own words, and checking understanding/areas of confusion

- Anything surprising or that they didn't know before
 - Spontaneous, then:
 - Types of tax eligible
 - What they thought would happen if they claim GA but don't pay tax
 - Higher rate tax relief
- How easy/difficult is the information to understand; anything confusing
- How effective the stimulus is in explaining the eligibility
- How easy/difficult is it to work out eligibility
- Any areas where they think they might make a mistake

Information needs (15 mins)

Ensure enough time for this section – critical section to cover all three GADs

Return to completed map (stimulus B):

- Given the current barriers, what they think would encourage them to claim GA (Note: for those who say they always do/would claim, how best to encourage others to claim)
- What would need to change to encourage
 - If mentioned: in terms of the messages and information received (in the context in which they donate, including channel preferences)

Looking at the declaration forms used:

- To what extent it lives up to the information needs just discussed
- Which bits most **encourage** you to claim; why
- Which looks easiest to read/attracts them most to actually reading through
- Which aspects are **off-putting**, discouraging you either:
 - From reading the information
 - From claiming at all
- Anything missing
- Anything confusing, that needs further explanation
- Anything they feel is unnecessary/they don't need
- *Any GAD-specific probes, as applicable*
 - In long text version – if not spontaneously mentioned, what is understood by Community Amateur Sports Clubs; comments on this

Repeat with second form, and then briefly with a third.

- Identify the best version, format, and/or features of the three examples shown, with reasons

Wrap up (3 mins)

If time: Ask respondent to imagine their friend said they were unsure about whether they should claim Gift Aid – as they weren't sure whether it was worth it and weren't confident that they would be correctly claiming.

- How would they introduce Gift Aid to their friend
- What the most important messages and features are
- How would they reassure or persuade them about various uncertainties

(refer back to any barriers on the map)

- Any other suggestions for improving the process or the scheme

8.2 Group discussion guide (phase 2)

HMRC GA Donors

Topic Guide

Research aims and objectives:

To understand donors' behaviours in relation to Gift Aid claiming, in order to increase claiming and reduce errors. Specifically, to understand:

- How Gift Aid is seen by donors
- How donors decide whether to claim or not
- What the common causes of error are, and how these could be prevented
- How Gift Aid should be introduced and communicated to increase uptake and prevent errors
- What the most appropriate declaration form looks like, in length, content, form and style, to encourage donations and ensure their accuracy

Introduction (2 mins)

- Introduce self, TNS BMRB independent research agency
- Aim of research to understand charitable giving
- Explain viewing, recordings and anonymity
- Length 90 minutes

Background (5-7 mins)

- Group to introduce themselves: name, who they live with, if they work – what they do; favourite charity or charity they give to most
- Brief group discussion: different ways members of group give to charity
- Brief group discussion: why they think people give to charity

Charity Letters (5-10 mins)

Researcher hand out letters (STIMULUS A) and ensure 1 or 2 respondents have each variant. Introduce the scenario:

Please imagine you have received the following in the post from a charity that does work that interests you. You are at home and have decided to make a donation – please fill in this form in the way you have in the past, or you normally would.

NOTE: respondents do not need to fill in their own personal details, but should complete the form as they normally would – use fictional details if preferred.

Researcher to observe individuals completing the form; only answering questions relating to the scenario rather than anything on the form itself.

Once completed, ask each respondent to feed back on their reactions to the form

- How did they fill it out, and why
- How did they feel when reading it and filling it out; what made them feel this; how did this affect the way they filled it out

Follow up on Gift Aid (10 mins)

Notice which individuals claimed GA on their forms – check whether the group has heard of GA before. Briefly explore current understanding of Gift Aid – explain that this will be discussed in more detail later, so ‘no right or wrong answers’

For those who have claimed Gift Aid:

- Why they claimed
- Whether that fits with their usual behaviour – why / why not

For those who have not claimed Gift Aid: why not

- Why they haven't claimed
- Whether that fits with their usual behaviour – why / why not

Both:

- How much attention they paid to the GA proposition on the first page
- What effect the proposition had (did it encourage GA claims?)
- What messages the proposition was trying to convey

Researcher read out/show all 4 propositions to group, so they can be discussed.

- What is different between the propositions
- Which are most interesting, most encouraging
- What words or phrases stand out
- **For ‘Shouldn’t’ groups:** those who (correctly) didn't claim: what they feel about these messages – are they likely to encourage them to claim?
- How much attention they paid to the GAD on the second page; why
 - Did they read the text of GAD before or after ticking box (or at all)
 - If read, what it made them feel about Gift Aid
 - Did anything in the GAD put them off claiming, or make them think differently?

Current use of GA (15 mins)

Throughout this section: FLIPCHART Drivers and Barriers to Gift Aid claiming

For those who have claimed GA in the past:

- When, in what circumstances, via what channel
- How they made the decision
 - Motivation to claim Gift Aid
 - Any cause for hesitation
- Any other factors that may have affected this
 - Who asked them to donate; amount donated; hassle; eligibility
 - What impact would a different channel have – online, text, giving goods in a shop, small donation, payroll, direct debit

For those who have claimed in error (i.e. Shouldn't but Have)

- Did they behave differently when filling out the form in the exercise? Why?
- If they still made an error today, what could prevent this

For those who have not claimed GA in the past:

- Why not
- To what extent they noticed/read declaration/s
- How much they thought about it
- Whether decision was affected by thinking they didn't pay enough tax

For those who have not claimed but could have:

- Did they behave differently when filling out the form in the exercise? Why?
- If they still didn't claim today, what could encourage this

SMS Gift Aid (10 mins)

- Does the group have any experience of donating via SMS
 - Why and when/why not
 - How compares to other channels
 - Whether additional/instead of other channels – i.e. whether donating more in this way and less in others, whether 'migrating'
 - How much they tend to donate
 - Whether they would donate larger amounts via SMS e.g. £20, £50
- Any experience of claiming Gift Aid via SMS
 - Based on experience/hypothetically, if they donated via text message, and were prompted to follow a link to a website to claim GA, what would their reaction be – do it/delete it/ignore it

- Are they comfortable sending their details via phones there anything that would make it easier to Gift Aid (rather than getting a link and following it up) / how would you like it to work?
- Could anything make an SMS with the Gift Aid link more persuasive/more noticeable?

GADs (15 mins)

Divide group in to two, each half gets 4 GADs to consider

- Discuss among themselves –
 - Differences between GADs
 - Likely impact on behaviour (thinking about Drivers and Barriers on flipcharts)
 - Any missing information
 - Any confusing points
- Then, in full group, discuss:
 - Which GAD makes it clearest who is eligible to claim Gift Aid, in what circumstances
 - Which GAD(s) discourage Gift Aid claims
 - Any complex or confusing elements
 - What the 'ideal' GAD would look like
 - If online – whether they would click on links for more information
 - Anything that would make information on eligibility clearer; spontaneous then, e.g. examples, calculator, table
- Explore impact of a tick box about large donations
 - How would they interpret 'large'
 - Likely response

Information Use (10 mins)

- What they think happens to the information they provide to the charity
 - Have they thought about it before
 - Do they think it is sent to HMRC
 - How comfortable they feel with this
 - What they think about the amount and type of information they are asked for
 - What information they think is **necessary** for HMRC and charities to be able to process an individual's Gift Aid claim
 - What are they comfortable / not comfortable with ; spontaneous then probe: address, phone number, email
 - Whether it impacts on decision to claim GA or not

Correcting Errors (15 mins)

Cover both how to encourage Could's and how to discourage Shouldn't's with all groups – but focus on the prompts relevant to the group segment

For those who Could be claiming but Don't (or only sometimes):

- How conscious are they that could be claiming (/could be claiming always) but don't
- How they could be encouraged to claim Gift Aid
 - Refer back to flipchart of Barriers: how to overcome these
 - Refer back to flipchart of Drivers: how to emphasise/add to these

For those who Shouldn't be claiming but Do:

- What do they think happens if they make a mistake in a Gift Aid claim
- What do they think about the fact that HMRC could collect shortfall
 - Whether they think HMRC would actually collect shortfall or not
- Best way to help avoid errors/discourage and prevent incorrect claims
 - Key messages
 - (if realised during group) what key messages made them realise
 - Information about eligibility
 - Clarity about consequences;
 - For donor / for charity (recouped claim / admin)
- Who is the best messenger for Gift Aid – charities, government, someone else

Wrap up (3 mins)

If time: Ask respondent to imagine their friend said they were unsure about whether they should claim Gift Aid – as they weren't sure whether it was worth it and weren't confident that they would be correctly claiming.

- How would they introduce Gift Aid to their friend
- What the most important messages and features are
- How would they reassure or persuade them about various uncertainties (refer back to any barriers on the map)
- Any other suggestions for improving the process or the scheme

Thank and close

8.4 Phase 1 stimulus – Charity shop donation form scenario

Thank you for your donation.

Make your gift worth 25% more with Gift Aid

Please complete the Gift Aid declaration overleaf

giftaid it

What is Gift Aid?

When you sign up to Gift Aid, it allows us to claim back 25p more for every £1 we make from donations. This makes a huge difference to us, and doesn't cost you a thing.

We will write to you before reclaiming Gift Aid on your donated items. Apologies but this is the only way we can receive the revenue from HMRC. We appreciate your understanding.

25p more for every £1
we make from donations.



Please complete this form to sign up to Gift Aid

- I wish the charity to act as my agent in selling the goods I have brought into the shop. I am not acting as a business in bringing goods in for sale to any of the shops belonging to the charity.
- Yes, I am a UK taxpayer. Please treat as Gift Aid donations all qualifying gifts of money made today, and in the past 4 years and in the future. I can confirm I have paid or will pay an amount of Income Tax and/or Capital Gains Tax for each year/s (6 April to 5 April) that is at least equal to the amount of tax that all the charities or Community Amateur Sports Clubs (CASCs) that I donate to will reclaim on my gifts for that tax year. I understand that other taxes such as VAT and Council Tax do not qualify. I understand the charity will reclaim 25p of tax on every £1 that I give on or after 6 April 2010.

Full Name (block capitals please)

Home address

<input type="text"/>	Telephone	<input type="text"/>
----------------------	-----------	----------------------

<input type="text"/>	E-mail	<input type="text"/>
----------------------	--------	----------------------

<input type="text"/>	Post Code	<input type="text"/>	Signature	<input type="text"/>	Date	<input type="text"/>
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Please contact us at any time if you:

Want to cancel this declaration, change your name or home address or no longer pay sufficient tax on your income and/or capital gains.

Your generous support is crucial to our work. If you would like to be contacted by us in the future, please tick here

For office use:

Print name	<input type="text"/>	Shop	<input type="text"/>
Customer ID	<input type="text"/>	Date	<input type="text"/>
Data entry by	<input type="text"/>		

8.5 Phase 1 stimulus – Gift Aid information sheet

Introduction to Gift Aid

What is Gift Aid and how does it work?

Gift Aid is a way for UK tax payers to increase the value of their donation to charities. Charities can reclaim 25p from HMRC for every pound donated. So if you donate £10, the charity will receive £12.50.

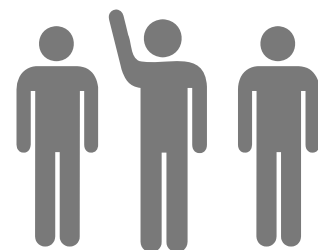


In order for the charity to claim Gift Aid, you need to make a declaration, which is often a form the charity will give you. In the form, you must include:

- your full name and address (including postcode)
- the name of the charity
- details of your donation &
- a statement to say that it's to be treated as a Gift Aid donation

Can everyone use Gift Aid?

You can use Gift Aid if the amount of Income Tax and/or Capital Gains Tax you've paid in the current tax year is at least equal to the amount *all* charities you donate to reclaim on your gift. The tax year runs from 6 April to 5 April each year.



If you make a number of Gift Aid donations, you will need to consider the total amount.

To work out if you've paid enough tax to cover your donations, divide the donation value by four. For example, if you give £100 in a particular tax year you will need to have paid £25 tax over that period. ($£100/4 = £25$). (Note that this calculation is based on the basic rate tax of 20 per cent)

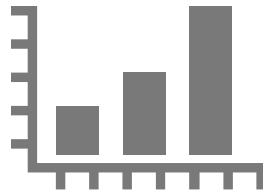
If you don't pay enough tax then HMRC may take action to recover any shortfall in tax you owe them.

Does all tax count?

Only people who have paid Income Tax and/or Capital Gains Tax in the current tax year can use Gift Aid. Other taxes, such as VAT and Council Tax, do not count.

However, you don't necessarily have to be working to be paying Income Tax. Apart from tax on income from a job or self-employment, you could have paid Income Tax on:

- tax deducted at source from savings interest
- tax on State Pension and/or other pensions
- tax on investment or rental income (including tax credits on UK dividends)



What if I'm a higher rate taxpayer?



If you pay higher rate tax, you can claim the difference between the higher rate of tax 40 and/or 45% and the basic rate of tax 20% on the *total* value of your donation.

For example, if you donate £100, the charity received £125 - so you can claim back:

- £25 - if you pay tax at 40%
(£125 × 20%)
- £31.25 - if you pay tax at 45%
(£125 × 20%) + (£125 × 5%)

You can make this claim on your Self-Assessment tax return.


8.6 Phase 2 stimulus example – priming through donation forms

Your donation could make a big difference.

Over the past year we've been raising money for our cause, and thanks to donations from people like you we've been able to secure a further £125,000 in funding!

This means we've been able to champion the cause all over the world, and have had our most successful year since we started working, in 2002.



There are lots of ways for you to help us:

- ❖ Donate online, or setup a recurring payment
- ❖ Donate via SMS – text CHARITY to 6556004
- ❖ Talk to your employers about Payroll Giving
- ❖ Lend support at one of our upcoming events

Join in, and boost your donation even further

Lots of taxpayers across the UK have been increasing the value of their donations by adding Gift Aid. Last year, taxpayers helped contribute over £1 billion to charities with Gift Aid alone.

giftaid it

1. Personal Details

Title	First Name	Surname
Address		
Postcode		
Telephone Number	Date of Birth	
Email Address		

(If you are happy for us to contact you by email please provide your address) We would like to keep you up to date with our activities. However, if you would prefer not to receive such information by post, please tick here: or by phone tick here:

2. I wish to donate:

£5 £10 £20 Other £

3. Payment Details

Please make cheques/CAF charity vouchers/postal orders payable to XXX, or please debit my card

Visa Mastercard Maestro Other debit card CAF card

Card Number

Maestro only Issue number (Maestro only)

Expiry date / Valid from (Maestro only) /

4. Gift Aid

giftaid it

Gift Aid means you can boost your donations by 25% at no extra cost to you.

Gift Aid increases the amount of money a charity can receive from your donation. If you pay income tax then the tax you have already paid on the money you donate is repaid to the charity.

Charities can reclaim 25p on every £1 that you donate, so if you donate £10 the charity can reclaim £2.50 making your actual donation £12.50 (even though you still only pay £10).

In order to be able to Gift Aid this donation, you must tick ALL of the boxes below:

I understand that I must be currently paying income tax or capital gains tax in order to Gift Aid my donation. No other taxes qualify under Gift Aid.

I have paid at least the same amount of income tax/capital gains tax in the current tax year (6 April – 5 April) that the charity will reclaim on my donation.

I understand that if I choose to Gift Aid my donation but have not paid enough tax, I should pay any shortfall to HMRC.

I confirm that I have read and understood the above and want to Gift Aid my donation

5. Authorisation:

Signature(s)

Date

