



Payroll Giving: reduction in donation hand over time

Who is likely to be affected?

Payroll Giving agents and the charities who receive money through such agents.

General description of the measure

The measure will reduce the time limit from 60 to 35 days for agents to pass money they hold under the Payroll Giving scheme to charities, subject to certain conditions being met. The existing 60 day time limit will apply to money held in circumstances which do not meet the new conditions.

Policy objective

The scheme enables employers to deduct money from employees' pay and give tax relief at source. Employers pass such donations to approved agents who then distribute the money to employees' nominated charities.

Donors' expectations of Payroll Giving transaction times have increased in line with their experience of such developments as internet banking. These changes in expectation have made a 60 day hand over period harder to justify.

Accelerating the distribution of donations to charities should encourage greater promotion of Payroll Giving as charities will have more confidence over receiving their donation in a timely manner.

Those charities than benefit from the change should see an improvement in their cash flow

Background to the measure

The Government launched a consultation in January 2013, seeking views from donors, charities and the wider public on ways in which Payroll Giving could be improved.

The Payroll Giving consultation ran from 24 January 2013 to 19 April 2013. Over 100 responses were received from businesses, charities, Payroll Giving Agencies (agencies) and various representative bodies as well as individuals.

The Government's response to the consultation was published on 13 September 2013.

The key actions and changes committed to by Government following the consultation are summarised below:

- improving the process of Payroll Giving for charities and agencies
- making it easier for employers and employees to operate Payroll Giving
- raising awareness of Payroll Giving among employers and
- incentivising employers with non-financial measures

Reducing donation hand over time from 60 to 35 days is part of the commitment to improve the process for charities in particular.

Detailed proposal

Operative date

This measure will have effect for money received by agents on and after 6 April 2014.

Current law

HM Revenue & Customs (HMRC) administers the Payroll Giving scheme under regulations given by SI 1986 No. 2211 – The Charitable Deductions (Approved Schemes) Regulations 1986.

These regulations include at regulation 4A a requirement, in essence, for agents to pass on to charities within 60 days, sums they get from employers under the scheme.

Proposed revisions

Secondary legislation will amend the 60 day requirement in regulation 4A to reduce it from 60 to 35 days subject to certain conditions.

These conditions are designed to ensure that agents have enough time to check information provided by employers and that nominated beneficiaries are entitled to receive tax advantaged donations under the scheme. To accommodate practical problems arising where an agency has made no payment to the charity specified in the 12 months immediately preceding receipt of a donation, an approved agency may extend the 35 day period to 60 days.

Summary of impacts

Exchequer impact (£m)	2013 to 14	2014 to15	2015 to 16	2016 to17	2017 to18
	-	Nil	Nil	Nil	nil
	This measure is not expected to have an Exchequer impact.				
Economic impact	The measure is not expected to have any significant economic impacts.				
Impact on individuals and households	The measure directly affects agents only and is not expected to impact on individuals and households.				
Equalities impacts	The measure directly affects agents only and is not expected to have an impact on any protected equality group.				
Impact on business including civil society organisations	The measure is expected to have a negligible impact on businesses and civil society organisations. Some payroll intermediaries and charities may incur a small one-off cost due to the need to make small changes to their systems to receive the payments earlier, although most intermediaries already pass on the payments within 35 days. Those charities that currently rely on intermediaries who do not routinely pass on donations with 35 days should benefit from earlier receipt of donation.				
Operational impact (£m) (HMRC or other)	The measure is not expected to have any operational impact on HMRC.				
Other impacts	Other impacts have been considered and none have been identified.				

Monitoring and evaluation

The measure will be kept under review through regular communication with affected taxpayer groups.

Further advice

If you have any questions about this change, please contact David McDowell on Telephone: 03000 585284 (email: david.mcdowell@hmrc.gsi.gov.uk).

Declaration

Nicky Morgan MP, Economic Secretary to the Treasury has read this Tax Information and Impact Note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.