



## Income tax: Gift Aid intermediaries

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### Who is likely to be affected?

Charities, donors and intermediaries for charitable donations.

### General description of the measure

The measure introduces primary legislation that will enable regulations to be made which will allow non-charity intermediaries to have a greater role in processing Gift Aid claims on behalf of charities.

It will ease the administrative burden on intermediaries by relieving them of the need to receive a Gift Aid declaration for each individual charity a donor gives to through them, and similarly ease the process for donors of giving to multiple charities via a single intermediary.

It will also encourage the development of new platforms that allow people to donate in new ways.

### Policy objective

The Government wants to maximise the take up of Gift Aid on eligible donations.

This measure will make it easier for donors to claim Gift Aid on donations to multiple charities, particularly those made through non-charity intermediaries via digital channels, thereby potentially leading to Gift Aid being claimed on a greater proportion of eligible donations and more relief going to charities.

### Background to the measure

This measure was announced in Budget 2013. A consultation entitled *Gift Aid and digital giving* ran from July to September 2013, this was followed by confirmation in Budget 2014 that the Government would legislate, in Finance Bill 2015, to allow a greater role for intermediaries. Detailed regulations will follow.

## Detailed proposal

### Operative date

The primary legislation will have effect on the date that Finance Bill 2015 receives Royal Assent, with regulations setting out the detailed operating model(s) for non-charity intermediaries to be consulted upon and made thereafter.

### Current law

The main legislation governing the relief is in Chapter 2, Part 8 of the Income Tax Act 2007 (ITA 2007).

Section 428 of ITA 2007 specifies the meaning of a 'gift aid declaration' (GAD) for Gift Aid and enables regulations to be made to cover what the declaration must contain, the manner in which it should be given and the way it should be recorded.

Currently a GAD can only be given by an individual who is the donor. Such individual must give the GAD directly to the charity.

Existing regulations relating to GADs reflect the current position that GADs are only given by an individual donor directly to the charity.

### Proposed revisions

The changes will allow for GADs to be made by intermediaries representing individuals on behalf of those individuals and allow charities to use such GADs to claim Gift Aid.

In Chapter 2 of Part 8 of ITA 2007 (gift aid), section 416 (meaning of 'qualifying donation') is extended by the insertion of 'or an intermediary representing the individual' to allow Gift Aid Declarations made by intermediaries on behalf of individuals to have effect as if they were made by individuals.

Section 428 (meaning of 'Gift Aid Declaration') is amended to cover such declarations. The power contained in Section 428 to made regulations regarding GADs is amended so that specific regulations can be made regarding declarations made by intermediaries on behalf of individuals.

### Summary of impacts

This table of impacts has been completed on the expectation that the regulations prescribing the detailed operating model(s) for non-charity intermediaries will be drafted in line with the measure description and policy objectives set out above.

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	This measure is likely to decrease net receipts due to higher level of Gift Aid on donations. The final costing will be subject to scrutiny by the Office for Budget Responsibility.					
<b>Economic impact</b>	The measure is not expected to have any significant economic impact.					
<b>Impact on individuals, households and families</b>	<p>The measure is not expected to have any significant impacts on individuals or households, aside from a possible increase in the proportion of charitable donations upon which Gift Aid is claimed.</p> <p>The measure is not expected to impact on family formation, stability or breakdown.</p>					
<b>Equalities impacts</b>	No impacts are anticipated in respect of groups sharing protected characteristics.					
<b>Impact on business including civil society organisations</b>	<p>The measure should ease the ongoing administrative burden on a small number of intermediaries by relieving them of the need to receive a Gift Aid declaration for each individual charity. There are up to 139,000 charities that are registered for Gift Aid (of which around 66,000 claim Gift Aid).</p> <p>It is anticipated that intermediaries will incur one-off costs to familiarise themselves with this policy and to put systems in place to implement the change.</p> <p>Estimates of the impacts on intermediaries and charities will be established once details of the measure have been finalised.</p>					

<b>Operational impact (£m) (HMRC or other)</b>	There will be an impact on HM Revenue & Customs from administering and monitoring this scheme, and dealing with enquiries from customers. The degree of impact will depend on the detail of the changes implemented but is not considered to be significant.
<b>Other impacts</b>	Other impacts have been considered and none have been identified.

### **Monitoring and evaluation**

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

### **Further advice**

If you have any questions about this change, please contact Daniel Roff on 0207 270 4466 (email: Daniel.Roff@HMTreasury.gsi.gov.uk).