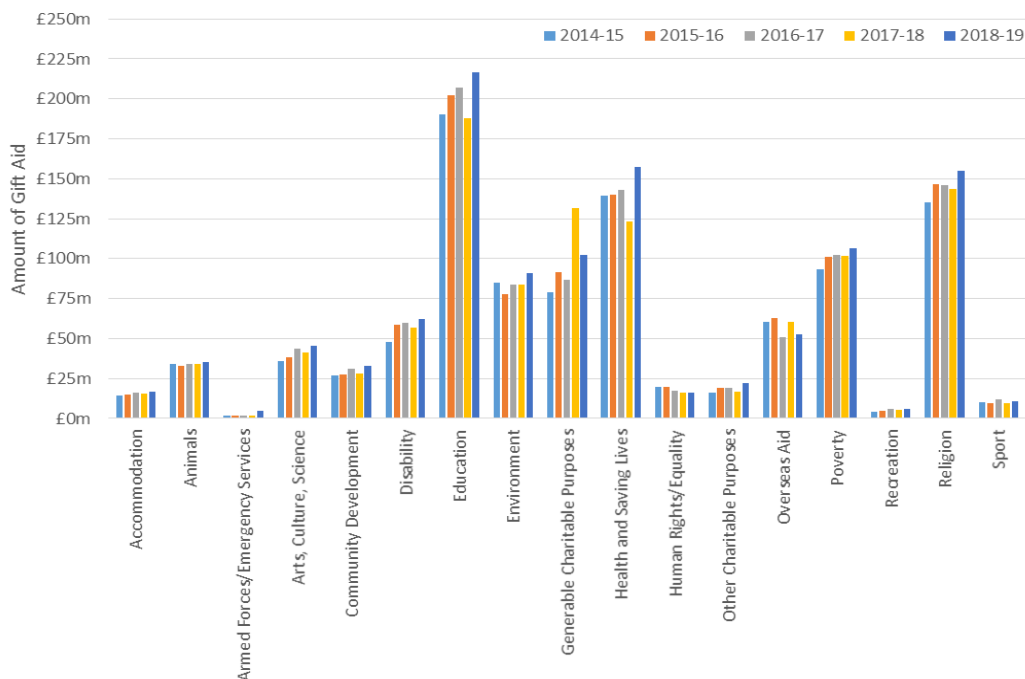




Key points

- In 2018-19, we estimate that nearly half of all Gift Aid was paid out to charities which reported as being associated with the Education, Health or Religion sectors. This is broadly unchanged over the last five years with each of these sectors being the largest in terms of both the amount of Gift Aid received, and the number of charities receiving Gift Aid in a sector.
- Statistics in this section are experimental statistics. They are based on an average of 84% of Gift Aid paid out, and an average of 53% of charities, being matched to a Charity Sector. They include only charities registered with the Charity Commission for England and Wales and have reported this charity registration number to HMRC. Further information on this designation as experimental statistics, and the methodology, is discussed later in this section.

Figure 1: In 2018-19, Gift Aid Worth £1,130 Million was Matched to a Charity Sector



About this release

This publication contains experimental statistics relating to UK Gift Aid and how it is distributed among charitable sectors. In this section the definition of Gift Aid used is consistent with the rest of the main publication, in particular the third column titled ‘Gift Aid’ of Table 1. Notably, this means that Gift Aid Small Donation Scheme, legacy giving and other tax reliefs are not considered in the following statistics. More information can be found in the method section. The main annual publication of UK Charity Tax Relief Statistics and accompanying statistical tables are available on our website.

Website: www.gov.uk/government/collections/charitable-donations-and-tax-reliefs-statistics
Statistical contact: Polly Shingler, 03000 579 488, polly.shingler@hmrc.gov.uk
Media contact: HMRC Press Office 03000 585 024, Out of hours: 07860 359 544
Publication date: 27 June 2019 **Coverage:** UK **Theme:** Economy

Commentary

Gift Aid amount by sector – Table 9

As charities are able to declare as being associated with more than one sector, we do not know how they divide up their Gift Aid between different sectors. We therefore look at “proportional” Gift Aid for each charity. This is the amount of Gift Aid paid out to the charity divided equally by the sectors the charity reports to be involved in, excluding the “Generable Charitable Purposes” sector – this is because, unsurprisingly, a relatively large number of charities declared as being associated with this sector. Where a charity is declared as associated only with the “General Charitable Purposes” sector, all of its Gift Aid is assigned to this sector. This approach ensures that all of the Gift Aid paid out is counted for each charity, and that there is no double counting, this does however assume that a charity spends its Gift Aid on each sector equally.

For example, suppose a Charity A receives £10,000 in Gift Aid and declares as being associated with the “Animals”, “Environment”, and “General Charitable Purposes” sectors, then £5,000 Gift Aid is assigned to each of the “Animals” and “Environment” sectors.

In all years, based on information currently available, the three biggest Charity Sectors in terms of amount of Gift Aid received are Education, Health and Religion. The smallest sector is Armed Forces/Emergency Services. This could be explained by the fact that charities which are wholly or mainly for promoting the efficiency of any of the armed forces of the Crown are exempted from registering with the Charity Commission of England and Wales, unless: their income is more than £100,000; they own land (other than a tenancy); they benefit people who are not serving members of the armed forces; or their objects include the exhibition or preservation of articles of historic interest. Big charities in this sector that have a large income are required to register with the Charity Commission, and so are represented in the analysis. Similar rules, however, apply to churches related to some religions, and religion is the second biggest sector.

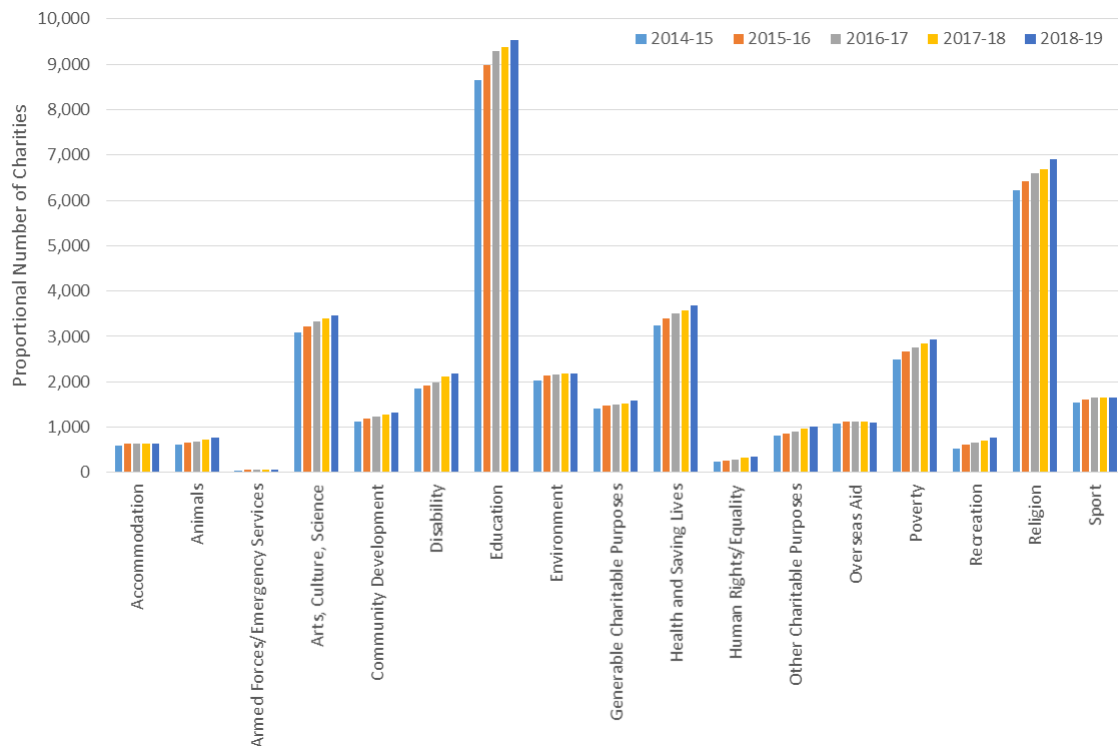
Across the years, the amount of Gift Aid allocated to any one sector remains relatively stable with the exception of Generable Charitable Purposes which sees a sharp increase in 2017-18. A manual inspection of the data indicates that this is attributable to intermediaries that act on behalf of multiple charities, or charities in a family name claiming more Gift Aid. The Education and Health sectors also see a sharp decrease in the same year. Around half of the decrease is attributable to a small number of charities in both the Education and Health sectors claiming less in 2017-18 than in other years.

Number of Charities by Sector – Table 9

As previously discussed, charities are able to declare as being associated with more than one sector. We therefore first look at a “proportional count” for each charity. Similar to the previous approach, we divide the charity into equal parts by the sectors the charity reports to be involved in, excluding the “Generable Charitable Purposes” sector. Where a charity is declared as being associated only with the “General Charitable Purposes” sector, the whole charity is assigned to this sector. This approach ensures that all charities are counted once in total, and that there is no double counting, this does however assume that a charity identifies as being associated equally with each sector it selects.

For example, suppose a Charity A receives declares as being associated with the “Animals”, “Environment”, and “General Charitable Purposes” sectors, then we count half of the charity as assigned to each of the “Animals” and “Environment” sectors.

Figure 2: The Number of Charities in Each Charity Sector



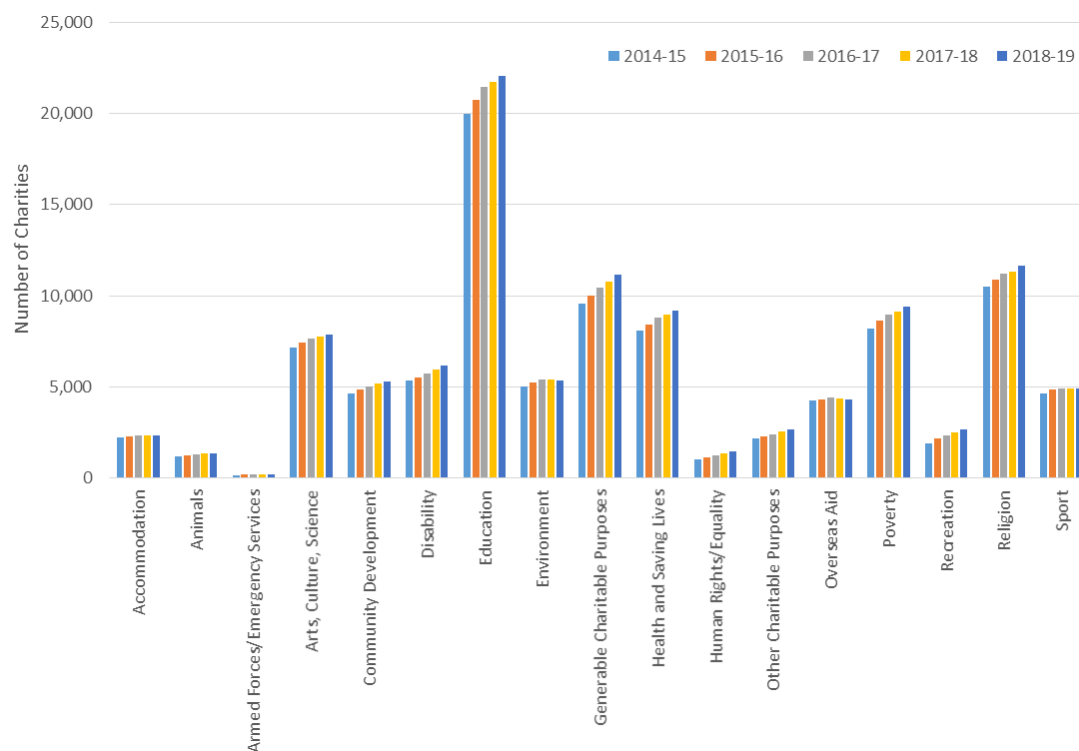
Again, in all years based on information currently available, the two biggest Charity Sectors in terms of the number of charities are Education and Religion. The sector with the fewest charities is Armed Forces and Emergency Services.

Another way of counting the number of charities in each sector is to total the number of charities that have indicated that they are associated with a Charity Sector. We count a charity for each sector it has declared that is associated with, including the “Generable Charitable Purposes” sector. This way of counting charities, however, does mean that charities are counted multiple times.

For example, suppose a Charity A receives declares as being associated with the “Animals”, “Environment”, and “General Charitable Purposes” sectors, then we count the charity as assigned to each of these three sectors.

Counting this way substantially increases the number of charities associated with Education. This could be because many charities specify that they provide education. However, this may be education about another sector. For example, environmental charities may seek to educate people about the effects their lifestyle has on the environment.

Figure 3: The Number of Charities Associated with a Charity Sector



Method

These statistics have been produced by joining together two datasets about charities. The first data set is published online by the Charity Commission for England and Wales at <http://data.charitycommission.gov.uk>. The data for England and Wales includes a wealth of information about charities, including income, trustees, the region that benefits from the charity and much more. For this publication we have extracted the charity name, registration number, and sector. The charity number is a unique identifier assigned to each charity by the commission when they register, and the charity sector is self-reported by the charity from a list of 17 options from which more than one option can be selected. It is these sectors which charities have self-reported to the Charity Commission which we categorise by in this section. Out of the charities we matched to our own data, only a small number of charities had not indicated any sector. Only charities that have an annual income of £5,000 or over are required to register with the Charity Commission. This means not every charity that is eligible to claim Gift Aid in England and Wales, will appear in this dataset. For these experimental statistics we have not considered charities registered with the Charity Commissions for Scotland, or Northern Ireland.

The second data set is held by HMRC and contains information on the amount of Gift Aid individual charities have reclaimed in a tax year. In this section the definition of Gift Aid used is consistent with the rest of the main publication, in particular the third column titled 'Gift Aid' of Table 1. Any charity operating in the UK is able to register with HMRC to claim Gift Aid. In registering with HMRC, charities can optionally report the charity number they have received from a Charity Commission to HMRC.

We have matched these two datasets using the England and Wales charity number only. Of those that were not matched, we selected those who had been paid out over £1m in Gift Aid

and manually inputted their England and Wales charity number if either; they had one and they had not reported to HMRC, or the one reported to HMRC was out of date. The Gift Aid data was then re-matched to the sector data from the England and Wales charity commission. In this matched data, on average over the last five years, 84% of the Gift Aid paid out by HMRC can be assigned to a charity sector, and on average over the last five years, we have currently been able to allocate 53% of charities to a sector. The charities and Gift Aid that have not matched can be explained by three main reasons:

1. It is optional for a charity to report its charity commission number to HMRC. Of those charities who have not been matched to a sector (even after the manual process) a further 12% of Gift Aid, and 33% of charities have blank charity numbers.
2. Gift Aid claimed by Scottish and Northern Irish charities have not been matched to sectors. In HMRC Gift Aid data we estimate that a further 8% of Gift aid and 10% of charities are from Scotland and Northern Ireland. These percentages were calculated based on whether the charity had indicated to HMRC that they were based in Scotland or Northern Ireland, by entering a value in the “registration number” field for that particular area. We have not yet been able to confirm whether the registration numbers provided to us relate to an actual number with the Charity Commissions for Scotland or Northern Ireland.
3. Charities whose income is under £5,000 per annum are not required to register with the England and Wales Charity Commission, those rules differ for Scottish and Northern Irish Charity Commissions. We observe that of those charities not matched, a further 21% claim gift aid of less than £1,250, though this accounts for about 0.6% of all the Gift Aid claimed in a year. A claim of gift aid of £1,250 would be made for gift aid eligible income of £5,000, however this is only a proxy – a charity in this category may have income of more than £5,000 but it is not eligible for gift aid. There are other types of charities that do not have to register with the Charity Commission of England and Wales. Details of these exemptions can be found here: <https://www.gov.uk/guidance/how-to-register-your-charity-cc21b#charities-that-dont-have-to-register/>

Experimental statistics

We have designated figures in this section as experimental statistics. This means that these statistics are undergoing evaluation. These statistics were produced during a project undertaken in HMRC early in 2019. These statistics have been published now as we believe they will have immediate value to users. We would welcome views from users to determine any further development and if we should publish these statistics in the future. Contact details are on the front of this publication.

We have provided an extensive discussion of the methodology used to produce these statistics to enable users to understand the quality and limitations before using them. Subject to user feedback, further work could be undertaken to address the three reasons discussed in the methodology section as to why it has not been possible to match some charities to sectors. As this work has not been completed, and there is only partial coverage of charities, the statistics in this section do not meet the overall quality standards necessary to be designated as National Statistics. Completing this work is likely to enable these statistics to be designated as National Statistics, and until this work is complete, findings in this section are subject to modification.

Further guidance about experimental statistics is available online at:

<https://www.ons.gov.uk/methodology/methodologytopicsandstatisticalconcepts/guidetoexperimentalstatistics>