

Give the gift of giving

An employers guide to Payroll Giving with Back Up



What is payroll giving?

Payroll Giving is a simple tax free way for UK tax payers to give money to Back Up and other UK charities.

Also known as Give As You Earn (GAYE) and workplace giving, Payroll Giving was first introduced in 1987. Currently more than 8,500 employers in the UK operate a Payroll Giving scheme, and around 2% of UK employees participate.

Employers deduct the agreed sum of money straight from their employees' gross salary before tax is deducted, and forward the money to a Payroll Giving Agency (PGA). The agency then distributes the money to the designated registered UK charity in accordance with the employees' wishes, minus a small administration fee, which varies between agencies.*

The employee then receives an immediate tax relief of up to £4.50 for every £10 donated.

Example for a low rate (20%) tax payer:

Your employee pledges to give **£10** from their pre-taxed income

This reduces the amount of income tax your employee pays by **£2** each month

The actual cost to the employee is **£8**

Back Up gets **£10**

Payroll Giving is very popular with staff as all they need to do is to complete a single donation form detailing how much they want to give and to whom. Payroll Giving can apply to one-off donations, but most often it is a regular, reliable income stream deducted on a weekly or monthly basis.

* Lots of employers cover this administration fee on behalf of their employees so that the charity can benefit from the full donation amount.



“Setting up our Payroll Giving scheme was so easy, and it really shows our commitment to supporting causes that are important to our employees. We definitely see it as a benefit we offer to our staff.”

Joan, Manager

How payroll giving benefits your company

Payroll Giving is the most tax efficient way for your employees to donate to charity. As an employer, having a scheme in place will show your commitment to Corporate Social Responsibility and enhance your company's image.



You could also receive the Payroll Giving Quality Mark, which recognises and rewards organisations for making Payroll Giving available to their staff.

The National Payroll Giving Excellence Awards criteria:

			
<p>Platinum Award recipients are employers who already hold a Gold Quality Mark and fulfil additional criteria.</p>	<p>Awarded to employers who achieve 10% employee participation in Payroll Giving and offer employer support*.</p>	<p>Awarded to employers that achieve 5% employee participation in Payroll Giving.</p>	<p>Awarded to employers that achieve 1% employee participation rate in Payroll Giving.</p>

The benefits:

- The cost to set up and maintain the system is extremely low
- There is very little administration required
- It features as part of your Corporate Social Responsibility policy
- It can enhance your public image
- It demonstrates your community involvement
- It shows your support for the causes that matter to your employees
- The scheme can aid in the recruitment and retention of staff; the scheme is seen as a benefit and employees like to work for a caring employer
- It boosts staff morale
- You could receive a Payroll Giving Quality Mark
- You could be eligible to enter the government supported National Payroll Giving Excellence Awards
- Any costs incurred in setting up a scheme and promoting it to staff, can be offset against Corporation Tax as tax deductible expenses
- If you cover the administration cost levied by the PGA in full you can offset this against your profits for tax purposes, as it is treated as a charitable donation

* The employer must either pay the Payroll Giving Agency administration charge, match donations or demonstrate that they have carried out an active promotion of Payroll Giving during the previous year.

How payroll giving benefits your employees

Through a single form, your employees can detail exactly how much they want to give, and to which charities (they can give to more than one) without the hassle of direct debits or standing orders.

They can also benefit from tax relief on their donations as the donation is deducted from an employee's pre-tax or 'gross' salary.

Unlike Gift Aid, the tax relief benefits the donor and is not recoverable by charities. This can be a particularly attractive way to give for higher rate taxpayers.



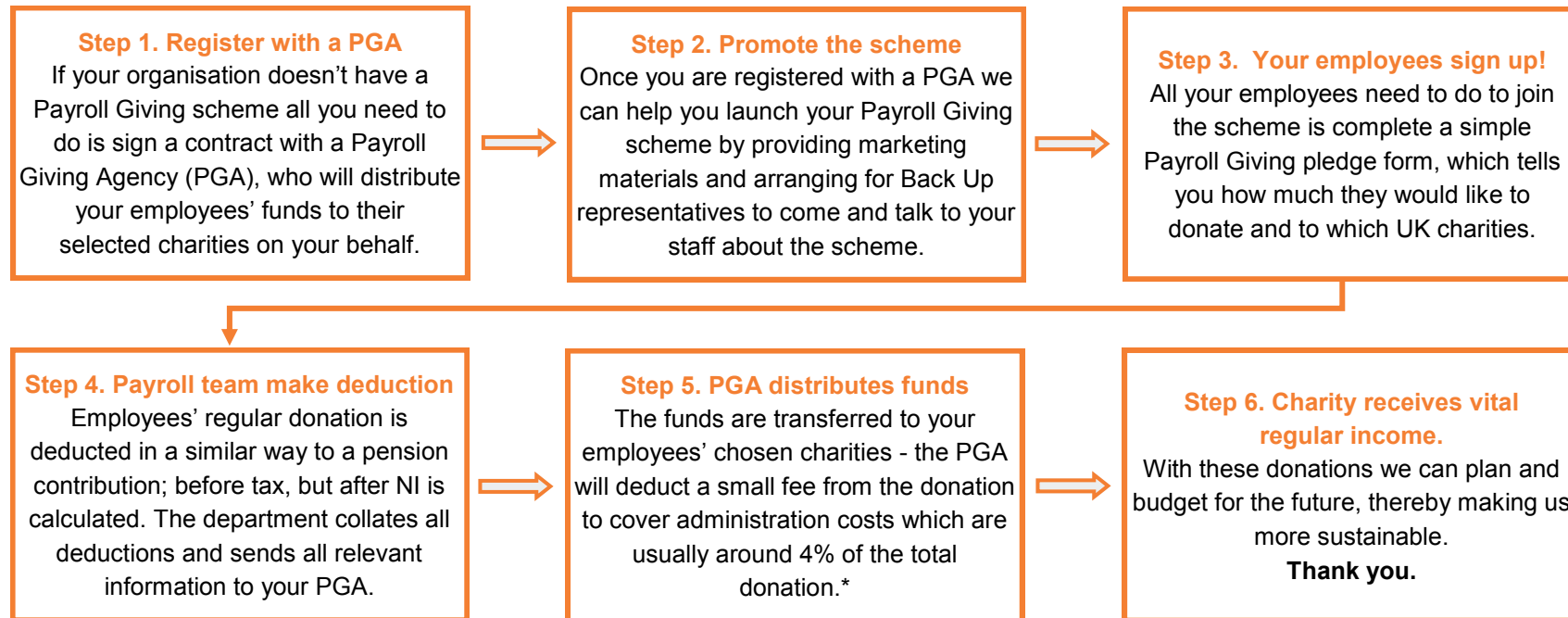
The benefits:

- They receive immediate tax relief
- It is an easy and efficient way to donate
- They can use one form to donate to a number of charities
- There are no direct debits or standing orders to complete
- For those who do not wish to have their details known by the charity they can still donate 'from a distance'
- All administration is handled by the employer and PGA
- They feel good with the knowledge that they are giving in an efficient, regular, reliable way which really helps the sustainability of charities

Amount employee pledges	Cost to 20% taxpayer employee	Cost to 40% taxpayer employee	Cost to 45% taxpayer employee
£5	£4	£3	£2.75
£10	£8	£6	£5.50
£20	£16	£12	£11

How to set up a Payroll Giving scheme

Setting up Payroll Giving is really simple and all modern payroll systems can facilitate the scheme. These are the steps you'll need to follow:



Useful websites when setting up a Payroll Giving scheme :

- The Payroll Giving Centre - www.payrollgivingcentre.org.uk
- HMRC Payroll Giving - www.hmrc.gov.uk/businesses/giving/payroll-giving.htm

*Many employers choose to cover this cost to ensure their employees' full donation amount reaches the charity.

FAQ's

How do I let my employees know about the scheme?

It is important to let your employees know that you are setting up (or have) a Payroll Giving scheme, and you could do this regularly and in a number of different ways such as:

- Bulletin board promotions
- Flyers or promotional materials on desks
- Screen savers
- Canteen tray liners
- Include Payroll Giving donation forms on the company intranet and in dedicated emails
- Features in internal publications, such as newsletters
- Emails from senior management and line managers to encourage participation

What Payroll Giving Agencies are there?

Here are the three main agencies:

Charities Aid Foundation
01732 520 019
www.cafonline.org

Charities Trust
0151 475 2002
www.charitiestrust.org.uk

Charitable Giving
01822 611180
www.charitablegiving.co.uk

How much will the scheme cost to set up?

Most employers say there are no identifiable costs in setting up a Payroll Giving scheme. Those that do attribute an expense usually say it's around £100 (including staff time).

How flexible is Payroll Giving for employees?

The scheme is as flexible as your employees want it to be. They can increase, decrease, start or stop their donations at any time. Another benefit of the scheme is that donations can be made to one or more charities – all they will need to do is specify which charities they would like their donations to go to.

What is 'matched giving'?

Matched giving is a powerful and popular way of encouraging employees to sign up to Payroll Giving. Companies can decide whether they would like to match an employee's donation (as much, or as little as you wish). The matched amount is then added to the employee donations, giving employees an incentive to start Payroll Giving and make their charitable donations go further.

**If you have any other questions about Payroll Giving please give
Sean a call on 020 8875 6747.**