

September 2007

HERITAGE LINK RESPONSE TO GOVERNMENT CONSULTATION ON GIFT AID

1 Summary:

- **The voluntary sector has welcomed Gift Aid, and would like to see its use and effectiveness extended. Many of the member organisations using Gift Aid on admissions as recently amended still find this a positive mechanism, but the majority who are small volunteer run groups find the bureaucratic nature of the Gift Aid requirements too complex. They would adopt it only if this could be simplified.**
- **The sector as a whole would welcome further steps to encourage philanthropy.**
- **The reduction in the standard rate of tax hits all those charities that have worked hard to increase Gift Aid returns, and the Government is called upon to make good these losses.**

2 Heritage Link

Heritage Link brings together 81 voluntary organisations concerned with heritage in England representing interests from specialist advisers, practitioners and managers, volunteers and owners, to national funding bodies and local building preservation trusts. Much of the historic environment is cared for - supported, managed or owned - by these organisations.

3 We welcome the Government's continuing commitment to Gift Aid, and the present consultation. Since our contribution to the Inland Revenue consultation in 2004, we have been a member of the Attractions Gift Aid Liaison Group (AGALG) and supported the TSE research project *Measuring the impact of the changing gift aid rules on charitable attractions* by promoting direct access to the voluntary heritage groups and through our fortnightly ebulletin. The present response to the Government is an outline of the main points of concern. Members are also contributing individually, and through groups meeting directly with Treasury officials.

4 Heritage Link's main concerns and recommendations

4.1 Small and Local Charities The present review correctly identifies the small and local charities as those which – often manned entirely by volunteers - find it hardest to address the required Gift Aid procedures. They find the paperwork complex and the many detailed requirements too burdensome to address.

Many of the organisations included among Heritage Link members fall into this category. We would point out on their behalf that a high proportion look after important elements of the nation's heritage, they do this efficiently, effectively and to a high professional standard. They are used to overcoming obstacles of all kinds. They are neither lazy nor easily deterred. They also are resourceful with funds and funding, and would normally grasp every opportunity to increase the funds available to them. So this concern must be taken seriously.

4.2 Gift Aid on Admissions

Our sector contains many members who value this provision. It can be made to work in those organisations that can afford well trained staff or volunteers at the 'front of house' admissions area, when the options and process can be explained. Once again, it is mainly the smaller voluntary organisations that fail to take advantage of it, particularly if they can only allocate the one individual at the point of admission. At present there seems to be no obvious consensus about a remedy.

It seems to us that solutions that need to be considered should include some *de minimis* provisions that might reduce the need to collect donor addresses and post codes, and less of data protection caveats. What is needed for such organisations where the admission price, or where the total number of admissions per year is below a certain level is a **simplified set of procedures**.

We therefore propose that a working party is convened to consider practical solutions that would enable more small, voluntary bodies in the sector to embrace Gift Aid.

4.3 **Encouraging Philanthropy**

There are models of tax incentives in France, the USA and Australia that show how fiscal measures can have a major impact on the propensity of individuals to support culture. The government has failed to develop these and indeed has largely ignored the report it commissioned from Lord Goodison which contained several useful recommendations in this field.

We submit that the voluntary heritage sector, which has much experience in working with generous benefactors, could benefit more and thus deliver more if **existing incentives were sensibly extended**.

4.4 **The impact of the reduction in the standard rate of tax**

It is presumably an unintended consequence of the reduction in the basic rate of tax that charities should lose out. However, the impact of this measure can be precisely calculated by all charities affected, and it should therefore be feasible for charities to reclaim and recover the tax foregone. We submit that the benefit to the charities and their users would far outweigh the monetary loss to the government. We therefore recommend that **steps are taken to enable charities to recover tax at the same rate as prior to the recently announced reduction**.

Heritage Link
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