



Association of Accounting Technicians response to HMRC's technical consultation "Gift Aid and Intermediaries"

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1. Introduction

- 1.1. The Association of Accounting Technicians (AAT) is pleased to have the opportunity to respond to the technical consultation paper "Gift Aid and Intermediaries", published on 10 August 2016.
- 1.2. AAT is submitting this response on behalf of our membership and for the wider public benefit of achieving sound and effective administration of taxes.
- 1.3. AAT has added comment in order to add value or highlight aspects that need to be considered further.
- 1.4. AAT has focussed on the operational elements of the proposals and has provided opinion on the practicalities of implementing the measures outlined.
- 1.5. Furthermore, the comments reflect the potential impact that the proposed changes would have on charities and Community Amateur Sports Clubs (CASCs), many of which employ AAT members or would be represented by our licensed accountants.

2. Executive summary and conclusions

- 2.1. The consultation question is, "*Do the Regulations achieve the desired outcome without causing any unintended issues?*" AAT has reviewed the consultation document from an operational perspective as a professional accountancy body rather than a legal perspective, nevertheless, we believe the regulations will achieve the desired outcome. (3.3, below)
- 2.2. AAT has some concerns with the operational elements and has made some suggestions to try and ensure that taxpayers and charities are protected. These concerns are that:
 - intermediaries may try to make it compulsory for donors to make a Gift Aid Declaration (3.4, below)
 - there does not appear to be a readily available list of gift aid intermediaries (3.5, below)
 - the different ways intermediaries have of charging for their services (3.6, below).
- 2.3. AAT welcomes the concept of an annual statement. However, AAT recommends raising the requirement threshold to £100, which is in line with the position for charity shops and as this slightly higher limit would be more cost effective. (3.8, below)

3. AAT response to the consultation paper

- 3.1. The following paragraphs detail AAT's response to the proposals outlined in the consultation paper.
- 3.2. AAT notes that HMRC has consulted widely in recent months in respect of a number of possible changes to Gift Aid and is supportive of any proposals which enhance Charities and CASCs receipts, while making it easier for donors to give generously.

- 3.3. Overall AAT is of the opinion that the proposed regulations will achieve the desired outcome. There are, however, a number of points to make on the proposals.
- 3.4. Paragraph 3.2 in the consultation document says that making a Gift Aid Declaration is voluntary. As there are potential reductions in costs and administration there is the possibility that intermediaries may try to make this more or less compulsory. In order to prevent this from occurring HMRC should clarify in its guidance to intermediaries that they need to make it clear to donors that it is voluntary.
- 3.5. There does not appear to be a readily available list of gift aid intermediaries. Taking into account that there are both charitable intermediaries (e.g. Charities Aid Foundation (CAF)) and non-charitable (e.g. Virgin Money Giving) it may be difficult for donors to make informed decisions. This lack of clarity could be addressed if an up-to-date list of intermediaries and their status was hosted and maintained on either the gov.uk or Charities Commission websites.
- 3.6. Intermediaries have different ways of charging for their services. For example, CAF charges the donor whereas Virgin Money Giving charges the charity. It is important that donors are made aware of the different approaches so that they can make an informed decision at the time of making a gift.
- 3.7. This approach could be augmented by a requirement for intermediaries to issue an online annual statement to donors which identifies, not only the gift(s) made, but also that the charges made were collected i.e. from the donor or the charity.
- 3.8. AAT welcomes the concept of an annual statement. However, if statements are required for smaller annual donations (i.e. donations which are £5 and over) then there is a danger that the cost incurred in producing such a statement will be disproportionately high and reduce the net benefit of the donation. To avoid this issue, AAT recommends raising the requirement threshold to £100, which is in line with the position for charity shops and considers that this slightly higher limit would be more cost effective.

4. About AAT

- 4.1. AAT is a professional accountancy body with approximately 50,000 full and fellow members and 80,000 student and affiliate members worldwide. Of the full and fellow members, there are over 4,200 licensed accountants who provide accountancy and taxation services to individuals, not-for-profit organisations and the full range of business types.
- 4.2. AAT is a registered charity whose objectives are to advance public education and promote the study of the practice, theory and techniques of accountancy and the prevention of crime and promotion of the sound administration of the law.

5. Further information

If you have any questions or would like to discuss any of the points in more detail then please contact Aleem Islan, AAT Technical Consultation Manager, at:

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