



# Association of Accounting Technicians response to the HM Treasury's "Simplifying the Gift Aid donor benefits rules: Response to the consultation and further consultation"

# Association of Accounting Technicians response to the HM Treasury's "Simplifying the Gift Aid donor benefits rules: Response to the consultation and further consultation"

---

## 1. Introduction

- 1.1. The Association of Accounting Technicians (AAT) is pleased to have the opportunity to respond to the HM Treasury's "Simplifying the Gift Aid donor benefits rules: Response to the consultation and further consultation", published 11 November 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.

## 2. Executive summary

- 2.1. **The consideration being put into reforming the Gift Aid donor benefit rules is welcome but it should be noted that the vast majority of gift aid administrators are volunteers who are unlikely to be aware of all aspects of Gift Aid.** Therefore, AAT encourages HMRC to work closely with the sector to ensure administrators understand the whole of Gift Aid in order to avoid incorrect claims being made.
- 2.2. **Donations to charities should always be given without the consideration of anything in return.** Although not for consultation, an annual benefit value of £2,500 is high and could constitute an inappropriate use of charitable funds, i.e. is the expenditure within the objects of the charity or could the payment be perceived to be so. If a charity has a number of high value donors who receive such a level of benefit then the cost to the charity will be high.

## 3. AAT response to new questions 18-21 of HM Treasury's "Simplifying the Gift Aid donor benefits rules: Response to the consultation and further consultation"

### Question 18

**Would any, or all, of the three relevant value reforms above – three thresholds with an adjustment to the upper limit for the £25 threshold, two thresholds operating to a 'sliced', or cumulative, design, or a single threshold – represent a useful simplification of the current thresholds? If so, which one(s)? Please explain why.**

- 3.1. AAT's preferred option is to use the single threshold with disregard for low value benefits. This benefits all charities equally whilst ensuring that those who only give minor benefits do not have to spend time considering these rules. It is noted that on a donation of £500, the difference between 10% and 15% is £25, which is significantly higher than the £3 initially discussed.

### **Question 19**

**Which of these relevant value reforms do you consider would be simplest for the charity sector overall? Please explain your reasons.**

- 3.2. The simplest method is the one that does not require a complex record keeping system or a fundraising department to undertake the work and that a volunteer gift aid administrator can operate. Those requirements are not satisfied by retaining three thresholds and nor does having two thresholds sliced. Only the single threshold satisfies those requirements - provided proper guidance is given on low value benefits.

### **Question 20**

**Would you consider a low value disregard a welcome simplification if the government does not move to a single threshold but instead either retains three thresholds or moves to a two threshold system? Please explain your answer.**

- 3.3. Yes, a low value disregard would be a simplification. It is important that gift aid is able to be administered by a volunteer as well as fundraising departments with sophisticated IT systems. A low value disregard would avoid all claimant charities being unnecessarily brought into the system.

### **Question 21**

**In your opinion, what is the minimum level at which a low value disregard would be useful to charities? Please give reasons for your answer.**

- 3.4. The suggested amount of £3 is adequate and avoids wastage of funds by charities.

## **4. About AAT**

- 4.1. AAT is a professional accountancy body with approximately 50,000 full and fellow members and 90,000 student and affiliate members worldwide. Of the full and fellow members, there are over 4,250 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:

E-mail: [consultation@aat.org.uk](mailto:consultation@aat.org.uk) Telephone: 020 7397 3088

Association of Accounting Technicians  
140 Aldersgate Street  
London  
EC1A 4HY