



Breaking down the barriers

Gift Aid survey results 2024



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Introduction

Gift Aid is worth £1.6 billion to UK charities and community amateur sports clubs annually. It's a vital source of mainly unrestricted income that many depend upon to run their activities. That's why the charity finance community is committed to doing all it can to ensure that every pound of this vital tax relief is claimed from the government.

In September 2016, [research](#) commissioned by the then-Conservative government showed that Gift Aid could be worth another £560 million to charities. In other words, thousands of charities that were registered to claim Gift Aid were losing out.

At the heart of this so-called 'Gift Aid gap' was a misunderstanding among donors about what Gift Aid was. The report also pointed to a lack of consistent opportunities to add Gift Aid to donations.

That's why, in October 2018, CFG launched its annual [Gift Aid Awareness Day](#). We want to help charities claim back every single penny, so they can fund their charitable activities and do even more for the people and communities they serve. The campaign's aims were twofold:

1. raise awareness about the importance of Gift Aid and urge donors to #TickTheBox.



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Chief Executive Officer, CFG

2. work with the government and partners in the charity sector to support charities to overcome the difficulties they face – because, let's be honest, tax is not always simple!

Although the government hasn't repeated the 2016 research, we know that charities are still missing out. So, eight years on, we're still campaigning with Gift Aid Awareness Day taking place every year on the first Thursday of October.

If you take part in our campaign, or work to break down the barriers to claiming Gift Aid, thank you! Thousands of communities benefit every day from this vital tax relief. And charities can work with and serve many more if we can close the Gift Aid gap!

About the survey



CHARITY LEADERS

One hundred charity professionals responded to the survey, including finance directors, finance officers, senior charity leaders, trustees and gift aid officers.

LARGE, SMALL, LOCAL, GLOBAL

Respondents represented a wide range of charity type: established and new, large to micro, international to local. A wide range of sectors was represented, from arts and culture to international aid.



CHARITY SIZE BY INCOME

One third (34%) of the charities represented had an income of less than £250,000. More than half (56%) of the respondents had incomes between £250,000 and £10m. Large charities (£25m-£100m+) accounted for 10% of the survey respondents.

Executive summary

Gift Aid remains a crucial source of income for UK charities, contributing £1.6 billion annually. Our survey of 100 charities reveals that while most charities are using the Gift Aid scheme effectively, there are some challenges in maximising its benefits.

Key findings include:

Registration and claiming barriers

Some charities find the registration and claiming processes for Gift Aid to be complex and time-consuming.

Lack of awareness

There is still a need to increase awareness among the general public about Gift Aid. In addition, the Gift Small Donations Scheme (GASDS), which allows for claims on smaller donations, needs highlighting further to charities.

Operational challenges

Charities face administration challenges and some of the more complex tax rules can be difficult to grasp.

Missed opportunities

Some charities are missing out on Gift Aid income due to lack of resources and support.

To address these challenges, we recommend:

Simplified registration process

Streamlining the registration and claims process for charities, particularly smaller organisations.

Enhanced awareness campaigns

Launching targeted campaigns to educate both donors and charities about Gift Aid and GASDS.

Increased support and training

Providing more comprehensive training and support resources to help charities maximise Gift Aid.

Technological solutions

Continue to explore the digitisation and automation of Gift Aid processes.

By breaking down the barriers to close the £560 million Gift Aid gap, we can ensure that UK charities are able to fully benefit from Gift Aid and increase the impact they can have across our communities. This is crucially important in 2024 when [charities are trying to do a lot more with a lot less](#).

Main findings

REGISTERING FOR AND CLAIMING GIFT AID

Registering for Gift Aid

Of those charities that had registered for Gift Aid, one third said they found the registration process easy and nearly one-third found it neither easy or difficult to register or did not know. Some respondents (14%) said they had found it either somewhat or very difficult to register to claim.

Claiming Gift Aid

When asked how easy or difficult it was for the charity to claim Gift Aid, more than half (55%) said it was easy or very easy. One-fifth (20%) said they found it difficult.

Improving the claims process

Respondents suggested several ways to make claiming easier. One charity leader said that improving the wording on the HMRC website could 'make the steps clear and avoid repetitive questions'.

20% of charity respondents said they found claiming Gift Aid difficult or very difficult.

A charity finance professional said that it would be useful for their audit trail if the HMRC web portal acknowledged the details of the claim and the claim itself at the point of digital submission.

Another respondent from a small charity said that a submissions file that allowed for more entries would make claiming

REGISTERING FOR AND CLAIMING GIFT AID

easier, adding: ‘We have to split our claims over multiple forms and every form is a completely new submission.’

One trustee of a small charity said they had not moved to digital submission because using paper was still easier. Other frustrations with HMRC’s web portal emerged. One respondent said ‘recognising that a lower case letter is the same as an upper case one in postcodes’ would make assist the process.

One respondent was clear: ‘Without a doubt, a universal Gift Aid Declaration would reduce the administration burden on charities.’

Another charity leader commented: ‘It feels like a very old and difficult process – very manual and so many steps. I wish there was a universal guide and processes to follow.’

The majority of respondents said that clearer, more easily understood rules would help them to claim, with some rules creating a barrier. One charity director said : ‘[We need] more clarity around memberships and where Gift Aid can

be claimed on subscriptions. The 25% benefit limit is so hard to monitor that we do not bother to claim on membership subscriptions.’

Not everyone finds claiming difficult, however, with one finance officer stating: ‘Gift Aid, once the claiming procedure is mastered, is a major benefit to most charities and since the online HMRC portal has been in its current format it is easy to claim and there is minimal delay in receipt.’

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I wish there was a universal guide and processes to follow.

REGISTERING FOR AND CLAIMING GIFT AID

Internal barriers

More than half of those surveyed (52%) said that the adoption of better processes would help them to claim Gift Aid more easily, as would better coordination across the organisation. Nearly half (42%) recognised that better internal data collection and output would help.

Whilst recognising that not every organisation might be so fortunate, one fundraising lead of a large, established charity said that the charity's 'excellent PDF system, naming convention and repository' made claiming easier.

Another barrier noted was the availability of skilled staff but that's not the whole picture. One charity leader commented: 'As most charities will have a throughput of staff, better record keeping internally would assist, but largely a less bureaucratic process to log on, complete the form and claim [would help].

They added: 'I have inherited a charity that kept poor records so I have no idea if we have some Gift Aid to claim from before my time, but I have no idea how I would even do that.'

Without a doubt, a universal Gift Aid Declaration would reduce the administration burden on charities.

Access to the right digital tools can make all the difference. One trustee of a small charity happily noted: 'We now process Gift Aid at the click of a button via our CRM. It's brilliant!'

Funding new technology and processes remains a barrier for many charities and we see this in particular with smaller organisations. According to the [2024 Charity Digital Skills survey](#), Seventy-two per cent of small charities are struggling digitally due to squeezed organisational finances.

THE IMPORTANCE OF GIFT AID

There are no plans by the government to end or significantly alter Gift Aid tax relief. However, the survey asked charity leaders to consider what they would have to do if, for any reason, Gift Aid income was no longer available to their charities.

The respondents said that their main course of action would be to increase their fundraising efforts. Second to that, nearly half of those surveyed said that they wouldn't be able to provide all of their current services.

One fifth of respondents said grants and loans would have to be applied for and nearly 20% said their charity would have to consider making redundancies if they were to lose out on Gift Aid income. The impact on service provision and the ability to run charitable activities would be significant.

A finance director from a medium-sized charity said: 'We would need to increase our fundraising efforts in order to provide all our current services. Failure to increase funds from elsewhere would result in reductions to our provision of current services and potential redundancies. Effectively, all of the above [options].'

Securing grants...is incredibly challenging and if we needed to do this even more, I simply wouldn't have the capacity.

Pulling on those levers would not be easy, however. One trustee of a small charity commented: 'Securing grants at the moment is incredibly challenging and if we needed to do this even more, I simply wouldn't have the capacity.'

Talking about the hypothetical impact, one senior leader of a grantmaking organisation brought its importance into sharp focus, stating: 'We are a grantmaking charity and the vast majority of our income comes from Gift Aided donations. So if Gift Aid was removed, our income would fall by

THE IMPORTANCE OF GIFT AID

20% and hence our grantmaking would have to be cut by the same figure. So the numerous smaller charities we support would all lose out substantially.'

Another respondent from a large charity summed up what would happen if the charity could no longer claim Gift Aid: 'It would be disastrous for our organisation and any charity that currently claims.'

'Gift Aid is a vital source of mainly unrestricted income that if no longer available would result in a significant gap in any organisation's finances.'

One operations manager at a small charity reflected: 'Gift Aid is a fantastic boost to our income and we rely on it for our annual budgets. There are always some nuances or grey areas that cause confusion so greater clarity over eligibility rules would always be of benefit.'

Ultimately, it is the people and the communities that charities exist to serve that would miss out if Gift Aid could no longer be claimed. One respondent summed it up perfectly: 'It is vital for our work and makes a difference to the lives

of poor communities around the world every single day.'

Restricted and unrestricted income

Gift Aid income is mainly unrestricted, which means the charity can decide how to spend it. Unrestricted income is an important part of a charity's financial planning and is crucial for delivering their charitable objects. It can be used to support programme development or core services, for example. Restricted funding means that the money must be spent on a specific service or purpose as specified by the donor.



Gift Aid is a vital source of mainly unrestricted income that if no longer available would result in a significant gap in any organisation's finances.

THE GIFT AID SMALL DONATIONS SCHEME (GASDS)

About GASDS

The Gift Aid Small Donations Scheme (GASDS) was introduced in 2013. In the tax year ending April 2024, payments to charities under this scheme totalled £30m, level with the previous year.

GASDS is a smaller and separate scheme to Gift Aid, but it is related. It allows charities to top up on small cash donations by claiming the equivalent of the basic rate Income Tax (25%) when the donation is made by someone who is physically present.

Claims can be made on cash donations of £30 or less without the need for a Gift Aid declaration. This captures bucket and tin collections, for example. Charities can also make claims on anonymous, contactless card donations of £30 or less collected on or after 6 April 2019. The maximum that can be claimed is £2,000 (on £8,000 of donations) each year.

What did our respondents say about it?

Nearly half (47%) of the respondents said their charity had not claimed through GASDS and 11% had no knowledge of the scheme. For those who had claimed, the

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value ranged from £80 to the maximum permitted amount of £2000 in the previous financial year.

Respondents said that the £30 limit on GASDS made paperwork and claiming difficult. Raising the limit from £30 could make the scheme more accessible and worthwhile.

However, it was still an incredibly useful scheme. One senior charity leader said: 'GASDS is very important to a tiny museum like ours where it's difficult to get Gift Aid forms completed.'

GIFT AID AND THE GENERAL PUBLIC

The majority of respondents acknowledged that the public is aware of Gift Aid, but said it wasn't always easy to talk to donors about it when encouraging them to sign a declaration form.

One trustee of a small charity commented: 'We find getting people to sign up for Gift Aid extremely difficult and paper-based. Due to the difficulties with the task we have not claimed for a couple of years and are now trying to sort this out.'

Another respondent from a small organisation said: 'It's a useful source of income but getting folks to sign up can be tricky, especially when many of our members are pensioners. Do they pay enough tax?'

On the whole, there was a feeling that there needs to be more education, with one respondent stating: 'I think there is a lack of understanding from the general population of what Gift Aid is. Awareness needs to be improved.'

More than half of the respondents (52%) said they would be in favour of a government-

...getting folks to sign up can be tricky, especially when many of our members are pensioners. Do they pay enough tax?

backed campaign to raise public awareness and one-fifth said that it would also help if charities raised awareness among the public and volunteers. Taking part in sector-led campaigns, such as CFG's annual Gift Aid Awareness Day campaign, can help with this.

One respondent commented that it was important to take the time to get the communications on Gift Aid right, noting that online and printed literature for new and existing donors must be 'crystal clear on the impact of Gift Aid on them [the donor] and the organisation.'



The right support

When asked about the unclaimed £560m and what could help charities and CASCs to claim more, over one-third of the respondents said that more support on the current scheme would help, alongside a campaign to raise awareness with the general public.

There were mixed feelings about the help and advice that is currently available. Nearly half (49%) said that they're aware of some support and 15% said there was not enough support or it wasn't easy to find.

Most of those taking part in the survey said they look to HMRC for help and answers. Charity Finance Group, Charity Tax Group and Charity Retail Association are sources of support and information to one-third.

The survey highlighted that auditors and local charity infrastructure bodies also play a role in supporting charities to claim and there are pockets of peer support online, through social media platforms. One respondent said that a dedicated Gift Aid Facebook chat group had been helpful.

Half of the respondents said that a single or universal declaration and database

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would make an enormous difference. One respondent noted how they maximised claims by using a company that acted as a donor intermediary. Others said that more GDPR guidance was needed.

New approaches

Other ideas for improving the current scheme ranged from small tweaks to wholesale change. One respondent stated: 'I would move to the American system*. There is no benefit to a standard rate taxpayer in signing up to Gift Aid, apart from knowing that the charity has benefited by 25%.'

The right support

A finance director of a large charity commented that it would be easier if charities didn't need to register and Gift Aid was automatically applied, and added: 'Or scrap Gift Aid and give charities VAT refund on all purchases instead.'

As noted above, many charity leaders said that the scheme could be improved by making small but helpful changes to simplify the process. One charity finance officer noted: 'It feels like a very old and difficult process – very manual and so many steps. I wish there was a universal guide and processes to follow.' Another respondent stated: 'It is a great scheme. Please don't tweak it beyond easing the administration [burden].'

One respondent said that their donors who were mainly from older generations, sometimes struggled with the process and noted that accessibility could be improved by redesigning the declaration form to reduce the number of words and increase the size of the print.

*In the US, the donor may claim 100% of the value of a donation as a deduction (tax relief) to reduce taxable income, up to certain limits.



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The Future of Gift Aid

[The Future of Gift Aid](#) is a cross-sector project, led by Charity Tax Group (CTG). It advocates a move towards an automated system operating within the current Gift Aid policy. The aim is to address the missing millions and thereby increase the amount of funding that reaches charities. As one survey respondent noted: 'The government [could help] by adopting the aims of the Future of Gift Aid project to simplify Gift Aid by harnessing the benefits modern technology to deliver the original policy intention of Gift Aid.'

Conclusions

Gift Aid is a vital tax relief scheme used by charities of all sizes, in all countries and regions of the UK.

Charities that are registered to claim Gift Aid depend on the tax relief to fund charitable programming, services and activities. Without Gift Aid income, charities would be forced to consider a range of difficult options to plug the gap.

These include increasing their fundraising efforts and applications for a decreasing number of grants against a backdrop of decreasing donations. Charities would also have to consider curtailing their activities and reducing their number of paid staff by making redundancies.

There are frustrations with the administration of the current Gift Aid system, particularly when it comes to submitting claims. Small improvements to HMRC's claims web portal could lead to a smoother, more streamlined user experience. Some of the rules around claims remain difficult to understand.

Many charities acknowledge that their own internal processes could be improved,

particularly when it comes to record keeping and data management. Up-to-date technology, processes and systems can play an important role in maximising Gift Aid claims, as can training and great staff resource. Using a donor intermediary can help overcome some of these problems.

The Future of Gift Aid Project is an important piece of work that aims to streamline and update the current system.

Recommendations

For government:

- Work with the sector to progress The Future of Gift Aid project.
- Seek to make small improvements to the claims web portal, to improve accessibility and overall user experience.
- Consider raising the limit on donations through GASDS.

For charities:

- Registering for Gift Aid is relatively straightforward. If you haven't already, register!
- Utilise the support resources shared by sector bodies, auditors and peer networks to maximise Gift Aid claims.



About CFG



ABOUT CFG

CFG is the charity and membership organisation that supports other charitable organisations to make the biggest difference possible. We do this by helping them to make their money and resources go further, by putting financial leadership at the heart of their decision-making. We work with finance and non-finance professionals who recognise that we deliver greater impact when we are financially confident, trustworthy and dynamic. Today, CFG's vibrant community manages around one third of the UK's entire charity sector income. Together, we lead the way for charity finance.

ABOUT THE TEAM



Dionne Sturdy-Clow
Gift Aid Project Officer

Dionne is CFG's 2024 Gift Aid Awareness Day campaign lead. She joined CFG in January 2024 through the Rank Foundation's Time2Shine programme and has a wide range of experience in charity and volunteering roles.



Richard Sagar
Head of Policy

Richard leads CFG's policy team, working across numerous policy issues. The team works alongside the government, charities and corporate partners to improve the operational and regulatory environment for charities and social change organisations.



Emma Abbott
Communications
Manager

Working alongside CFG's members, partners, the media and the wider charitable sector, Emma leads on the development of content and communications that support the charity finance community through learning, advocacy and campaigns.



Gift Aid

Awareness Day



Leading the way
for charity finance

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