

## To all Treasurers

Four comments on the March budget from a giving perspective... (Comments from John Preston, Archbishops' Council)

- a. **Legacies.** The Chancellor has announced that "the Government will encourage giving by the wealthiest by reducing the rate of inheritance tax by 10 per cent for those estates leaving 10 per cent or more to charity, from a rate of 40 per cent to 36 per cent. This will reduce the cost of giving to charity through bequests. The relief is designed so that the benefit of the tax saving is reflected in the bequests received by charities and not in payments to other beneficiaries." This provides us with some good news to underscore the promotion of residuary legacies, and will be incorporated into the materials for the 14 pilot dioceses this year. In practice, I'm not sure how much impact it will have. I don't yet know the details, but it seems that you would need to be paying quite a bit of IHT before it is significant.
- b. **Gift Aid Small Donations Scheme.** Building on the Giving Green Paper, this Budget will support the voluntary sector by introducing a Gift Aid small donations scheme (from April 2013). This will allow charities to claim Gift Aid on up to £5,000 of small donations per year without the need for Gift Aid declarations (Parishes receive an average of £3,700 per parish in loose collections). Although I've been talking with them for a while, this was specifically included in our response to the Giving Green Paper. It's excellent news for churches, and will represent between £5m and £13.5m benefit to the C of E, depending on the rate which is applied. There is one issue to skirt around, which is a "£10 or less" cap on donation size - I emailed HMRC yesterday on the difficulty of monitoring this, but this appears to be designed to benefit churches and community groups so I'm confident that we can get a way around it.
- c. **Online Gift Aid filing.** The Chancellor announced plans to reduce bureaucracy for charities through the introduction of a new system of online filing which will bring Gift Aid into the 21st century. The new system is expected to be introduced in 2012-13. This is the one to worry about - currently the Data Developments software (and other software tools) don't link into their system automatically; but I'm sure they will find a way to resolve this. There is also a training need; although if we can get the systems right, it may help motivate better systems in churches, and reduce volunteer effort.
- d. **Abolition of SA Donate.** Not mentioned in the speech, but in the underlying report, is the abolition of the scheme by which you can donate tax repayment due to a charity from April 2012. This was impossible to work for the C of E - the database wasn't searchable, and finding the right St Mary's was impossible! Lack of use, and administration cost, are quoted as the reasons for the decision, but I can't imagine that we received much at all.

All in all, a good budget for church giving.

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