



Tropical Health & Education Trust

## PAYROLL GIVING SCHEME

### WHAT IS PAYROLL GIVING?

Payroll Giving is an agreement by staff to deduct a small regular charitable donation directly from their pay. It is a simple, tax effective way for employees to make donations. Employees must be free to give to any charity they choose and may wish to keep their choice of charity confidential. Over 9,000 businesses offer the benefits of Payroll Giving to around 5 million employees, and the number are growing each year. Any employee or pensioner whose pay or pension is subject to Pay-As-You-Earn tax may join the scheme and there are no limits as to how much or little she or he can donate. Payroll Giving is an excellent means to make Health Links (Links) sustainable in the long run.



### WHAT ARE THE BENEFITS OF A PAYROLL GIVING SCHEME?

- It is easy to set up and costs little to maintain.
- Running it is simple and inexpensive as you can deduct any administrative costs from company profits for tax purposes.
- Donations are made from before-tax pay, meaning that it only costs the employees £7.80 to donate £10 to the Link.
- The scheme will increase staff's stake in a Link by enabling them to 'adopt' it as their charity. This will increase the awareness and support for Links activities within your institution.
- Running a Payroll Giving scheme is good for your organisation, as well as the charitable causes that it benefits. It demonstrates that you're committed to working to help those less fortunate than ourselves, which is something that is increasingly important to staff.
- Offering staff the benefits of Payroll Giving can also help to build better employee relations and attract the right people to come and work for you.

### HOW DOES IT WORK?

#### It's simple!

**1. The employee instructs the payroll department to deduct regular charitable donations from their pay.**

These deductions are made from before-tax pay, in other words, after calculation of National Insurance contributions, but before deduction of Pay-As-You-Earn tax. This way the employee gets tax relief straightaway at their top rate of tax.

**2. The organisation pays over all the money deducted to a Payroll Giving agency.** These are Inland Revenue approved agencies, one example being the Charities Aid Foundation.

**3. The Payroll Giving agency does the rest.** They ensure that the donated money is distributed to the appropriate charities.

It's not complicated. Most of the administration is done by the Payroll Giving agency. In a recent survey, one employer running a scheme said "I see it as a time saving arrangement. The charity agency produces all the figures and stats. All your institution has to do is send them the money. It really couldn't be easier."

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All modern payroll systems can handle Payroll Giving and there are no tax forms to complete. Once the scheme is established, it is estimated that it will take as little as 10 minutes of the payroll department's time each month.

The majority of administrative costs are incurred by the Payroll Giving agency. Most agencies charge a small fee, deducted directly from donations before distribution to the charities. Your administration costs should be negligible, and are likely to be absorbed in your existing payroll costs. In the event that you do incur costs by running a scheme, they can be claimed as a deduction against your profits for tax purposes.

You will only need to keep the following records:

- a copy of the contract between your organisation and the Payroll Giving agency
- the forms completed by employees authorizing deductions from their pay
- a record of the deductions made from each employee's pay receipts from the Payroll Giving agency.

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If you would like more information about Links, please consult the Links Manual on [www.thet.org](http://www.thet.org)



# PAYROLL GIVING SCHEME

## CAN THE ORGANISATION MATCH DONATIONS MADE BY EMPLOYEES?

Yes. This is an excellent way of demonstrating your commitment to the Link/Charity and building good relations with your employees. Any matched donations made will be allowed as a deduction against the profit of the organisation for tax purposes.

## GETTING STARTED

The first thing to do is contact a Payroll Giving agency. A list of agencies approved by the Inland Revenue can be found at [www.inlandrevenue.gov.uk/payrollgiving/](http://www.inlandrevenue.gov.uk/payrollgiving/). THET would recommend that you use the Charities Aid Foundation (CAF). The agency will help you to set up the scheme.



## HOW TO GET THE MOST OUT OF MY PAYROLL GIVING SCHEME

### Get support

Get senior management's support for the scheme. They can be a vital resource, as their commitment can help to motivate staff.

### Launch

A great way of building up enthusiasm and maximising impact is to do much of the promotional activity on one single day or during one week. This will bring needed attention to the scheme, prompting the staff to act. Get Link members and supporters involved in collecting completed Payroll Giving forms from their colleagues. The Payroll Giving agency will be able to advise and assist you on launch and promotion.

To get the most out of running a Payroll Giving scheme it is important that you promote it effectively among your colleagues. Tell them about the Link and that you are starting a Payroll Giving Scheme to support it, and about the benefits of the scheme and how to set up the deduction from their pay.

### Ongoing Promotion

The Payroll Giving agency can advise you on how to promote your scheme effectively, but here are some initial recommendations.

- Involve the trade union or works council if you have one. All the main trade unions support Payroll Giving.
- Give your employees regular feedback about how the scheme is working.
- Give all new members of staff information about the scheme.
- Remind all staff, from time to time, how they can start giving or increase their giving.

Marketing materials from the Inland Revenue and the Payroll Giving agency can also be quite useful to enlist future (and also keep the current) supporters.

The most effective advertisement for Payroll Giving is to involve those Link participants in promotional opportunities. They can speak from first hand experience about the Link activities and answer difficult questions.

**If you are interested in setting up a Payroll Giving Scheme please contact the Charities Aid Foundation (CAF) who administer the Give As You Earn programme. CAF will provide you with free advice and support on setting up, launching, improving and running such a scheme effectively. See [www.cafonline.org.uk/company/default.cfm](http://www.cafonline.org.uk/company/default.cfm)**

[www.thet.org](http://www.thet.org)