

Individuals' Donations to Charities and their Use of Tax Relief

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The views in this report are the authors' own and do not necessarily reflect those of the Inland Revenue

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Executive Summary

Introduction.

The total value and frequency of charitable donations made by individual citizens in Britain has remained unchanged since 1988 despite the introduction of various forms of tax relief, and recent changes to these rules, all designed to encourage giving. This study was commissioned by the Inland Revenue to increase policy understanding of the relationship between charitable giving among individual citizens and the tax relief now available on their gifts.

The study investigated the extent British people gave money to charity over the last 12 months: how much they gave, how they gave it, what proportion of these donations were of the kind that attract tax relief and how much of this relief was actually taken up. The study also investigated people's awareness of tax relief, how they saw the connection between giving to charity and the use of tax relief and how this might have influenced the pattern or scale of their giving.

The sample

The study combined a large quantitative survey of the British population (the ONS Omnibus survey) with in-depth qualitative research with respondents who were and who were not charitable donors and who were and were not aware of tax relief.

Charitable giving: methods and motives

Nine out of ten people gave to charity over the past year. The great majority gave in 'spontaneous' ways into collecting tins, envelopes, charity lotteries, sponsorship and so on. About a third gave in 'planned' ways by sending cheques, using credit and debit cards, standing orders. Just seven per cent of employees gave directly from their earnings through 'Payroll Giving'.

People's reasons for giving were practical and instrumental. Often they had an interest in or a connection to the work of a charity; they valued its outcomes and saw no other way to support such work. Sometimes they responded to a special appeal, such as a natural disaster. Others cited more intrinsic motives; giving was internally rewarding ('...a warm glow...' some said) while others admitted to the pressure of social expectations and '...didn't want to appear mean'. A minority had religious reasons for giving.

The minority (10 per cent) who gave nothing in the past year said their reasons for not giving lay more often in a principled objection than simply a lack of spare funds to give. They said they did not trust charities to use money wisely or cited instances of fraud. Others said they '...didn't believe in it...' and that the government ought to fund such work instead.

Non-donors were typically younger single men, people with no educational qualifications, 'people in rental housing', and, unsurprisingly, people with lower incomes. These factors influenced people's giving independently, as did one regional variable: non-donors are significantly more likely to be found in London compared with elsewhere. This was true even holding constant differences between the composition of London's population and people living elsewhere. This may be associated with a higher cost of living.

The value of donations

The mean annual donation was £145 though the median value was a lot smaller at £50. Planned giving was associated with higher annual donations.

Planned Giving

Planned givers compared with those who gave only in spontaneous ways, tended to be older married women, homeowners, the better educated and people with higher incomes. Higher rate taxpayers were also more likely to give in planned rather than spontaneous ways but when income was present in the equation, tax status was not significant.

Many of the factors that raised the probability of giving anything at all to charity also predicted the value of donations: women, older people and those in work all tended to give more to charity. In addition, employees gave more than the self-employed. Those on higher incomes gave higher value donations but higher rate taxpayers also gave significantly more generously than standard rate or non-tax payers. While the residents of London were less likely to give anything at all, the value of donations from Londoners was similar to other regions.

The awareness and use of tax relief

Few survey respondents could spontaneously describe the kinds of donation that attract tax relief, just seven per cent mentioned Payroll Giving and 22 per cent mentioned Gift Aid. And almost none spontaneously mentioned the tax relief associated with gifts of land or shares.

When prompted, about half of the population said they were aware of the availability of tax relief on charitable donations: about a quarter each recognising Payroll Giving and Gift Aid. Fifteen per cent mentioned shares and 11 per cent land but it is uncertain whether this was recognition or politeness under prompting.

Those that had such knowledge of tax relief schemes, prompted or unprompted, were either donors using tax relief measures prompted by their employer, for example, or had been told by a charity.

Of those who gave to charity in ways that attract tax relief, less than half (43 per cent) said they believed that they had used the tax relief attached to their giving. The qualitative interviews suggested uncertainty in many donors' minds as to whether or not tax relief was obtained since they felt it was to some extent out of their hands.

This 43 percent of planned givers who believed they had used the tax relief attached to their giving was made up of 39 per cent who used Gift Aid plus four per cent who used Payroll Giving. Only a handful used gifts of shares and land.

Those who said they used tax relief also said they found the process simple and straightforward and had encountered no problems. Few of these respondents could say much about the details of how tax relief worked or what qualified and what did not, but this was no bar to signing the right form and so on: *“Once you sign up, you forget about it”*.

Those that had used tax relief generally intended to continue next year, but they were joined by only a further seven per cent of the population who said they might start to use it in the following year.

Those who had not used tax relief on qualifying gifts rarely showed any resistance to the *principle* of doing so. They said they had not got around to it, that they gave only occasionally, that they gave small amounts and thought tax relief applied only to significant or regular donations, or they were simply unaware such opportunities existed. Only six per cent thought the government should stay out of such matters. Qualitative respondents sometimes complained they were not sufficiently prompted by receiving charities.

The pattern of personal characteristics that divided the users of tax relief from non-users among qualifying givers was a familiar one. It was the same pattern that earlier separated planned from spontaneous givers among all givers and the same one that separated givers from non-givers among the population as a whole. Women, older people, higher earners, homeowners and so on were more likely to obtain tax relief. Taxpayer status again had a similar effect to income, but did not separately influence the outcome. However, education grew in importance: the probability of obtaining tax relief among qualifying givers increased significantly at each level of educational qualification.

There was little evidence in the ONS Omnibus survey that amounts of donation were related directly to the rules of tax relief. A small and partial exception to this was that among the minority of Gift Aid users who said they had increased their donations, about a quarter said they had been influenced by the recent abolition of the £250 minimum donation rule. A fifth of payroll givers said they might stop giving or perhaps reduce the value of their gift if the tax relief was to be withdrawn, but the numbers contributing to the finding were tiny.

Few in either the Omnibus survey or the in-depth interviews were aware of the changes to Gift Aid. When asked to discuss them, most found them fair and helpful improvements to a system they approved of anyway. Some among the in-depth interviewees wondered if the government might have done better to retain their 10 per cent supplement to Payroll Giving.

Gift Aid donors said they were influenced to give in this way because extra money reached their favoured charity, or simply because the charity asked them to. But it did not influence the amount they gave.

Among qualitative respondents who gave to charity, there was an overall feeling that they would continue to give the same amount of money in the future *with or without tax incentives*. Likewise, the overwhelming majority of Gift Aid donors in the Omnibus survey said they would continue as before.

Sixteen per cent of Omnibus respondents filled in Self Assessment Forms (SAFs). Just seven per cent had heard of the recently introduced opportunity to declare charitable gifts on SAFs. About one in seven thought they might do so in future. Almost none of BMRB's qualitative survey respondents had had any news of this but when asked to discuss it, few were very enthusiastic about it.

Qualitative respondents took the chance to make various pleas for the system to be made less complex and to be better advertised in ways that '*...avoid all the ins and outs...*' Some saw this as an opportunity for the Inland Revenue to improve its image and not be seen as an organisation solely about taking money from people. Others saw a chance for charities to improve their performance and be more pro-active in securing tax relief declaration forms from donors to their cause.

Overall It seems fair to conclude that if it were the purpose of policy to increase donations to charity in ways that attract tax relief and to increase the rate at which that tax relief is claimed by donors and by charities, then the following points made by this study are the most important:

Raising awareness of planned methods of giving and the tax relief they attract will have a positive effect.

Emphasising simplicity would have a similar effect. Those who claimed tax relief said they found it simple to do, which is something non-claimants doubted. Overcoming this doubt would lower planned donors' thresholds for claiming relief.

The greater effect of raising awareness and stressing simplicity would be on the take-up of tax relief rather than upon the incidence of planned giving. The reasons people gave for not giving were often quite strongly held. They were far stronger than the simple inertia and vagueness that seems to prevent about half those who do give following through on that commitment and securing the extra cash from the Treasury.

However, there seems to be **no direct relationship between the rules of tax relief and the amounts people give**. In the reasons people gave for giving and not giving, or claiming or not claiming, few said that a calculation of the added value of tax relief determined how much they gave to charity. Nor is there any implication in the data of such an estimate done intuitively by respondents. The in-depth interviews and the focus groups, betrayed nothing of this kind of thinking among respondents.

1 Introduction

This report is a study of the relationship between charitable giving and the availability of tax relief. The main aims of the study, which was commissioned by the Inland Revenue, were to increase understanding of the factors affecting individuals' charitable donation, to assess the impact of charity tax relief schemes and detect the effects of recent changes in these rules upon people's behaviour.

This volume reports the extent to which British people give money to charity, how much they give, how they give it, what proportion of these donations are of the kind that attract tax relief and how much of this relief is actually taken up. The study also investigates;

- *people's awareness of tax relief*
- *whether/how they see any connection between giving to charity and the availability of tax relief and*
- *how this might influence the pattern or scale of their giving.*

The study combined a large quantitative survey of the British population with in-depth qualitative research with respondents who were and who were not 'charitable donors'. Our definition of charitable donors is people who had given money to charity during the previous 12 months.

The quantitative survey was carried out by the Office of National Statistics (ONS) and the results analysed and reported by the Policy Studies Institute (PSI). BMRB Social Research, part of BMRB International, conducted the qualitative study.

1.1 Background

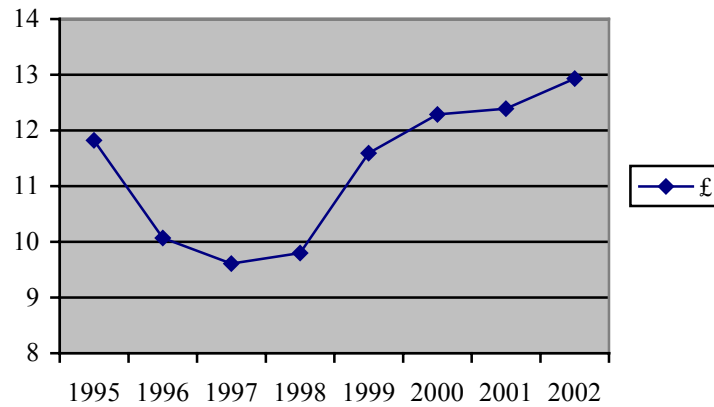
Classical economic theory is ill-equipped to account for philanthropy because it focuses on self-interested market exchanges and individual utility maximisation. Yet many individual actions and indeed social interaction cannot adequately be explained within such a framework. Concepts such as duty, compassion and love, and even simple habit, are required to supplement self-interest as a motive to act and these arise within social structures that may actively promote or impede charitable actions. Charitable giving is important as the main source of income for the voluntary sector but from the perspective of some social theorists, it binds members of society together too.

"Reciprocity is the cement...that keeps society members together. Indeed giving should be seen as the basic social act, one which considers others as full persons rather than just as things or means, as taking or exchanging do.....Reciprocity and gift giving have a particularly important normative function...the good society is made of good acts, not only of productive actions and pleasurable gestures...(which) can be affected by policy, since they depend not only on education and imitation, but also on institutional settings which can favour them." (SC Kolm, 2000, p2)

Charitable donations rose substantially between 1985 and 1988 but subsequently stagnated both in number and value between 1988 and 1993 (Taylor Gooby, 1993). Young people in particular have exhibited a declining trend in giving (Walker & Fisher, 2002,). Chart A1, however, indicating the average monthly value of individual charitable donations, suggests that more recently, from a low in 1997 the value of donations are increasing with average monthly donations rising from £9.50 in 1997 to £13 by 2002. Total donations for the year 2002 stood at a record £7.3 billion, although this represents less than 1 per cent of average UK earnings (CAF press release 20.8.03). US contributions by contrast tend to be double this

figure standing at 2.1% of GDP in 2000, although rates of participation are similar to those of the UK at a little over one third of the population (Wright, 2002). The UK total figures mask highly dispersed donation values with about eight per cent of donors giving around 60 per cent of the total value in 2001 (NCVO 2002).

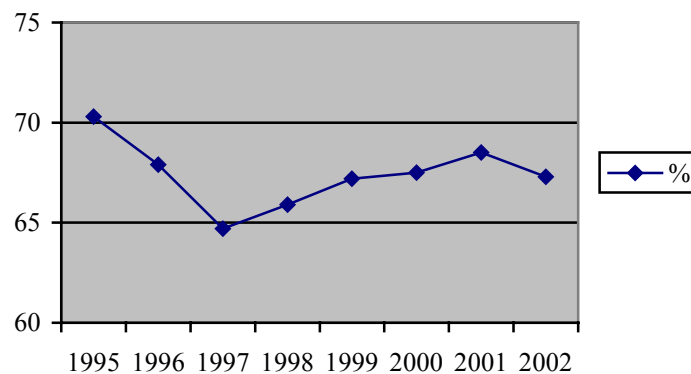
Chart A1: Average monthly donations by individuals



Source: NCVO 2003

Despite the apparent recent increase in the value of giving, the need for generosity continues with all forms of charitable appeals accelerating (Halfpenny & Lowe, 1994). This unmet proliferation of demand is a cause for concern among all those involved in collecting and receiving charitable donations. A recent improvement to 66 per cent who give failed to return to levels seen in 1993, which stood at 70 per cent (CAF/NCVO, 2003). Chart A2 highlights that while the value of giving has increased, the number of people who donate to charity has not mirrored this improvement.

Chart A2: Proportion giving as a percentage of the UK population



Source: NCVO 2003

As a consequence of these shortfalls, the Getting Britain Giving campaign was launched with a package of measures introduced in the March 2000 Budget, outlined in the Finance Act (2000). The two aims of this initiative were to

- (a) increase the number and value of charitable donations and
- (b) expand the proportion of donations eligible for tax relief.

The hope was to encourage a more widespread culture of giving.

The main measures introduced to achieve this end include, in summary, the following:

- *The **Gift Aid** floor of £250 has been abolished and thereby all donations are eligible for Gift Aid, regardless of size or frequency. Scheme paperwork has also been simplified.*
- ***Payroll Giving** maximum limits (of £1,200) have been removed and all charities are eligible to receive funds through this method. Individual donors receive immediate tax relief.*
- ***Gifts of land, shares and securities** to charity are also eligible for tax relief.*
- ***Self-Assessment returns** have allowed the declaration of charitable gifts on refunds from April 2004. Repayments due can now be diverted to a charity chosen from a list supplied by the Revenue.*

Early research following implementation of the above measures found that the fiscal and administrative charity tax changes were having an impact on the level of understanding of tax breaks among the population and the value of giving, but not the number of donors - although the use of Gift Aid had increased from 1% to 7% (CAF, 2001). The prospects for Gift Aid and Payroll Giving looked good with Inland Revenue figures showing a rise in Gift Aid donations from £868 million in 1990 to £2,325 million by 2002. Comparable figures for Payroll Giving were up from £9 million to £86 million (Inland Revenue, 2003). In 2002, 59% of the population were aware of tax-efficient giving in general with 41% and 33% familiar with Gift Aid and Payroll Giving respectively in particular (CAF/NCVO, 2003). In the United States the majority of charitable donations are of the planned variety with 79% of American households having written cheques to charitable organisations, often to churches, through Payroll Giving or in response to mail-shots (Saxon-Harrold, 1999). By contrast, previous research indicates that in the UK 'planned' giving accounts for just 20% of donations (NCVO, 2001). The most common methods of giving among UK citizens is by means of street collections, followed by door to door collections, raffle/lottery ticket purchases and buying in charity shops. There would therefore appear to be considerable scope for growth in planned methods of giving.

Assessing the various methods of giving it has been calculated that 65 per cent of donations could attract tax concessions (NCVO 2002). With the total value of donations standing at roughly £7 billion this amounts to £4.6 billion which could potentially be tax efficient.

Previous analyses of the effect of levels of taxation both on the incidence and value of donations have generated divergent conclusions (Weisbrod, 1988; Feldstein, 1975, Hood, Martin & Osberg 1977, Jones & Posnett, 1991). However, among the American literature, a negative relationship between levels of taxation and the level of charitable donations is generally found, suggesting that more generous tax relief will trigger higher level donations. Findings from American based research are not however necessarily applicable to charitable behaviour in the UK where patterns and recipients of giving differ greatly. The requirement to complete annual tax returns by American citizens coupled with the tax deductability of charitable gifts results in the common practice of annual deliberative giving (Wright, 2002). By contrast, in the UK, most gifts continue to be of the spontaneous variety, with the exception of Payroll Giving, and standard rate tax payer donors do not receive tax benefits from Gift Aid donations. Higher rate taxpayers however can claim repayment of the difference between basic and higher rate with respect to Gift Aid donations and full relief is available with respect to gifts of qualifying investments and property. Jones & Posnett (1991) using the British Family Expenditure Survey (FES) data have examined the impact of tax upon donating behaviour. They concluded that tax concessions increase the incidence of giving among households but not the value of donations.

Given the background of declining charity participation levels, the Government, in tandem with other agencies, anticipated that the Getting Britain Giving Campaign would bolster the charitable sector.

1.2 The Survey

Prior to commissioning the survey, a cognitive testing phase was undertaken to ensure that the questionnaire was well designed with clear questions and response options. Eight 90 minute in-depth interviews were carried out face-to-face with a £25 incentive offered to each participant. The eight interviews included three non-donors and five donors who used planned methods of giving. An even spread by gender, age and income brackets was achieved. As a result of this stage, small adjustments to the sequence and wording of a number of questions were made. In addition, a more effective introduction to the 'tax break' series of questions was written.

Quantitative findings presented throughout this report are based on two waves of the nationally representative Office of National Statistics (ONS) Omnibus survey. The first wave was performed in March 2004 with an achieved sample of 1751 representing a 63 per cent response rate. The second wave was carried out in April 2004 with an achieved sample of 1686, a response rate of 61 per cent. These waves were combined yielding a total sample of 3437. For a detailed description of sampling, weighting, and fieldwork see the ONS Omnibus Survey Reports for March and April produced for PSI/Inland Revenue. The ONS survey is the only omnibus survey available that uses a probability sample and was suitable for our intention to use multivariate statistical methods to analyse the data.

1.3 Qualitative research

An exploratory qualitative study was undertaken in order to develop a more full understanding of the role that tax incentives play in an individual's decision to give to charity. Material was gathered using both in-depth, face-to-face interviews and group discussions. The group discussions were used to explore people's motivations as well as barriers to giving to charity; the depth interviews were used to fully explore individuals' motivations and attitudes towards charitable giving generally and the tax incentives specifically.

The qualitative research was undertaken by experienced qualitative researchers. Interviews and group discussions were guided by a topic guide, which was developed closely with the Inland Revenue.

The qualitative study was carried out between July and September 2004. Interviews lasted up to an hour, and the group discussions lasted up to an hour and a half. They were all tape recorded and transcribed verbatim. The verbatim transcripts were then analysed using an in-house inductive technique known as '*Matrix-Mapping*' (see appendix B).

In order to illuminate and enhance some of the issues raised in the research, a number of quotations are also included in the report. These quotes have been taken directly from the verbatim transcripts of the interviews. All the quotations are anonymous. After each quote, information regarding the characteristics of the individual respondent/group is included in brackets.

1.4 Spontaneous and planned giving

The study distinguishes between spontaneous and planned giving and this division guided the design of survey instruments and the questions asked. This distinction corresponds broadly to the kinds of spontaneous gift that attract no tax relief and those planned gifts that do qualify.

- *Spontaneous giving tends to involve small sums of money in speedy exchanges that are unlikely to raise tax efficiency consideration, for example placing money in a collection box or buying a Big Issue.*
- *Planned giving is characterised often by larger gifts sent by cheque, credit and debit cards, standing orders and direct debits or money deducted directly from wages. Almost all of these attract tax relief, as do donations to charity involving land or shares.*

1.5 Report structure

The report provides an integrated presentation of results from both the quantitative and qualitative strands of research. Following a description of the composition of both survey participants and in-depth interviewees in section 2, the report then provides, in section 3, a description of the range of methods used when giving to charity and discusses the various reasons proffered for giving and abstaining from giving to charitable causes. In section 4 the value of donations, both by individual methods and collectively, are investigated. Sections 5 and 6 look explicitly at the use of tax relief schemes associated with charitable donations. These sections consider awareness and use of the various schemes and consider self reported change in charitable behaviour associated with changes in tax relief introduced in the year 2000.

2 Sample composition

In this section a description of survey participants is provided as background information prior to the investigation of charitable-giving behaviour presented in subsequent chapters. The composition of the full sample, in terms of individual characteristics and employment circumstances is presented in Tables 2.1 and 2.2.

Sample participants varied in age from 16 to 96 with one quarter being of pensionable age and just eight per cent under the age of 25. The sample was composed of more women than men and over half the sample were married or cohabiting.

One third of the survey participants had no qualifications, a reflection of the large proportion of older people in the sample. One quarter of survey respondents had responsibility for a dependent child under the age of 17. One quarter of the sample suffered from health problems which affected their ability to work, a figure which drops to a little under one fifth among those below pensionable age.

One third owned their homes outright, a little over one quarter rented either privately, from a local authority or a housing association, while the largest group, at 40 per cent, were paying a mortgage.

The majority of respondents were White British with just 11 per cent categorised within a further 14 ethnic groups. Given the small numbers of those who were not White British, which precludes robust estimations, subsequent analyses of the correlates of charitable giving will not investigate ethnicity.

Table 2.1: Individual characteristics

	% of base sample	N
Age(base 3437)		
16-24	8	276
25-44	36	1233
45-64	31	1073
65+	25	855
Sex(base 3437)		
Men	43	1477
Women	57	1960
Marital status (base3437)		
Married / cohabiting	56	1908
Single	20	688
Widowed	13	432
Divorced / separated	12	409
Highest qualification (base 3432)		
Nvq 5/6 (degree & higher)	14	488
Nvq 4 (GCSE A level)	17	473
Nvq 3 (onc / BTEC)	4	129
Nvq 2 (GCSE O level a-c)	18	627
Nvq 1 (GCSE O level d-g)	6	200
Other	7	234
None	34	1181
Responsible for dependent child<17 (base 3437)		
Yes	25	841
Health problem all (base 3434)		
Yes	25	849
Health problem < 60 (base 2334)		
Yes	17	386
Housing Tenure (base 3435)		
Own outright	33	1138
Own mortgage	40	1358
Rent Local Authority / Housing Association	18	622
Rent privately	9	316
Squatting	..	1
Region of residence (base 3437)		
North	26	876
Midlands & E Anglia	28	945
London	9	317
South east	14	490
South west	9	313
Wales	6	207
Scotland	8	289
Ethnicity (base 3409)		
White British	89	3040
Other white	5	161
Other group (Black, Asian, etc.)	6	208

Reflecting the sample age range, just over one half were employed at the time of interview while two thirds of the non-employed were retired. Among the employed, 89 per cent were employees and 11 per cent self employed. Nearly three quarters were employed on a full time basis.

Table 2.2: Employment circumstances

	% of base sample	N
Working last week or away from job (base 3437)		
Yes	54	1860
Employment status (base 1860)		
Employed	89	1648
Self employed	11	212
Gross income (base 3104)		
No source of income	3	103
0 - 5,200	19	594
5,201 - 10,400	24	754
10,401 - 14,560	15	463
14,561 - 20,800	15	465
20,801 - 28,600	10	321
28,601 +	13	404

2.1 Weighting the data

Comparisons with the Labour Force Survey (LFS) 2003 autumn quarter indicate that in terms of ethnic group, region of residence, employment status and hours worked the Omnibus sample closely approximates the distribution of respondents in the population at large. The data can therefore confidently be used to draw conclusions which will apply nationally to the population as a whole. The main deviation from these national estimates arises for age and sex. The 16-24 age group is under-represented with 8 per cent in the Omnibus sample compared with 13 per cent in the LFS. At the other extreme 25 per cent of the Omnibus dataset are over the age of 64 compared with 20 per cent in the LFS. The Omnibus sample is composed of 43 per cent men compared with 48 per cent in the LFS. Consequently weights have been constructed to correct for this imbalance.

All surveys under-represent the very wealthy who are consistently less likely to be available to interviewers. This should not be problematic for the current study given the central aim of conveying a picture that will apply to the bulk of the population. Very wealthy donors are an atypical group with distinct motives for giving, including the pursuit of 'self-actualisation' which is achieved by means of the hands-on activities which often accompany the donations made by the wealthy (Lloyd, 2003). The wealthy also use markedly different methods of giving not considered within this report, such as setting up charitable trust funds and private foundations, which have increased dramatically in the US over the past ten years.

2.2 Qualitative sample and recruitment

The qualitative research comprised 45 depth interviews and six group discussions. The recruitment criteria were as follows:

- *A mix of 'donors' (having given financially to charity in the last 12 months) and 'non-donors' (not having given financially in the last 12 months).*
- *A mix of donors using different methods of giving to charity, such as through collecting tins, by cheque or cash in response to an appeal, or by regular standing order or direct debit. The emphasis here was to ensure the inclusion of respondents who had given to charity using methods that could attract tax relief as well as those that had not.*
- *Awareness (or non-awareness) of tax incentives.*
- *Some respondents who were Self-Assessors (group discussions only).*
- *Demographic factors including: age; gender; individual income; and geographical region (Northwest, Southeast and Midlands)*

The following two tables show the achieved sample for the 45 depth interviews and the six group discussions. These selections were made to cover the range of population of interest but also concentrated on those who had some awareness of the availability of tax relief. This allowed interviewers to probe around the issues of why many planned donors who were aware of tax relief did not take it up, as Table 2.4 makes clear.

These depth interviews were designed to complement the structured interviews carried out by the ONS Omnibus survey, exploring in more depth and detail what people felt about the choice to give, or not; to give in some ways rather than others; and to use tax relief or not. These depth interviews also explored what people felt were the best options for improving take-up of tax relief. In this way, the replies given to the forced choice questions in the ONS Omnibus survey could be better interpreted.

Table 2.3		Depth interview structure
Donor/Non donor		
Donor		34
Non donor		11
Awareness of tax relief		
Aware		29
Unaware		16
Gender		
Male		26
Female		19
Age		
16-24		7
25-44		15
45-64		14
64+		9
Annual Income		
£1-4680		6
£4681-7280		5
£7281-20000		14
£20001-36400		8
£36400+		12
45 depth interviews		

Table 2.4		Group Structure
Donors Northwest	Low income (£4680-20000) Used Tax Relief	
Donors Southeast	Low income (£20001+, 2 x £36400+) 2 x SA form, Aware of Tax Relief but don't use it	
Donors Midland	Low income (£4680-20000) Unaware of Tax Relief	
Donors Northwest	High income (£20001+, 2 x £36400+) 2 x SA form Unaware of Tax Relief	
Non-donors Midland	High income (£20001+, 2 x £36400+) 2 x SA form Aware of Tax Relief	
Non-donors Southeast	Low income (£4680-20000) Unaware of Tax Relief	

2.3 Recruitment of respondents

Respondents for the qualitative study were recruited in part from the quantitative survey and in part through a free-find approach. They were recruited by BMRB's specialist Field and Recruitment Unit using a screening questionnaire to determine an individual's eligibility for participation in the study and to ensure the desired sample profile was achieved. A copy of the screening questionnaire and the topic guide may be found in Appendix B.

3 Charitable Giving: methods and motives

The focus of this section is on methods used for giving to charity and the main reasons for giving or not giving to charity. The relationship between the type of charitable donation and a number of individual characteristics is also explored.

For the purposes of examining tax efficient giving, giving behaviour is classified, as discussed in the introduction, as either spontaneous or planned.

3.1 Methods of giving

When asked which methods, if any, they had used to give to charity in the last 12 months, most responded that they had given to charity (Table 3.1). Just 10 per cent of the sample said they gave nothing – 13 per cent of men and 7 per cent of women. The remaining 90 per cent gave in a variety of ways most commonly to collecting tins, raffle tickets, buying/giving charity goods, sponsorships and charity envelopes. These methods tend to attract smaller sums, are largely spontaneous in character and do not attract tax relief except under some special circumstances. Far fewer, about a third of respondents overall, said they gave in planned ways (see first row of Table 3.4).

The qualitative study found that although a variety of different methods of giving to charity were used, respondents generally liked giving on an ad hoc basis in cash, particularly ‘dropping spare money in tins’ and ‘envelopes’. These methods were used equally by respondents who were aware and unaware of tax incentives and confirmed the extent to which people are more prone to impulse giving rather than planned and systematic giving.

“The tins are in a different market really, because when you walk along the street and you’ve got a pocket full of money, you just like... oh, that’s one of the reasons I give this way in the tins, but the other money I choose to give, that’s a different conscious decision, I’m deliberately giving money, I don’t deliberately go into town with a pocket full of change and go... Oh, where’s the next box!”

(Female, Donor, unaware of tax relief measures)

The charities that people gave to in this way varied considerably. Some they recognised and would give to if they saw a collector in the street. They may also give to charities that they were less familiar with if approached by a collector, reflecting the spontaneous nature of this type of charitable donation.

‘Usually it is somebody shaking a pot at me or coming round pubs, Salvation Army they catch you when you are drunk’

(Group, Midland, Male)

While 16 per cent of the sample population sent occasional cheques, both men and women were somewhat more reluctant to make a regular commitment by means of recurrent cheques, credit/debit card donations or the use of standing orders.

Table 3.1: Methods used to give to charity in last 12 months by sex

	All	Men	Women
Spontaneous			
1. Collecting tins, loose change to homeless	54	52	55
2. Raffle or lottery ticket	52	47	55
3. Buy or give charity goods	43	34	49
4. Sponsoring someone	37	34	39
5. Charity envelopes	34	30	37
6. Fundraising event	26	23	28
7. An entrance or membership fee	23	24	22
8. Collection at place of worship	20	18	22
9. Collection at museum/ gallery/ public place	14	14	13
Planned			
10. Occasionally give by cheque or credit/debit card	16	15	17
11. Use direct debit or standing orders	11	10	13
12. Regularly give by cheque or credit/debit card	9	8	10
13. Payroll Giving	2	3	1
14. Give land or buildings	0	0	0
15. Give shares	..	..	..
16. Other	3	3	3
17. None of these	10	13	7
(Base)	(3356)	(1442)	(1914)

Percentages exceed 100% as this question is multicoded – up to 13 responses permissible
 .. less than 0.5%

Looking at non-givers, although one in ten gave nothing over the past year, that figure does rise to thirteen per cent among men, which is nearly double the proportion of women who made no donations¹. Women were also more likely to buy raffle tickets and buy/give charitable goods. These differences in behaviour in terms of spontaneous giving may reflect distinct lifestyles. It is possible that women may be more likely to be involved in school related activities where raffle tickets are popular, go out shopping where charity collection tins are common and more likely to clear out goods for charity shops.

In addition, the qualitative research indicated that women, particularly mothers with young children, were more likely to be involved in their children's activities and that many charitable fund-raising activities are focussed around the school or community groups. They welcomed this way of giving to charity as it was felt to benefit their children directly (in the case of school fund-raising), and also reinforced the links between the individual and the local community.

¹ A 90 per cent donation rate is high compared with recent surveys which find evidence of donation rates of 66 per cent in 2002 (NCVO/NOP survey). These figures cannot validly be compared however as regular surveys of charitable giving use a four week time frame asking whether respondents have given in the previous month. The findings from the ONS Omnibus questions are based on a one year time frame inevitably producing higher levels of giving.

Lifestyle differences do not however account for the fact that women are also more likely than men to give occasional and regular cheques and to donate by means of standing orders or direct debit cards, raising the possibility of a difference in generosity by sex.

Table 3.2 shows methods used to give to charity divided by age group. The most striking finding is that under 25s are far less likely to make a donation than older people. One possible explanation for the lower incidence of giving among the young are depressed levels of disposable income. The housing market presents young people with a severe savings task with first time buyers challenged by high and, to date, continually rising house prices. The earnings of younger people also tend to be lower than that of their older counterparts. For a minority of young people the burden of student debt may also play a role in reducing the availability of money for charitable giving.

Donations at a place of worship were more typical of respondents over the age of 45, as were occasional donations by cheque, the incidence of which increased steadily through the age groups. The 65+ age group was the most likely to give regular or occasional cheques but they were notably less likely to sponsor someone.

Interestingly the qualitative study found that some places of worship, like synagogues, encouraged the use of tax incentives by reducing the stipulated amount required for membership, hence membership fees were reduced by 28% if they agreed to using Gift Aid. One such respondent who had experienced this felt that it was a useful method of encouraging tax relief as it saved him money. Furthermore it was felt to be easy to use as the synagogue explained the process well.

Table 3.2: Methods used to give to charity in last 12 months by age group

	16-24	25-44	45-64	65+
Spontaneous				
1. Collecting tins, loose change to homeless	48	56	58	46
2. Raffle or lottery ticket	38	55	58	42
3. Buy or give charity goods	25	45	47	41
4. Sponsoring someone	33	45	38	23
5. Charity envelopes	12	28	44	40
6. Fundraising event	26	29	27	18
7. An entrance or membership fee	19	28	23	15
8. Collection at place of worship	12	17	25	23
9. Collection at museum/ gallery/ public place	10	17	16	8
Planned				
10. Occasionally give by cheque or credit/debit card	5	12	21	24
11. Use direct debit or standing orders	3	13	13	10
12. Regularly give by cheque or credit/debit card	4	9	10	11
13. Payroll Giving	..	3	2	0
14. Give land or buildings	0	0	0	0
15. Give shares	0	..	0	..
16. Other	2	3	4	3
17. None of these	19	8	7	9
(Base)	(267)	(1210)	(1039)	(840)

Percentages exceed 100% as this question is multicoded

.. less than 0.5%

Table 3.3 shows the incidence and type of charitable giving by annual income. The column headed 'none' represents the proportion of people in each subgroup who made no charitable donations in the previous year. People are further divided by whether they gave on a spontaneous or planned basis, categories which are not mutually exclusive. As many people made both types of donation in the previous year the rows in these tables exceed 100 per

cent. A clear relationship between income levels and giving is apparent with increases in income associated with an enhanced probability of giving. People with a gross annual income of less than £10,401 were less likely than average to give.

Table 3.3: Charitable donations in last 12 months by grouped annual income¹

Donations	None	Spontaneous	Planned ²	Base Cell percentages
No source of income	22	74	17	101
0 - 5,200	13	81	22	590
5,201 - 10,400	10	84	26	742
10,401 - 14,560	8	87	26	459
14,561 - 20,800	7	90	32	457
20,801 - 28,600	6	90	36	314
28,601 +	4	95	47	396
All	10	86	30	3059

1. All sources of income are quoted including earnings from work, pensions, investments and benefits. Figures are based on gross income.
2. Planned giving is defined as regular or occasional donations by cheques, credit/debit card, standing order or direct debit plus Payroll Giving and donations of land, buildings or shares.

Note: Rows exceed 100% as both planned and spontaneous donations can be made

The qualitative research echoed these findings. Perhaps not surprisingly, those on lower incomes who were able to give to charity at all preferred to do so on an ad hoc basis. They preferred the flexibility of cash donations and would not consider regular methods of donation, such as by standing order or direct debit, preferring to regulate their charitable giving according to when they felt they could afford to give.

“I’ve got a limited income and that’s the way I prefer to do it. If I’ve got it at the time I’ll just pop it in and that’s that”

(Female, Donor, Aware)

The majority of individuals, regardless of income group, made a spontaneous donation in the previous twelve months, ranging from three quarters of those with no income to 95 per cent among those in the highest income bracket.

In terms of planned giving, which offers the greater scope for tax reclamation, nearly one third of all respondents gave to charity by means of a cheque, credit card, debit card or standing order. A strong linear trend is clear once again, with planned giving becoming increasingly probable as income rises. Nearly half of those in the highest income group made a planned donation, a figure that falls to less than one fifth among the no-income group.

Table 3.4 presents incidence and type of charitable giving according to a number of other individual characteristics. Those not currently working are notably less likely to have given compared with their retired and working counterparts. These results are not surprising given the importance of income level in predicting charitable donations. The under 25 age group have lower levels of labour market participation and therefore also of income. Three quarters of the 25-64 year olds were currently employed compared with 60 per cent of those under the age of 25.

The self employed are less inclined to give to charity than employees – an interesting outcome which is unrelated to earnings. The median income of employees in the sample is in the range £15,600-£16,640. The equivalent figure for self employed respondents is £18,720-

19,760. The self employed do however experience greater volatility of earnings as the economic cycle ebbs and flows (Smeaton, 2003, Eardley & Corden, 1995). The risk of business failure, particularly in the early years of establishment and uncertainty of income over the medium to long term may explain their lower propensity to give. Many of those we now code in surveys as 'self employed' are really own-account workers who are self employed because the sole firm they work for arrange it that way.

People who rent property rather than own houses or have a mortgage showed a lower incidence of giving behaviour over the past year. Once again income is implicated in the explanation. Median income among mortgage holders is in the range £16,640-£17,680 compared with £7,280-£8,320 and £11,440-£12,480 among those renting from local authorities and privately respectively.

Regionally, the lowest incidence of giving is to be found in London with 21 per cent, double the overall level, having made no charitable donations in the past year. This result represents a London phenomenon on which income has no bearing. The median income of South East residents is roughly £3,000 higher than the population as a whole while in London income is £4,500 higher. There is a need to explore this outcome further. Both the age profile of London residents and the cost of housing in London may explain these findings.

Although contributions are less widespread among Londoners, the value of their donations, discussed in section 4, tend to be higher on average than elsewhere in the country (although the median value of donations are consistent with national levels). It is possible that London's strikingly low rate of giving is explained by the higher cost of London living.

Turning to planned giving, men and women differed little, similarly the rate of planned giving among those with and without dependent children was not significantly different. Older people appeared to be more likely to use planned giving, 40 per cent of the over 65s made a planned donation in the last year compared with just 10 per cent among those under 25. Homeowners had a greater than average likelihood of giving on a planned basis. In terms of region of residence, people in the South East (but not London) and South West are more likely to be planned givers.

The pattern of spontaneous donations mirrored that of planned donations with women more likely to have given than men, the older more likely than the young, workers and the retired more likely than the unemployed and employees were more likely than the self employed to have made a spontaneous donation. Owning a home or a mortgage was associated with a greater likelihood of spontaneous giving while residing in London depressed the incidence of spontaneous giving.

Table 3.4: Charitable donations in last 12 months by individual characteristics

Donations	None	Spontaneous Cell percentages	Planned ¹	Base
All	10	86	30	3356
Sex				
Men	13	83	28	1442
Women	7	88	32	1914
Age				
16-24	19	76	10	267
25-44	8	89	30	1210
45-64	7	90	37	1039
65+	9	83	40	840
Employment status				
Currently not working (under SPA)	16	79	22	660
Currently working (under SPA)	8	89	30	1728
State Pension Age – retired	8	84	40	968
Employee	7	90	31	1606
Self employed	14	83	29	206
Housing tenure				
Own outright	7	88	38	1107
Own mortgage	7	89	31	1323
Rents – LA/HA	18	77	17	615
Rents privately	17	77	19	308
Parental status				
Parent of child <16	7	91	28	822
Not parent of child <16	11	84	31	2534
Region				
North	7	88	30	861
Midlands & East Anglia	11	87	26	913
London	21	71	26	312
South East	7	87	38	475
South West	5	91	36	308
Wales	7	87	35	205
Scotland	12	84	23	282

1. Planned giving is defined as regular or occasional donations by cheques, credit/debit card, standing order or direct debit plus Payroll Giving and donations of land, buildings or shares.

Note: Rows exceed 100% as both planned and spontaneous donations can be made.

Summarising these results, which are important for subsequent consideration of tax efficiency, people who give larger or more regular sums of money by what we have called planned methods are most likely to be retired, own their homes outright and live in the South East but not London. Investigation of planned giving among the retired reveals that even people on fairly low annual incomes give money to charities in a planned manner to a greater extent than other age groups. Of course income alone does not provide a full picture of wealth. Older people on comparatively low incomes may nevertheless be asset rich with substantial savings in banks, property or shares. The ONS Omnibus survey does not cover these resources. Planned giving among those of state pensionable age ranges from 35 per cent with incomes below £5,200 to 62 per cent of those with an annual income in excess of £20,801.

3.2 Motives for giving

Street and door-to-door collections attract the largest number of donors but do not generate the greatest share of charitable donations (NCVO, 2003). Among the causes people said they supported, the most popular remain medical research and children's charities. People gave many different reasons for giving, ranging from the purely altruistic to the self-interested. Many conceptual schemas exist to explain the presence of charitable behaviour. Sober & Wilson (1998), for example, delineate three motivational theories; hedonism, egoism and altruism. From the hedonistic perspective, actions are instrumental, motivated ultimately by the desire to promote pleasure and avoid pain (defined broadly to include psychological as well as physical states). Egoism is similar to hedonism insofar as actions tend to be instrumental, guided by self-benefit, but goals are wider than simply maximising pleasure and avoiding pain. Other ends are also pursued, such as improving the society in which one lives. Finally, theories of altruism hold that the welfare of others can be an end in itself in directing the actions of individuals.

According to Hunter (1992), based on interviews with 27 adults in 1991, motivational factors include:

- *The belief that charities are a good thing in themselves with giving influenced by both altruistic and egoistic elements.*
- *Social pressure related to the method of collecting.*
- *Empathy with a cause due to personal experience or an anticipation of possible experience in the future.*

Table 3.5 provides detailed information on the main reasons people make charitable donations. The reason cited most often; "I feel the work of the charity is important" appears to be outcome orientated. Nearly half the sample give for this reason. Charitable actions also appear a little unpredictable with one quarter of respondents claiming to fairly randomly 'just feel like giving'. Again it is not certain what prompts these feelings but in combination with 'giving makes me feel good' one third of the sample are motivated by egoistic or 'warm glow' reasons. The power of social pressure should also not be underestimated with one quarter of donations arising from a direct request and some people feeling too uncomfortable to refuse.

It is apparent that men and women were largely motivated by common principles and stimuli. However, women did tend to cite instrumental reasons somewhat more frequently than men did, with 55 per cent giving because of something that happened to themselves or their family/friends or with the possibility of benefiting themselves or someone close in the future compared with 46 per cent of men citing such motives.

Table 3.5: Reasons for giving to charity in last 12 months by sex

	All	Men	Women
1. I feel the work of the charity is important	45	42	46
2. As a result of something that happened to me, a relative or friend	28	25	30
3. Sometimes I just feel like giving	25	26	24
4. Because it may benefit a relative, friend or me in the future	23	21	25
5. Asked by charity representative	18	20	17
6. Received or saw information about the charity	17	17	17
7. Because of appeal/ campaign on TV, radio or paper	14	13	15
8. I can afford to so feel I should	13	15	12
9. Giving makes me feel good	10	9	11
10. There is no other way to fund what the charity does	9	9	10
11. Because of my religion	8	7	8
12. I feel uncomfortable refusing when asked	6	6	6
13. I was advised to for financial reasons	..	0	..
14. Other	3	4	3
(Base)	(3050)	(1267)	(1783)

Percentages may exceed 100% as multiple responses permitted

Summarising the reasons and attempting some form of a classification, five motivational groupings can be identified with a residual 'other' category of less readily defined motives (reason numbers relate to table 3.5);

Instrumental – (reasons 2,4,13)	51%
Warm glow – (reasons 3,9)	35%
Pressure - internalised moral obligation – (reasons 8,11)	21%
Pressure - social – (reasons 5,12)	24%
Outcome oriented – (reasons 1,10)	54%
Other – (reasons 6,7)	31%

Charitable donations overall are primarily driven in equal measure by instrumental incentives and outcome oriented goals, of course these are not mutually exclusive categories and therefore such classification schemes are of limited value. Ultimately motivations to act charitably represent a complex web of empathic, altruistic and egoistic or instrumental orientations, which cannot be disentangled by means of survey-based methodologies.

The qualitative study further explored the reasons for charitable giving and broadly confirmed the summary categories used above. These included:

- *A view that the work that the charity was doing was important, often to them personally. Consequently, charities were sometimes selected because it might benefit them in the future or it might benefit 'someone they know/knew were affected by it';*

'Purely selfish grounds, it's related to firemen, retired firemen, firemen that are in financial difficulties, things like that really. So it's purely selfish.... It's something that I could use in the future yes. And it's totally a charitable organisation; it has no government backing or anything. So unless they get charitable donations they basically don't exist so it's purely selfish.'

This quote is given by a fireman.
(Male, Donor, Aware of tax relief measures)

- *Giving to charity gave a 'warm glow' feeling and made the individual 'feel better about themselves', regardless of the nature of the charity. Respondents indicated that they may irregularly 'drop money in tins' for charities that they did not know very much about because it gave them 'instant satisfaction'.*
- *Religious, moral and social pressures in society also underpinned giving to charity, with some people indicating that there was an expectation placed on them by their religious and/or moral standpoint.*

"They've got famine all over the world actually and then you designate the country where you want the money to go to and what cause you want it to go to, whether you want to go for shelter, food, water, employment, clothing, education, and you stipulate why you want it, because being a Muslim you're supposed to give one third of your income to charity of any sort really."

(Group SW, Female, Donors)

- *Charitable donation could also be an 'act of duty' by virtue of being socially or financially advantaged.*
- *Vested interests could also be another reason for giving to a particular charity. In such instances the charities were usually locally based and had a remit to provide both short and long term benefits to the local community or the individual. Examples of such charities included, schools, churches, hospitals, hospices, the Guides etc. Ultimately, the decision to give to these types of local charities were outcome-orientated, as it improved the individual's community and the benefits could be experienced first hand.*

Underpinning charitable giving was often a sense that there was '*no other way of funding*' these charities, particularly the smaller or more embryonic charities. If somehow the financial market and the government both fail, then it was up to people to support good work they approved of. Consequently, respondents felt that they should give to these types of charities because they lacked central government support, and their donations were felt to be making a 'real difference'. Such charities included local hospices, schools and one-off disaster appeals.

Looking at differences in people's motivation by age (Table 3.6), all age groups said that the work of the charity was the most important reason for giving their support. The main difference arose when comparing 'warm glow' motivations. People under the age of 25 were far more likely to give because it made them feel good or because they just felt like it. With

fewer life experiences the young may be less motivated by adverse events that may have afflicted themselves, friends or family in the past. The over 65s appeared far less likely to bow to social pressure reasons for donating- they responded less often to direct requests from charity representatives and were the least likely to feel uncomfortable refusing such requests.

Table 3.6: Reasons for giving to charity in last 12 months by age group

	16-24	25-44	45-64	65+
1. I feel the work of the charity is important	40	45	45	47
2. Due to something that happened to me, a relative or friend	18	29	31	25
3. Sometimes I just feel like giving	31	26	24	21
4. It may benefit a relative friend or me in the future	22	22	27	19
5. Asked by charity rep.	19	19	21	12
6. Received or saw info. about the charity	19	17	18	14
7. Appeal/campaign on TV, radio or paper	14	17	14	11
8. I can afford to so feel I should	11	14	14	12
9. Makes me feel good	19	11	9	7
10. There is no other way to fund what the charity does	5	10	10	9
11. Because of my religion	5	6	8	11
12. I feel uncomfortable refusing when asked	8	7	4	3
13. I was advised to for financial reasons	0	..	..	0
14. Other	5	3	2	4
(Base)	(218)	(1110)	(957)	(765)

Percentages may exceed 100% as multiple responses permitted

3.3 Reasons for not giving

The ten per cent who said they gave nothing in the last year were asked to say what reasons they had for not giving to charity. They divided between those who felt they had no money to spare in this way and those who took a stand against giving on principle (Table 3.7). Thirty nine per cent were reluctant to give for personal budgetary reasons, they did not have enough money to spare. A further half claimed that giving was something they simply did not do or, more explicitly, they did not believe in giving money to charities, for some because their role should be performed by government. For one quarter of respondents it was not the act of charity to which they objected so much as the charitable organisations themselves, which were perceived as ineffective, wasteful and/or dishonest.

Table 3.7: Reasons for not giving to charity in last 12 months by sex

	All	Men	Women
1. I have not had enough money to spare	39	41	37
2. No reason, it is just something I do not do	32	28	39
3. Charities waste too much money on administration	12	16	6
4. Not all charities are honest	9	8	10
5. Do not believe in giving money to charities	7	8	6
6. It is government's responsibility to do what most charities do	7	8	6
7. Most charities do not achieve what they are supposed to	6	8	4
8. I give in different ways	4	4	3
9. I will provide for all my donations in my will	1	1	0
10. Other reason	13	13	12
(Base)	(295)	(169)	(126)

Percentages may exceed 100% as multiple responses permitted

Women non-donors were more likely to be principled objectors; giving was simply something they did not do while men were twice as likely as women to complain that charities were wasteful or ineffective and therefore donations were not applied as desired. From a policy perspective there probably is not much that can be done to expand rates and levels of giving from the financially constrained and principled objectors. There is however a fair amount that can be done to improve the image of charities such as the more widespread introduction of guarantees that a certain proportion of donations will reach those in need directly rather than being channelled into administrative and further fund raising activities.

The qualitative findings also suggested that one of the main reasons for not giving to charity was due to current financial constraints. However this group of people expressed a real desire to give to charity and claimed that they would give in the future if they 'had more money'.

Respondents who could not afford to give financially to charity made donations in others ways, such as volunteering their time for charity and giving or buying goods in charity shops (albeit that some individuals with financial constraints could also be attracted to buying goods from charity shops because they were cheaper).

Other reasons for not giving to charity included:

- *'Charities waste too much money on administration'- This belief was expressed by non-donors and donors alike, who refrained from giving to certain types of charities because of the amount of money they felt the charity spent on administration and 'expensive' advertising campaigns.*

'My husband and I do it together, we used to give to [charity] but then it changed, because they kept sending lots of advertisements through the post monthly "give to [charity]", it's a waste of money, we already give to you, it's ridiculous.'

(Groups SW, Female, Donors)

They would be more inclined to give to charity if they knew how their money was being spent, and the benefits achieved by their donations. One suggestion was that charities should provide a yearly breakdown of their spending and detail their achievements.

'Charity overload'- Respondents felt 'suffocated' by the number of charities requesting money. As one respondent remarked, charities are everywhere - on the street, on TV and in the workplace.

Respondents could be discouraged from giving where the charity specified the amount of money they recommended as a donation. In their view, a donation should be whatever the individual could afford to give.

"What I don't like, the opposite (of respondent deciding amount), it's when someone writes to you and says "we want you to give £5", when they put them out, that turns me off completely, it's up to me to what I want to give, they shouldn't be putting a fixed amount, that really annoys me."

(Groups Male, SW Newberry)

Non-UK charities – Primarily the older respondents refrained from giving to charities outside the United Kingdom. Their reasons were two-fold: first it was believed that countries outside the UK were not their responsibility; and second they felt that there were more than enough charities in this country that needed money that should be their priority.

I don't know, I think it's because it's like you're helping your own.(helping UK charities) I mean it's sad to see the children in Africa what they've suffered, if somebody is collecting on the street for that I'd give, but it's just me... I'd rather look after my own. If it's local you see the benefit, you see the benefits yourselves, as well. And very often you'll know people that have been in there as well (Referring to local hospice).

(Group, NW, Male Donors)

Looking at the reasons for not giving in the past year by age (Table 3.8), a number of findings emerge. Firstly, the under 25s were the most likely to claim inadequate funds to make a donation. The 45-64 year old age group were the most likely to be principled objectors while objection to the waste of money by administration among charitable organisations increases steadily with each age group. Among the over 65s, 39% complained that charities waste money, do not achieve their set goals or are simply dishonest. Whether derived from cynicism or a stronger sense that money must not be wasted, this perception of charities among older people is clearly a problem for organisations relying on the goodwill of others. These views may explain the patterns of giving observed in Table 3.4, discussed in section 3. The oldest age group was 6-7% less likely than those aged 25-64 to give on a spontaneous basis, they were less inclined to give to a collecting box, to sponsor someone or give to a public space such as a museum. The over 65s did however exhibit the highest incidence of giving by means of regular or occasional cheques. This pattern of giving is consistent with a more considered approach, targeting charitable organisations which are perceived as effective. It may be that older groups are more careful to support charities that are well known and have a good reputation.

The 8-9 per cent of respondents who gave nothing to charity because 'not all charities are honest' is of concern particularly given that there is some evidence that charity 'scams' may be on the increase and having a direct adverse effect upon legitimate organisations (Kettles, 2003). A 20 per cent reduction in returns (equivalent to £1-2million a year) by Marie Curie Cancer Care as a result of bogus clothing collectors was reported. Many other charities are also affected and it is possible that people fear being duped by the dishonest and therefore refrain from giving at all.

Table 3.8: Reasons for not giving to charity in the last 12 months by age group

	16-24	25-44	45-64	65+
1. I have not had enough money to spare	59	37	34	26
2. No reason, it is just something I do not do	35	35	30	29
3. Charities waste too much money on administration	6	9	14	21
4. Not all charities are honest	8	9	8	9
5. Do not believe in giving money to charities	3	6	13	8
6. It is government's responsibility to do what most charities do	7	6	10	5
7. Most charities do not achieve what they are supposed to	6	3	9	9
8. I give in different ways	0	4	6	5
9. I will provide for all my donations in my will	2	0	2	0
10. Other reason	1	16	12	23
(Base)	(49)	(97)	(77)	(72)

Percentages may exceed 100% as multiple responses permitted

3.4 Multivariate analyses: pulling the picture together

Bivariate ('two way') analyses, discussed earlier in the chapter, indicated the importance of gender, age, employment status, housing tenure, parental status and, to some extent, region of residence in the likelihood of giving to charity. In order to assess whether each of these factors remain important when all variables are considered at the same time, probit regressions were performed. For example, the reason we find that older people are more likely to give to charity might be due to their higher income. If this is the case, when we include both age and income in a model, age may turn out to be unimportant and income important or 'significant' in explaining charitable giving.

3.4.1 Factors associated with giving (planned or spontaneous)

Examination of the first model, which predicts giving behaviour, is presented as Table A1 in Appendix A. Women were found to be significantly more likely than men to make a donation of any kind regardless of age, employment status and income.

Consistent with the findings reported earlier the main outcome relating to age was the reduced probability of giving among those aged under 25 with the probability increasing with age. As income is included in the model, the lower likelihood of giving among those under 25 is not explained by the lower earnings of this group. Instead the demands on the resources of the young, the need to plan for the future and the uncertainty of longer term economic prospects may combine to deter giving behaviour.

The regional variable indicates that the giving behaviour of all regions are comparable with one exception – still the residents of London were significantly less likely to make a donation than those living elsewhere regardless of income and other variables included in the model. Living in accommodation rented from a local authority or housing associating was also associated with depressed levels of charitable giving.

Married or separated people were more likely to give than those who were single, widowed or divorced. Employment status was also an important predictor of giving behaviour with the employed significantly more likely to give than the non-employed² or self employed.

² Non-employed includes the unemployed, retired, students, home/child carers and other inactive.

The six-category highest educational qualification variable was not found to predict giving because there was no difference in giving behaviour among any of the qualified groups. It was therefore condensed to a binary variable indicating whether any qualifications were held or none. The results show that having no qualifications significantly reduces the likelihood of charitable giving.

The last two factors under investigation were ‘taxpayer status’ and gross annual income. The taxpayer status variable differentiates between those paying no tax, standard rate taxpayers and higher rate taxpayers³.

The taxpayer status variable is of interest as it highlights the potential relationship between the amount of tax paid and the likelihood of being a donor. Results shown, which include both taxpayer status and gross income, suggest that taxpayer status is not a significant factor. There are however potential difficulties associated with separating the effects of income and tax payer status which increase together. Nevertheless, in earlier stages of the modelling process taxpayer status was added without gross income and was still not significant. Gross income however is significant with donating propensities increasing as income rises.

3.4.2 Factors associated with planned giving

Table A2 in Appendix A presents results for the second model, which investigates the probability of planned giving among those giving at all. Once again women were more likely to have made a planned donation over the previous year and as respondents age they become increasingly likely to give in a planned manner.

Four regions stand out as less likely to make planned donations : the Midlands, East Anglia, London and Scotland.

Owning a home outright is associated with an enhanced probability of planned giving while those renting property from the public sector are least likely to make a planned donation.

People who have A-level or higher qualifications were the most likely to give in a planned manner, followed by those with qualifications below A-level. People with no qualifications were the least likely to make a planned donation. Given that income is included in the model, this education factor cannot be attributed to the greater earning power of the better qualified.

In models that excluded gross income, the taxpayer status variable produced significant results with standard rate taxpayers more likely to make a planned donation than non-taxpayers while higher rate taxpayers showed the highest probability of planned giving. However, taxpayer status fails to predict whether a planned donation will be made if income is included in the model. Instead, it is the rising income levels rather than the specific taxpayer status thresholds that are important in predicting planned giving.

³ The non-taxpayers are defined as those with income falling below the £4,615 threshold for people under 65, below £6610 for non-working people over 64, below £6,720 for non-working people over 74 and below £18,300 for all those working over the age of 64. Higher rate taxpayers have income in excess of £30,500.

4 Value of donations

In this section the value of charitable donations are explored. Initially, the total aggregated value of all donation types are examined. In order to highlight the fact that some methods of giving are more valuable to charity than others, the value of donations are subsequently investigated according to each distinct method.

Chart 4.1 shows the distribution of all donations made by individuals, including all methods and charities over a one-year period, from a low of £1 to a high of £14,240. One quarter of the sample gave less than £20 over the previous year and half gave less than £51. Nearly one third of the sample gave more than £100 over the year.

Chart 4.1: Total Value of Donations over Previous Year

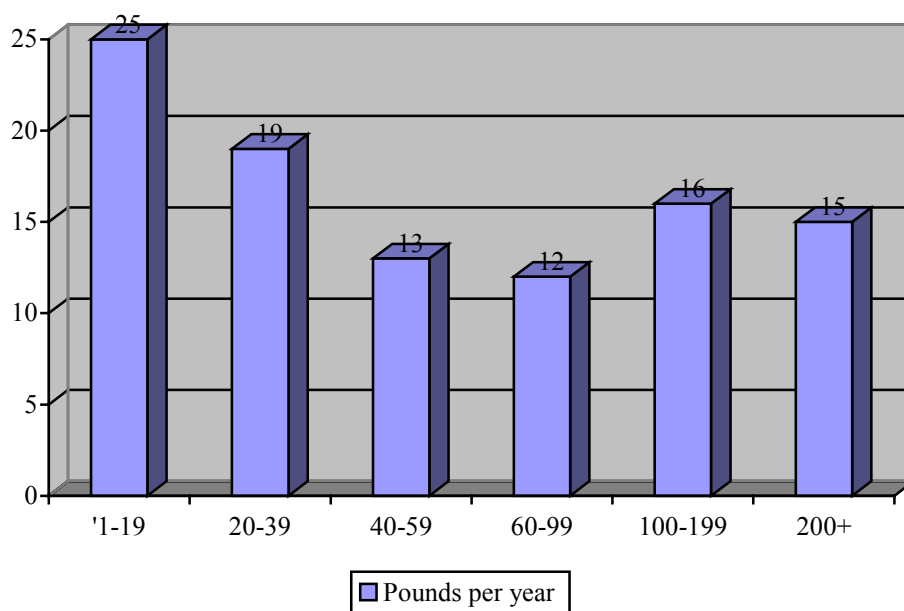


Table 4.1 shows mean and median levels of total donations disaggregated by gender, age group, region, employment status and income. Interestingly, people's propensity to give is not associated with value of their gifts. Men, Londoners and the self-employed are all less likely to give (see section 3, Table 3.4) but the value of donations from these groups is equal to or higher than their counterparts.

The typical donation from all methods is £50 a year which, if given tax efficiently is equal to roughly an extra £14 per year to the charity. The highest donations come from the South East, from men, the 45-64 year olds and the self-employed. The self employed give the highest amounts in both mean and median figures.

Table 4.1: Total value of all donations in pounds over past 12 months

	Mean £	Median £	N
All	145	50	2839
Gender			
Men	163	50	1184
Women	133	45	1655
Age group			
16-24	41	23	198
25-44	149	50	1046
45-64	162	50	889
65+	149	47	706
Region			
North	134	45	731
Midlands	134	40	776
London	256	50	227
South East	131	60	419
South West	222	50	260
Wales	87	50	181
Scotland	101	40	245
Employment status			
Employee	141	50	1413
Self employed	277	62	165
Income			
No income	112	25	79
1-4,680	112	36	400
4,681-7,280	63	30	380
7,281-20,000	124	45	1131
20,001-36,400	214	82	455
36,401+	344	140	181

An analysis of these data looking at the value of donations as a proportion of income added little to the overall picture. Only crude estimates were possible because the Omnibus survey collects income on a banded scale and asks only for individual rather than household income. Mean values were all less than one per cent of income and varied little by levels of income.

Table 4.2 shows the mean and median (middle) value of donations by sex according to different spontaneous and planned methods. It is useful to provide both sets of figures as mean values can give distorted results – the addition of just a few very high donations can drag the average up which would then not be an adequate reflection of the donating behaviour of the majority of the population. Using the median we know that half the population give more and half less than this figure, it is not influenced by extremes and represents a typical person in the middle of the distribution/spread of donations. Non-givers are excluded from these analyses rather than included with a value of £0.

Much higher value donations were associated with planned compared to spontaneous giving. The typical annual value of donations by direct debit, regular cheque and Payroll Giving were £60 which could represent a regular donation of £5 per month. Mean values were more than double the median figures indicating that some people give much larger amounts on an annual basis. Donations by occasional cheque and entrance fees attracted half the median value of more planned and regular donations while charity envelopes and sponsorships received the lowest amounts of money.

As was shown in section 3, women were more likely to make a charitable donation than men and tended to use planned methods of giving to a slightly greater extent than men. Differences in the value of giving by men and women are quite varied though. In terms of spontaneous methods the median value of donations by men and women were very similar. In terms of planned methods of giving, no comparison can be made on Payroll Giving because of the limited sample of women. Of the remaining three methods, looking at median donation values, women gave more by direct debit than men, gave less by regular cheque and gave a similar amount by occasional cheque.

Table 4.2: Value of donations in pounds over past 12 months by sex

Method	All			Men			Women		
	Mean £	Median £	N	Mean £	Median £	N	Mean £	Median £	N
Direct debit	186	60	363	117	58	128	223	72	235
Regular cheque	150	60	296	191	100	119	123	50	177
Payroll Giving	123	60	43	100	80	30	..	..	13
Occasional cheque	95	25	509	132	25	200	71	25	309
Entrance fees	49	30	667	56	35	306	43	30	361
Charity envelopes	33	10	1017	40	10	383	29	10	634
Sponsorship	29	10	1127	35	20	445	25	10	682
Other	61	20	2450	77	20	1021	50	15	1429
All methods	145	50	2839	163	50	1184	133	45	1655

.. cell size smaller than 30

Table 4.3 presents the value of donations by age group, but a number of figures are not robust enough to report as the incidence of planned giving among younger groups is low. In terms of spontaneous giving, looking at median figures, there is no relationship between age and the value of charitable envelope and sponsorship based donations whereas the value of entrance or membership fee donations tends to increase steadily with age. Among planned methods of giving, the median value of occasional cheques or debit/credit card donations do not differ by age while the value of direct debit/standing order donations decrease slightly by age group possibly reflecting an aversion to this form of financial commitment as a means of payment, requiring stability and predictability of income and necessitating written termination. By contrast, the oldest age group makes notably higher value donations by regular cheque, debit or credit card compared with the middle-aged groups.

Table 4.3: Value of donations in pounds over past 12 months by age group

Method	16-24		25-44		45-64		65+	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Direct debit or standing order	..	..	191	72	163	60	202	52
Regular cheque, debit/credit card	..	..	106	60	148	60	204	100
Payroll Giving	..	..	77	60	..	..	0	0
Occasional cheque, debit/credit card	..	..	145	25	46	25	109	25
Entrance or membership fees	25	20	49	30	54	36	48	38
Charity envelopes	19	10	33	10	28	10	41	10
Sponsorship	18	10	32	15	28	12	26	10
Other	22	12	54	20	81	20	53	15
All methods	41	23	149	50	162	50	149	47

.. cell size based on fewer than 30 people

The importance of income to the median value of donations varies according to method of giving (Table 4.4). There is no relationship between income and giving by means of charitable envelopes, whether door-to-door or at place of worship until income exceeds £36,400 at which point the median value nearly doubles. Amounts given as sponsorship are also unrelated to income group until income exceeds £20,800 at which point median levels of donation double to £30 per year, increasing by a further £10 among those with an income above £36,400. Entrance or membership fees increase slightly but steadily as income group rise. Once the decision to write a cheque on an occasional basis has been taken, the difference in value between different income groups is not great. However, those in the two highest income brackets do make significantly larger contributions by means of regular cheques, debit or credit cards with the same story applying to direct debit and standing order donations. When potentially larger sums of money are involved, income, not surprisingly, plays an important role in determining the value of donations.

Table 4.4: Value of donations in pounds over past 12 months by income group

Annual income.....	£1-4,680		£4,681-7,280		£7,281-20,799		£20,800-36,400		£36,400+	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median
£										
Method										
Direct debit or standing order	178	50	87	50	169	60	194	78	210	78
Regular cheque, debit/credit card	163	48	125	60	129	51	148	95	151	100
Occasional cheque, debit/credit card	57	25	37	20	90	20	149	35	126	25
Entrance or membership fees	36	25	30	25	47	30	46	37	88	40
Sponsorship	25	10	17	10	24	10	31	20	55	30
Charity envelopes	22	10	26	7	35	10	23	10	68	18
Other	56	15	3	12	46	15	83	20	141	25

Payroll Giving is excluded from the table as all cell sizes were smaller than 30.

Note: the number of people with an income of £0 were too small to be analysed.

4.1 Multivariate analysis: factors associated with level of donations

A multivariate analysis of the levels of donations was carried out to see if the relationships identified earlier in this section were still found when all the factors were considered in tandem. Being a woman and aged over 65 are both associated with higher value donations. Levels of giving also rise as income increases. The total value of donations are depressed by living in public housing, being under 25, living in the Midlands or Wales and by being non-employed. Compared with the non-employed and controlling for age, income and other factors, the self employed contribute on average £21 a year more while employees are even more generous giving £46 more than the non-employed during the course of the past year.

In our earlier models predicting the likelihood of making any planned or other charitable donation, taxpayer status did not have any role in addition to the effect of gross income. However, in this regression model predicting value of donations, taxpayer status remains independently significant in addition to gross income. The results suggest little difference in the amounts given by those who pay no or standard rate tax but higher rate taxpayers, with potentially greater tax savings available from donations, give significantly larger sums of money to charity. The difference in these results compared with those of Jones and Posnett based on FES data(1991), who found that tax concessions increase the incidence of giving among households but not the value of donations, are likely to be attributable to analytical periods of time. The FES data relates to donations over a four week period which yields more non-donors..

5 Tax Relief and charitable giving

In this section the extent of familiarity with and use of tax relief schemes when making charitable donations is explored. The means by which people learned of the separate schemes and reasons for their use are also discussed. The schemes under consideration include: Payroll Giving, Gift Aid and tax relief on donations of land and shares. In addition, the extent of awareness of the recently implemented option of giving to charity by means of Self Assessment tax returns are investigated, with levels of expected use also assessed.

5.1 Awareness of charity tax schemes

Respondents were asked if they had heard of any schemes by which tax relief could be secured on individuals' donations to charity directly from the Inland Revenue (see Table 5.1.) They were not prompted and any spontaneous replies they made were recorded. This question was followed by a further item that asked whether respondents had heard of any of the tax relief schemes listed on a card that was shown to them. Results from this second question are presented in Table 5.2.

Looking first at the spontaneous replies, just 7 per cent of the sample made a reference to Payroll Giving with even fewer mentioning tax relief on land and shares. One fifth of the sample were familiar with Gift Aid. More than half (59 per cent) were unable to name any tax relief schemes.

Levels of awareness of Payroll Giving were higher among men than women and, not surprisingly, were higher among employees than the self employed who do not have access to the scheme. Residents of London had the highest levels of awareness of Payroll Giving. Gift Aid awareness levels were highest among the 25-65 year olds and among those living in the South West of England. The highest incidence of uninformed people is found among the 16-24 year olds, 82 per cent of whom made reference to none of the schemes and among residents of the North of England where 67 per cent mentioned no schemes.

In response to a show-card listing the various schemes, levels of awareness of Payroll Giving in particular increased compared with the unprompted responses. Familiarity with Payroll Giving increased fourfold from 7 to 28 per cent. Recognition of Gift Aid rose from 22 to 27 per cent. Awareness of tax relief on shares and land rose respectively from 3 and 1 per cent to 15 and 11 per cent. Associated with these increases, the proportion of the sample unfamiliar with any scheme declined from 59 per cent to 50 per cent. Residents of the South East showed the highest levels of awareness generally.

Table 5.1: Tax relief schemes heard of by respondents (no prompting used)

	Payroll Giving	Gift Aid	Shares	Land	Not sure	None	Base
Percentages							
All	7	22	3	1	14	59	3045
Gender							
Men	8	21	3	1	15	58	1265
Women	5	23	2	1	13	60	1780
Age							
16-24	3	10	1	1	6	82	216
25-45	9	26	2	1	15	54	1108
46-64	7	26	4	2	17	52	958
65+	4	22	2	1	17	58	763
Employment. Status							
Employee	8	25	3	2	14	55	1499
Self employed	5	22	3	1	20	56	182
Region							
North	5	20	3	1	10	67	799
Midlands	9	23	2	2	15	56	830
London	10	21	6	2	11	60	242
South east	7	22	2	1	17	57	442
South west	6	28	2	2	18	51	290
Wales	5	22	3	0	18	57	189
Scotland	5	25	2	..	17	55	253

.. less than 0.5%

Table 5.2: Tax relief schemes heard of by respondents (with showcard displayed)

	Payroll Giving	Gift Aid	Shares	Land	None	Base
All	28	27	15	11	50	3037
Gender						
Men	30	28	17	13	48	1258
Women	26	27	14	9	51	1779
Age						
16-24	19	21	9	4	61	216
25-45	28	29	16	12	46	1104
46-64	34	30	17	13	45	952
65+	21	21	14	9	59	765
Employment. Status						
Employee	32	29	16	11	45	1488
Self employed	32	30	25	18	44	181
Region						
North	29	22	12	9	54	801
Midlands	27	27	17	12	48	824
London	19	26	14	9	52	243
South east	33	34	19	14	42	438
South west	32	31	16	12	46	288
Wales	28	27	17	9	49	190
Scotland	19	25	11	8	59	253

.. less than 0.5%

Respondents participating in the qualitative study were selected according to whether they were aware or unaware of the charitable giving tax incentives and whether they gave to charity using tax-efficient methods.

Although respondents may have been aware of the tax incentives there was a marked lack of knowledge and understanding about the details of tax incentives. Knowledge gaps included the name of the tax efficient method, how it worked, and the financial benefit to the charity. Despite this, respondents tended to know slightly more about the tax-efficient methods that they were using. However, it was clear that they had not generally sought out information about charitable giving tax incentives – they simply used them when asked to do so by a charity:

‘I just signed the slip they told me to coz they said the charity would get more money’.

(Female, Donor, Aware of tax relief measures, Uses tax relief)

Overall, respondents were more aware of Gift Aid and Payroll Giving, if not by name, then by concept. There was very little awareness of tax relief on shares/ tax relief on gifts of land or building amongst the qualitative respondents. They also showed **very** little interest in using them in the future because they did not feel that they would ever be in a financial position to give shares or land to charity and would choose to pass these on to family and friends first and foremost.

When the concept of tax-efficient methods of giving was explained, respondents tended to be very positive about them, particularly Payroll Giving and Gift Aid. For instance they wanted to know more about them and were even disappointed that they had not used them to make charitable donations. They wanted to know the following information:

- *What the range of tax efficient methods of giving were and the differences between them;*
- *What was entailed in using tax efficient methods of giving;*
- *How tax efficient methods benefit the charities;*
- *Who benefits from the tax efficient methods – the charity and/or the individual? The following two concepts were particularly problematic:*

‘The employee gets tax relief at his/her top rate of tax. The charity also benefits as it receives any donation as though tax had been paid on it and so the charity receives higher donations’- ‘The employee gets tax relief’, how do both the employee and the charity benefit?

‘If the individual paid tax at the higher rate s(he) could get relief on the gift on the difference between the basic and higher rate’- How does this work in practice?

Are higher rate taxpayers able to receive higher rate tax relief on their donations to charity?

Is a signature needed for the charity to receive tax relief on their donations, or is verbal consent alone enough? This question arose because some respondents claimed to have given verbal consent to using Gift Aid when giving over the telephone, while on other occasions they had been required to provide a signature.

Specific questions also arose concerning Payroll Giving:

How would their company go about setting up the scheme?

Who selected the charities; does the employer or individual choose?

Respondents with a comprehensive understanding of how tax incentives worked were a rarity and tended to have been introduced to them by a charity in the first instance. They subsequently appreciated the added benefits of using them in future donations although like other donors, they were also prone to ‘dropping money in tins’ and ‘envelopes’, implying that giving was not a consequence of tax incentives, but that tax incentives were a benefit of giving. Those who had knowingly used tax

incentives indicated that in future they would actively request the ‘tax incentive option’ for future donations.

5.1.1 Knowledge of Payroll Giving

Respondents with any knowledge of tax relief were asked how they first learned about it. Table 5.3 shows the most important source of information about Payroll Giving was the employing organisation.

The qualitative study suggested that employers introduce information about Payroll Giving when employees first start at their company. Respondents said that the information was generally provided in a ‘new starter’s pack’ along with information about company pension schemes, holiday entitlement and other company information.

However, respondents in the qualitative study also reported feeling ‘quite overwhelmed’ with the extent of company-related information that was provided to them at this stage. Consequently, issues such as Payroll Giving were lost in the background of information and so forgotten or overlooked. It was suggested that the scheme should be reintroduced to the employee at a later, ‘less stressful’, time.

“I do use the Payroll, but to be honest with you, I didn’t really, it was in my first week at the job I selected to do it and in the first week of the job, I was given so many forms to fill in, so I didn’t actually read it, but when I get my pay slip, there are so many things on there because I’ve got a student debts and things like that, I don’t read it.”

(Groups, Newbury, Male, Donors)

5.1.2 Knowledge of Gift Aid

Gift Aid by contrast is promoted primarily by the charitable organisations that provide information and paperwork (Table 5.3).

However, from the qualitative work it was clear that charities were inconsistent about the extent of information they provided about tax incentives. Some charities gave clear information to donors, which enabled them to understand the benefits of tax incentives, prompting future use. Others instructed donors to sign a document or asked for verbal consent over the telephone, without providing any clear explanations.

For both schemes the media (newspapers, television, radio or internet) also play a key role in disseminating knowledge of tax relief opportunities. Indeed the media represents the main source of awareness about tax relief on shares, land and buildings among the relatively small proportion of respondents who knew anything about them. There is little difference in the source of exposure to the schemes among men and women.

5.1.3 Knowledge of gifts of shares and land

The primary source of information about tax relief on gifts of shares and land is the media, followed, to a much lesser extent, by charitable organisations and friends or relatives. This is not surprising given how few the number of people in a position to donate land or shares. In order to gain a better understanding of this form of charitable behaviour a stronger focus on the more wealthy would be advisable.

Table 5.3: Exposure to charity tax relief schemes

	All	Men	Women
How did you first learn about?			
Payroll Giving			
Employer	45	47	44
Media ¹	26	27	24
Charitable org.	16	14	17
Relative/friend	13	11	14
Inland Revenue	4	5	3
Financial adviser	3	4	2
Other	3	4	3
Gift Aid			
Charitable org.	55	50	58
Media ¹	28	32	25
Relative/friend	9	9	9
Employer	6	6	6
Financial adviser	2	2	2
Inland Revenue	2	3	1
Other	6	6	6
Tax relief on shares			
Media ¹	41	46	37
Charitable org.	24	19	28
Relative/friend	13	13	12
Employer	8	9	8
Financial adviser	6	7	6
Inland revenue	4	6	3
Other	9	7	10
Tax relief on land			
Media ¹	44	44	43
Charitable org.	19	18	20
Relative/friend	14	13	15
Employer	8	8	7
Inland Revenue	6	7	5
Financial adviser	5	7	3
Other	9	9	9
Base	342	170	172

1. Newspaper, television, radio or internet.

5.2 Use of charity tax schemes

This subsection raises the question of how widespread the use of tax relief schemes are when making donations using planned methods, sponsoring somebody or using charity envelopes. Over half the sample, (57 per cent) who made a planned donation said they did not take advantage of tax relief possibilities (Table 5.4). This reflects findings from the previous sub-section which showed that half the sample had not heard of any of the tax relief schemes associated with charitable giving.

Gift Aid is the most widely used of the new charitable giving tax reliefs with 39 per cent of those who had made a planned donation in the previous year, sponsored someone or made a donation using a charity envelope, having used it. Widening the sample to include all respondents who indicated they had made a charitable donation in the previous year (ie. a sample of 3356), the number of Gift Aid

donors represents 20 per cent. The numbers using tax relief on shares or land/buildings were too few at 19 to allow for analysis.

In Table 5.4 the base for Payroll Giving is reduced to employees only, that is people who are on a payroll and therefore in a position to use this method. Using this method of calculation 7 per cent of the employed used Payroll Giving, rising to 9 per cent among men, 8 per cent among those aged 25-44 and 11 per cent of men aged 25-44. Extending the base to include the full sample who answered the question “Have you given to charity in the last year?” the percentage of Payroll Giving users falls to a stable two per cent.

Table 5.4: Use of tax relief in charitable donations¹

	Payroll*	Gift Aid	None	Cell percentages Total base_
All	(7)	39	57	(991) 1586
Men	9	37	57	661
Women	4	41	57	925
16-24	..	..	77	74
25-44	8	44	51	615
45-64	6	38	57	564
65+	..	43	56	333
Employed	7	41	54	893
Self-employed	34	65	98	

.. percentage based on cell size of less than 20

* only the currently employed selected

1. This question only addressed to respondents who made a charitable donation in past 12 months, excluding those who only made a loose change spontaneous donation but including respondents who sponsored someone or used a charity envelope.

2. 14 respondents used tax relief on shares (6 men and 8 women), 5 respondents used tax relief on a donation of land (3 men and 2 women).

Chart 5.1 highlights the extent to which Gift Aid has become a fairly common scheme used by 37 per cent of men and 41 per cent of women, while Payroll Giving remains a little used scheme, by nine per cent of men and four per cent of women.

Chart 5.1: Use of tax relief in charitable donations

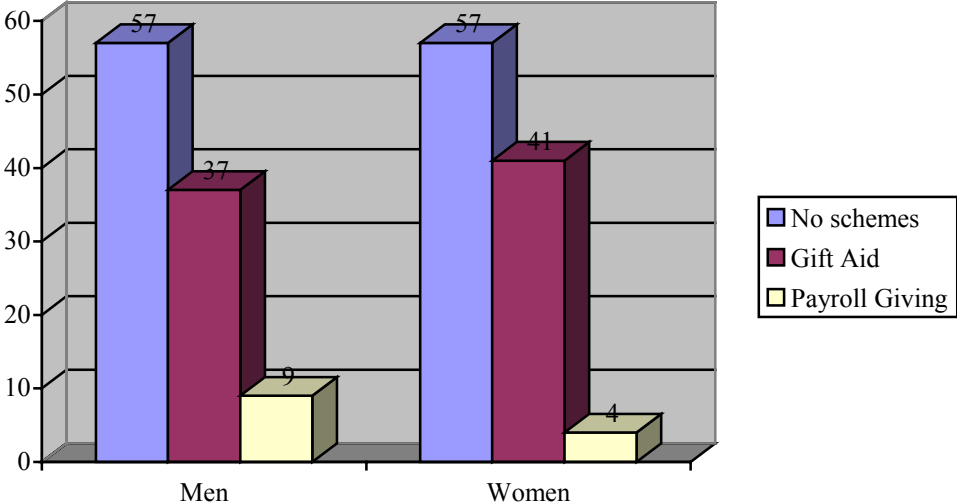


Table 5.5 outlines respondents’ plans to use tax relief schemes over the coming year. Two sets of data are provided. The first relates to the full sample and shows what proportion plan to use the separate schemes. The second is referred to as the ‘reduced sample’; it yields higher percentages as the base duplicates the sample used in Table 5.4 for comparative purposes - specifically, only those who made a donation by tax efficient means of planned donation, sponsorships or charity envelope. Comparing current use shown in Table 5.4 with planned used among the reduced sample in Table 5.5 indicates whether use of tax relief schemes can be expected to increase or remain stagnant.

Looking first at the findings relating to the full sample, three quarters had no intention of using tax relief schemes in the near future. This high percentage is not surprising given that the majority made only spontaneous donations that were not eligible for tax efficiencies. Nevertheless one quarter did anticipate using Gift Aid in the coming year. Among the reduced sample of planned givers, those sponsoring and using charity envelopes only half expected to use no tax relief schemes, a drop from the 57 per cent who currently did not use such schemes reported in Table 5.4. Anticipated use of Payroll Giving changed little from current density of use while anticipated use of Gift Aid rose from 39 per cent current usage to 46 per cent expected use over the next 12 months. It is hard to speculate on whether stated plans to use schemes will translate into behaviour.

Table 5.5: Use of tax relief schemes: Plans for the future

Do you plan over the next 12m to continue/start using any of these methods?

Full Sample	Percentages		
	All	Men	Women
None of these	73	72	72
Gift Aid	24	23	25
Payroll Giving*	5	6	4
Tax relief on shares	1	..	..
Tax relief on land	..	..	..
Base	3339	1434	1905
Reduced Sample**			
	All	Men	Women
None of these	50	50	50
Gift Aid	46	45	47
Payroll Giving*	8	11	5
Base	1586	661	925

* only the currently employed selected ** only those who made a planned donation this year ie. those asked if they use any tax relief schemes in table 5.4

Columns exceed 100% as multiple responses are permitted

Full sample base: 3339, reduced sample base: 1586

In general, respondents in the qualitative study indicated that they would use tax incentives in the future if they were available, but would also continue giving through non-tax efficient methods, such as collecting tins, as this appealed to the impulsive aspect of charitable giving.

‘...And lots of times their marketing’s very good, If I walk down the street with my little girl, she can’t wait, she sees one and gets a sticker, ‘mummy let’s have the money’, coming out of Sainsbury’s she sees the guide dog for the blind stood in there, they want to do it don’t they? So no, I don’t think they should take them off the streets’

(Groups SW, Female)

Users and non users of tax incentives also considered that they would continue giving to charity and give the same amount of money in the future with or without tax incentives. They argued that they gave to charity for other reasons and not as a consequence of there being tax relief.

‘You’re always going to give when you’re on the street, if somebody walks past and you’ve got some change, you’re always going to give the same amount, it’s not going to change...it’s not going to make any difference, you’re not necessarily going to give more or any less, I think you’re going to give what you’ve got on you...your decision to give to a particular charity is not based on whether you’re going to get tax relief, if you get a tax relief it’s just a bonus’

(Group NW, Female)

However, the younger respondents who were on lower incomes thought that they might reduce their donations if the charity could claim back the tax, although they conceded that the process of calculating the tax benefit to the charity was too complicated for them to deal with and they may not therefore alter their level of donation.

Respondents to the ONS Omnibus survey who said they gave in ways that qualified for tax relief but, as far as they could remember, failed to take up the relief available, were asked why they had not done

so. Table 5.6 shows the main reasons they chose from the showcard they were offered. Most commonly they said they gave only occasionally, from time to time. Others reported that they just did not get round to it or were unaware of the schemes as they gave only small amounts. This last reason is based on the mistaken assumption that Gift Aid applies only to regular or larger donations. Given this range of reasons it is likely that a public education program, highlighting the types of donation eligible for tax relief, would improve rates of use.

The second greatest obstacle would appear to be lethargy. People just do not get round to it or complain that there is too much effort involved. However, the qualitative study found that respondents who had used tax incentives when giving to charity found the process easy to use. This was expressed both by people who gave regularly by direct debit using Gift Aid and through Payroll Giving as well as those who gave on a less regular basis.

‘I contacted payroll and said I’d like to do it and they said ‘certainly, we’ll sort it out from your next pay’, simple as that, but I don’t remember signing anything.

(Male, Donor, Aware, Uses tax relief)

This reinforces the point that access to more information may help donors appreciate how simple and straightforward the process is. People who did not use tax efficient methods, or those who did use them but failed to claim the tax relief, said they found the prospect daunting - it is too complicated to understand or operate. However, the qualitative data suggests (and this is also borne out by the quantitative data later in Section 6) that those that did give and who also claimed tax relief, said it is perfectly simple to understand and no trouble to do.

Table 5.6: Reasons for not claiming tax relief among those who made gifts to charity that would qualify for relief

	Percentages		
	All	Men	Women
Unaware of them	16	13	18
Charity did not inform me	..	..	..
Employer doesn’t run PG scheme	5	..	..
I didn’t realise they apply to me	9	8	9
Too complicated to understand	4	..	..
Too much effort to arrange	7	10	..
Donations should be independent of gvt.	6	7	5
Advised not to	..	..	..
Only give from time-to-time	32	33	31
Someone else takes care of tax matters	..	..	..
No real reason, I just didn’t get round to it	28	31	26
Didn’t realise they apply to small amounts	13	15	12
Other	13	10	15
Base	878	365	513

Base: People who made a planned donation to charity in the past 12 months but did not use tax relief.
 Column percentages exceed 100% as multiple responses permitted.
 .. cell size smaller than 30

The main reason from the qualitative research for not using tax incentives when giving to charity was lack of awareness. However, even those who were aware commented that giving to charity was so ‘quick’, that unless they were prompted by the charity representative, they seldom remembered about tax incentives.

‘It doesn’t always say it on application forms (about tax incentives)...You don’t do it, you just always want somebody to tell you exactly what to do, to inform you, because you don’t have the time or want to take the trouble to inform yourself of exactly what it is that you’re doing’

(Female, Donor, Aware, Uses tax relief)

Other reasons for not using tax incentives when giving to charity included:

- **Tax incentive not available** – This generally applied to people who gave using collecting tins, envelopes and other methods that did not attract tax relief.
- A view that charitable giving tax incentives were **only for the wealthy** and did not apply to them.
- **Payroll Giving not available** - respondents were either not aware of whether their employer operated a Payroll Giving system or knew that this was not available through their current employer.

‘Yeah, that’s quite a good one I think, if you work for a big company, they could have people coming in and show you packs to show what you’d given your money to as well, so if you were in the staff room, you could probably have a look at it and see what you’re helping’

(Group SW, Male)

5.3 Multivariate analysis: use of tax efficient schemes

This section explores the factors associated with claiming or failing to claim the tax efficiencies available on gifts to charity among the sub-population of people who give in ways that qualify for relief. Extending the bivariate analysis of Table 5.4 a probit regression was performed, presented as Table A3 in Appendix A. The model investigates the probability among planned givers⁴ of using tax efficient methods. The dependent variable takes a value of 0 if no tax relief scheme was used when making a planned donation in the previous year and takes the value of 1 if a tax relief scheme was used.

We saw earlier that women were more likely to have made a donation or a planned donation over the previous year. Among these planned givers women were also more likely than men to have used the tax relief schemes available.

Similarly we saw that the probability of giving using planned or non-planned methods increased with age, but in this case the probability of using tax relief schemes was not significantly different among the different age groups above 25. The youngest age group however was significantly less likely to use tax relief schemes.

The probability of using tax efficient methods was fairly uniform across all regions with the exception of the South West whose residents were significantly less likely to take advantage of the tax benefits associated with Gift Aid, Payroll Giving and other schemes associated with the donation of shares, land or buildings.

There were no differences among different housing tenure groups in the use of tax relief when making a planned donation apart from public sector tenants who were both less likely to make a charitable donation and when they did make a planned gift they were significantly less likely to use a tax relief scheme.

⁴ The sample of planned givers includes respondents using the following methods of giving which are amenable to tax relief; occasional or regular donations by cheque, debit or credit card, direct debits or standing orders, the giving of shares, land or buildings, the use of Payroll Giving, sponsorships, charity envelopes and entrance or membership fees at a public place.

Compared with the unemployed on the one hand, and employees on the other, the self employed had a reduced probability of using tax relief schemes when making a planned donation. This finding is partly attributable to the fact that the option of Payroll Giving is not available to them. However, they did exhibit lower rates of Gift Aid use than their employee and unemployed counterparts.

There was some association between marital status and the use of tax relief schemes with divorced people less likely to use them but no observable differences in usage among all other marital states.

The better educated the respondent the greater the probability that s/he would have used a tax relief scheme. It is possible that the better educated are exposed to a wider array of information sources and therefore greater awareness leads to greater levels of use. The simplicity of the schemes in practice, highlighted in previous sections, would seem to preclude the possibility that the better educated are more able in some sense to use the schemes.

The modelling explored the separate effects of income and 'taxpayer status' – whether respondents paid no tax, paid at the standard rate, or paid at a higher marginal rate. Obviously these are interdependent variables: broadly, the more income you have the more likely it is you pay tax, or pay at a higher rate, though it does depend on your circumstances too. The results showed that in equations that excluded income, taxpayer status was highly significant. Higher rate taxpayers who gave in ways that qualified for tax relief were more likely to take up the relief available compared with standard rate taxpayers who, in turn, were more likely to take them up than the non-taxpayers who gave to charity in these ways, all other factors, *except income*, being equal. However, when gross income was put into this equation as well, taxpayer status vanished from the list of significant variables. So it is income and not taxpayer status that is the determining factor: other things being equal, people with higher incomes are more likely to give in tax efficient ways and to follow through and claim the relief available.

6 Changes to tax relief schemes: an assessment of their impact

Changes were made to charitable donation tax relief schemes that applied to Gift Aid, Payroll Giving, Self Assessment Form returns and some charitable donations of land, buildings and shares as part of the 'Get Britain Giving' initiatives. The details were outlined in the introduction. The impact of each of these schemes will be considered in turn except the latter as too few land/building/share donors were sampled.

6.1 Payroll Giving

The most important factors influencing the use of Payroll Giving were explored in addition to problems associated with its use. The impact of changes to Payroll Giving introduced by government in 2000, including the abolition of the £1,200 upper annual limit to donations and the introduction of a 10 percent government top-up, are assessed in terms of changes to the value and incidence of giving. It is hoped that people will be motivated to give sums greater than £100 per month by removing the upper annual limit. In addition, by increasing the actual value of donations by 10 per cent an extra incentive to give is provided. The discussion is exploratory in nature and tables present raw numbers rather than percentages, as the sample of payroll givers is small at just 63.

Table 6.1 outlines the extent to which changes to the rules associated with Payroll Giving have affected the amount given by such means and secondly whether use of Payroll Giving has had an impact upon charitable donations generally. Of the 63 payroll Givers, 13 began using Payroll Giving in the last year, 27 in the last 2-4 years and a further 23 began before 2000, more than four years ago.

The 23 people in the survey who began using Payroll Giving over four years ago were asked whether they had changed the value of their donation since the changes implemented in 2000. Most had not made any changes while seven people increased the value of their donation. Of these seven neither the 10 per cent top-up nor the abolition of the £1,200 ceiling had much bearing on their decision. Six respondents claimed the 10 per cent top-up was either not at all important or they had not heard of it. Four people had not heard of the upper limit abolition. Clearly these results are merely indicative, based on very small numbers, but the 10 per cent supplement does not appear to be associated with increased contribution levels. Given that the overall value of total charitable donations in a one year period stood at just £145 on average (Table 4.4) it is not surprising that the abolition of the £1,200 ceiling was only cited as important by two people in their decision to give more. The average annual donation by Payroll Giving among men and women stood at £123 ranging from £3 to £500 with one further individual giving £1,500 over the year.

Question 5 shown in Table 6.1 asked what impact starting Payroll Giving since 2000 had on the amount given to charity generally. The 40 people who began using Payroll Giving within the past four years were evenly split between those who increased their giving over the period and those for whom there was no change. This is a positive finding for charities. One potential concern associated with this form of charitable donation is that by using Payroll Giving people will concentrate their donations into this one method, possibly choosing just one charity and that as a consequence many other smaller charities may ultimately lose out in this process of 'rationalisation'. On the other hand, responses to questions 6 and 7 in table 6.1, asked of all 63 respondents, indicate that Payroll Giving played an important role in the decision to give at all among three quarters of those using this method. About a third would stop giving or give less if Payroll Giving was not available.

Table 6.1: Impact of Payroll Giving on charitable giving generally

	N
1. When did you first start using Payroll Giving?	
Within the last year	13
Within the past 2 years	9
Within the past 4 years	18
More than 4 years ago	23
N	63
2. If more than 4 years ago, since 2000 have you changed the amount you give?	
Yes increased	7
Yes decreased	0
No, continued to give same amount	16
DK	0
N	23
3. If started using Payroll Giving more than 4 years ago and have since increased amount given; how important was the introduction of the 10% supplement in 2000 in your decision to increase the amount you give?	
Very important	0
Quite important	1
Not very important	0
Not at all important	3
Not heard of it	3
N	7
4. If started using Payroll Giving more than 4 years ago and have since increased amount given; how important was the abolition of the £1,200 ceiling on annual donations in 2000 in your decision to increase the amount you give?	
Very important	1
Quite important	1
Not very important	0
Not at all important	1
Not heard of it	4
N	7
5. When you started using Payroll Giving since 2000, what impact did it have on the amount you give to charities generally?	
Increased	19
Decreased	1
No change	18
Did not give before	2
N	40
6. Overall how important is the option of being able to use Payroll Giving in your decision to give to charities?	
Very important	17
Quite important	31
Not very important	12
Not at all important	3
N	63
7. If Payroll Giving was no longer available would you;	
Stop giving money to charity	6
Give less money	16
Give same amount	35
Give more to charity	4
N	61

Table 6.2 highlights the reasons given for using Payroll Giving. Simplicity carries a lot of weight; half the respondents began using Payroll Giving because it was easy to do, a reason listed as the most important by nearly half. An employer introducing a scheme and presumably actively promoting it fairly widely within the organisation was another important incentive to use Payroll Giving for a little under half the sample of users. Eleven people claimed the government supplement of 10% of all donations influenced their decision to use the method – a little under one quarter of respondents.

The importance of employer dissemination is highlighted by Lord Joffe (former head of Oxfam) who blames British companies for the fact that while one third of American staff use Payroll Giving, just 2 per cent of British staff are enrolled⁵ - despite comparable tax benefits associated with the schemes in the two countries (The Economist, 2004). While British companies rarely promote the scheme, in America Payroll Giving is both widely promoted and indeed expected.

Table 6.2: The most important factors influencing the use of Payroll Giving

N	Reason cited ²	Most important reason
	It was easy	22
	Employer introduced the scheme	11
	Started work with an employer who ran the scheme	6
	The government give a 10% supplement	7
	The charity asked me to do so	
	I got tax relief	3
Base		56

1. Sample includes all Payroll donors except those who commenced prior to 2000 and have since increased the value of donations.
Multiple reasons permitted

To shed light on the potential problems people may encounter when giving to charity by means of Payroll Giving, respondents were asked to list the difficulties they experienced when setting up their donations. These difficulties may deter future donors from using this method of giving. From Table 6.3 it is apparent that the overwhelming majority of payroll donors found the scheme to be free of difficulties. The forms were neither too complicated nor long, difficulties associated with cancelling or amending donations were not anticipated and information relating to the scheme was readily available.

⁵ Joffe is probably referring to the proportion of British people who use Payroll Giving – seen in this survey at three per cent. Our figure for the proportion of employees using payroll methods is seven percent, though still a far cry from a third.

Table 6.3: Difficulties associated with Payroll Giving

Which of the following difficulties have you encountered using PG?

	N
No difficulties	53
Did not understand how to claim tax relief	3
The forms are too long	2
Not easy to cancel or amend donation	2
Could not find enough information	1
Too complex	1
Other	1

Base: Payroll Giving donors, N=63

6.2 Gift Aid

In this section the impact of Gift Aid on the amount and incidence of giving to charity in general is examined. Two central questions are raised. First, to what extent does the existence of a tax relief scheme such as Gift Aid act as an incentive to give to charity at all and, given the tax relief boost of 28 per cent, are people thereby encouraged to give more or less? Second, among Gift Aid users who commenced prior to 2000, the point at which changes to the scheme were implemented, what impact did the changes have upon the value of giving? In theory, removing the minimum £250 limit of eligibility should encourage more people to use the scheme rather than increasing the value of donations by those who already used Gift Aid prior to 2000. However, abolition of the minimum £250 donation may also cause increases in the total value of donations over the year as a wider range of smaller scale giving behaviour becomes eligible for tax relief.

Prior to 2000, tax relief on donations less than £250 in value was available but required the long-term commitment of a minimum of three years' funding by the donor who was required to enter into a deed of covenant. It was clear from Table 3.2 that willingness to make a regular commitment to a charity is not widespread with just 11 per cent of the sample using direct debit or standing order methods of giving. From this perspective Gift Aid is a far more effective tax relief scheme as it can apply to single donations which are far more attractive to the majority of donors. From 2000, Gift Aid came to replace the old system of covenants. As the covenant and Gift Aid schemes are so distinct we assume that respondents would not confuse the two prior to 2000.

If an individual believes his/her donation will become more valuable by means of tax relief it is possible he/she will be more motivated to give in the first place and may also be inspired to give more. In Table 6.4, the responses to question 1 present findings from a sub-sample of people who started using Gift Aid post 2000. The majority who started using the scheme at that time made no adjustments to the amount they give to charity in general, they simply started to give tax efficiently. It is possible that they previously used covenants but this cannot be determined from the data available. Fourteen per cent however claimed that their use of Gift Aid prompted them to increase the total value of their donations. (This could either be through more money to those charities they already supported or increasing the number of charities to whom they gave.) Plausibly the additional tax relief at 28p in the pound to be given by government acted as an incentive for this group to give more in the knowledge that their donation would be made to 'work harder'. Interestingly nobody appeared to take the opposite view that as their donation was to be extended by government they could actually give less without causing any overall loss to the charity concerned.

Questions 2 and 3 in Table 6.4 were addressed to all Gift Aid users. From question 2 it would appear that the availability of Gift Aid is important for nearly two thirds of users (61 per cent) in the decision to give to charity at all. However, there is some contradiction at question 3 where 90 per cent of

respondents state that if Gift Aid were no longer available they would continue to give the same amount of money to charity in general, implying that Gift Aid is not important after all. The series of questions have therefore generated something of a mixed message.

Table 6.4: Impact of Gift Aid use on charitable giving generally

	%
1. When you started using Gift Aid since 2000, what impact did it have on the amount you give to charities generally?	
Increased	14
Decreased	1
No change	81
Did not give before	4
N	441
2. Overall how important is the option of being able to use GA in your decision to give to charities?	
Very important	25
Quite important	36
Not very important	25
Not at all important	13
N	652
3. If GA was no longer available would you;	
Stop giving money to charity	2
Give less money	4
Give same amount	90
Give more to charity	5
N	652

Base q.1: People who started using Gift Aid since 2000

Base q.2-3: All Gift Aid users

The use of Gift Aid does not benefit the donor and the main reason it is used is to benefit the charity as shown in Table 6.5. Other common reasons cited for using Gift Aid include the fact that it is easy to use and as a consequence of a charity making a direct request for the scheme to be used. These findings emphasise the importance of charities drawing attention to the scheme and prompting people to respond. The fact that the scheme is used because it is easy to do so suggests that it is well designed and quick to use. This element of the scheme is therefore working well, a supposition supported by the results shown in Table 6.6. In response to a question asking which difficulties were encountered when using Gift Aid the overwhelming majority of 95 per cent stated there were no difficulties.

Table 6.5: The most important factors influencing the use of Gift Aid¹

	Reason cited ²	Most important reason
Percentages		
Because the charity gets more at no cost to me	77	71
It was easy	37	16
The charity asked me to do so	36	10
I got tax relief	7	..
A financial adviser told me to	..	..
Base	550	550

1. Sample includes all GA donors except those who began use prior to 2000 and have since increased the value of their donations.

2. Multiple reasons permitted

3. .. less than 0.5%

Table 6.6: Difficulties associated with using Gift Aid

Which of the following difficulties have you encountered using Gift Aid?

	%
Could not find enough information	..
The forms are too long	..
Too complex	..
Did not understand how to claim tax relief	..
Other	..
No difficulties	95
N	652

Base: People who have used Gift Aid in past year

Table 6.7 establishes who started using Gift Aid before 2000 in order to ascertain the impact of removing the £250 lower limit. Focussing upon those who started giving by means of Gift Aid prior to 2000, half of this group of Gift Aid donors have increased the amount they give since 2000. Among those increasing their contribution, one quarter claimed that the removal of the £250 floor was important in their decision to increase their donation to charities overall. Presumably the increase arises as a result of people giving amounts less than £250 more often. One or more donations of £250 plus may have been replaced since 2000 with more frequent donations of less than £250 which, in combination, exceed previous levels. As the range of methods of giving which are eligible for Gift Aid tax relief become more widespread (now embracing charitable envelope donations, admissions to stately homes, museums and zoos etc) and tend to attract donations of less than £250, their proliferation may also explain the increase in value of total donations since 2000.

Table 6.7: Importance of change in tax law relating to Gift Aid

1. When did you first use Gift Aid?	N
Within the past year	151
Within the past 2 years	161
Within the past 4 years	129
More than 4 years ago	206
N	647
2. If first used GA more than 4 years ago: Since April 2000 have you changed the amount of money given by Gift Aid?	%
Increased	46
Decreased	5
No change	45
Don't know	4
N	206
3. How important was the removal of the minimum limit for donations of £250 in your decision to increase the amount you give to charities?	N
Very important	15
Quite important	9
Not very important	17
Not at all important	36
Not heard of it	17
N	94

Base q1: People who have used Gift Aid in past year (less 6 who did not respond to this question)

Base q2: Gift Aid users who began using the scheme prior to 2000

Base q3: Gift Aid users who began using the scheme prior to 2000 and have since increased value of donations using this method.

Amongst the qualitative study respondents, awareness of the tax rules relating to charitable giving were also very low. Consequently the recent changes were virtually unrecognised. Lack of awareness was attributed to a general lack of interest in tax and tax laws together with a perceived absence of advertising. However when the charitable giving tax rules were explained to the respondents they were largely enthusiastic about some of the changes.

In particular they felt that removing the minimum donation limits was fair because it opened up the scheme for more people, particularly those giving smaller amounts of money. Respondents also considered that this change would benefit the charities as it enabled more people to give tax efficiently.

‘And charity is going to benefit straight away...and not everybody can afford to give the amount, and now they’ve dropped the level, more people would be able to do it’

(Groups SW, Male)

Despite the welcomed changes there were respondents who were concerned about the increased costs that might be involved in removing the minimum limits. For example, one respondent argued that the added administration costs involved in small donations could potentially outweigh the benefits.

Respondents in the qualitative research also questioned why the government had removed the additional 10% donation on Payroll Giving. Initially it was believed to be rather ‘typical’ and ‘unfair’ of the government to do this, although after some thought they concluded that the removal of the government supplement was necessary in order to abolish the minimum limits.

‘Yeah, but they’re also enabling more money to be given, therefore more tax to be paid back, therefore that means they’re losing money on tax (talking about the government paying back more overall on tax incentives).

(Female, Non donor, does not attract tax relief)

However, as awareness of the additional 10% donation on Payroll Giving was relatively low its abolition was not felt to have an impact on their charitable giving behaviour.

6.3 Self Assessment Form Declaration

Self Assessment Form giving is a new method of giving to charity tax-efficiently. Introduced in April 2004, the scheme is too new to assess take-up but people’s familiarity with and anticipated use of the scheme were explored. The method offers a convenient means of giving tax rebates to charities and has the potential to increase the incidence of giving among the self-employed who are currently under-represented among donors in the UK, since they are required to complete self-assessment returns. Those completing Self Assessment Forms are asked whether they would like to donate either all, or a proportion, of any tax rebates that may be due to a charity of their choice.

Table 6.8: Awareness of Self Assessment form giving

% who have heard about nominating a charity on Self Assessment Forms		
	%	Base
All	7	3355
Employment Status		
Employee	6	1607
Employee (standard tax rate)	5	1291
Employee (higher rate tax payer)	12	245
Self employed	15	206
Gender		
Men	9	1442
Women	5	1913
Age		
16-24	..	266
25-44	6	1211
45-64	8	1039
65+	9	839
Income		
0-10,400	5	1329
10,401-20,800	6	916
20,801-28,600	9	315
28,601+	13	396
Use of SA form		
Do fill in SA form	19	534
Do not fill in SA form	5	2818

It is informative initially to establish who has heard of the new scheme among the population as a whole. Results are presented in Table 6.8. Only 7% of the population had heard of Self Assessment form giving. This figure rises to 15% among the self employed, 13% among those with an income over £28,600 per year and 19% among those who actually fill in a Self Assessment form each year. With only one in five people who complete Self Assessment forms aware of the scheme there is considerable scope for improvement. Familiarity with Self Assessment Form giving is less widespread than for Payroll Giving and Gift Aid (28 and 27 per cent respectively) but this is to be expected given how recently the initiative was introduced. The first wave of the survey was sent out in March, this was prior to April when the first Self Assessment forms with the charitable donation options would have been available.

Among the qualitative respondents there was little awareness of the facility to give to charity through the Self Assessment return because it was a relatively new concept and may not have applied when they last completed their tax return. This was true for both represented and unrepresented taxpayers.

Respondents had mixed feeling about using the self-assessment return to give to charity in the future, for the following reasons:

It was considered to be a rather ‘unusual’ method of giving to charity, as the concept of giving to charity did not seem to have an immediate synergy with self-assessment. Consequently, respondents felt that they would not automatically consider giving this way although increased awareness of the process might alter people’s perceptions in the future.

Self-assessors also indicated that they liked to give to charity both irregularly and regularly throughout the year and were unlikely to save up and make a ‘one off’ donation through their self-assessment return.

Self assessment returns were seen as complicated and quite stressful to complete which was not conducive to feeling charitable.

Rebates from the Inland Revenue were perceived to be rare, and viewed as a bonus for the individual, rather than a donation to charity. *'Getting a rebate is a perk for the individual; I don't think many would give it straight back'*.

Making a donation through self-assessment was also thought to lengthen an already long form.

Concerns about which charities would be approved by the Inland Revenue. Respondents would be more inclined to give through Self Assessment if their charity was included on the 'approved list'. Overall, people were unlikely to select an alternative, if their favoured charity was not on the approved list.

Despite some of the concerns raised, respondents also acknowledged the necessity for a system which enabled the self employed to give to charity in a tax efficient manner. Giving to charity through Self Assessment was therefore thought to offer similar benefits to the self-employed, as Payroll Giving offered to those taxed at source.

Respondents also appreciated that giving through Self Assessment could appeal in particular to those who gave large sums of money to charity, and/or received large rebates as it would be such a simple system to use.

'You just tick a box, you don't have to physically send the charity a cheque, it's not difficult'

(Groups, SW, Male)

Advertising was felt to be needed to promote such a facility:

'...they spend millions of pounds each year letting us know on the TV about Self Assessment forms, why they don't just put something on television about that as well'

(Groups, Midlands, Female)

Table 6.9 shows the proportion of the sample who fill out Self Assessment forms. Sixteen per cent of the whole sample (ie. 537 people), including 70 per cent of the self-employed, complete Self Assessment taxation forms. These 537 respondents were asked whether they planned to use the charitable scheme associated with this form of taxation payment.

	% yes	Base
All	16	3354
Gender		
Men	24	1441
Women	11	1913
Employment status		
Currently employed	14	1606
Currently self employed	70	206

Table 6.10 outlines the extent to which Self Assessment Form users expect to use the method of donating tax refunds to charity in the coming years. Anticipated use is still quite low with just 15 per cent expecting to give in this manner. The differences between the employed and self employed, men and women are not great. However, taking a more comparative perspective, the anticipated use of Self

Assessment form giving at 15 per cent is double the actual levels of Payroll Giving which stand at 7 per cent of employees. As awareness of the scheme diffuses, levels of anticipated use are likely to translate into a higher degree of actual use. Of course it is difficult to draw conclusions from questions which ask about anticipated use given that awareness of tax repayments due are likely to be limited.

Table 6.10: Anticipated future use of Self Assessment Form giving

How likely is it that you will use your SA form to nominate a charity over the next few years?					
Percentages	All	Men	Women	Employed	Self-employed
Very likely	4	4	3	4	3
Quite likely	11	12	12	11	13
Quite unlikely	26	27	25	29	20
Very unlikely	59	58	61	56	64
N	527	330	197	346	171

Base: People who usually fill in a Self Assessment form each year

6.4 Suggestions for improving the system

Overall, respondents in depth interviews and groups all viewed tax incentives as an excellent way of benefiting charities, but also suggested some improvements to the current system. These included the following;

A view that charities should be able to automatically claim the tax on donations without the donor’s consent. This could be enabled by the following means:

Charities could claim on their aggregate income
 Use a weighted average tax relief between standard and higher rates.

- *Personal incentives for giving to charity tax efficiently such as monetary incentives for the individual. However this view was opposed by some on principle, as it was felt that the charity should be the main beneficiary.*
- *Improve awareness of the tax incentives through the media, Inland Revenue, employers, accountants and the charities themselves.*

In general, increasing awareness and improving communications about tax incentives was believed to encourage future use. However, respondents were divided as to whether the Inland Revenue or the charity should be doing the promoting.

Those who suggested that the Inland Revenue should promote the scheme felt that it would improve their public relations and reduce the charity’s expenditure on advertising. However, promoting through charities was believed to be more effective, as they had direct contact with the donors and people were more likely to act on their instructions.

It was also suggested that the effectiveness of communications could be improved through collaborations between charities and the Inland Revenue. This was particularly suggested for promoting the self assessment scheme, as respondents currently found it an unusual concept, and had difficulties linking the two ideas.

7 Conclusions

7.1. *The research methods appeared to work well.* The study presented a challenge familiar in social and economic policy research, to talk to representative members of the public about something they spend little time talking and thinking about themselves. Everyone can remember whether or not they gave to charity over the past year, since most people did. And people who give in regular and planned ways can be relied on to report what they do, though some individuals are not quite sure what their household does if their partner takes care of these things. But asking whether or not tax relief was obtained on such gifts, and why or why not it was obtained was difficult. The design of the study particularly had to take into account the risk of prompting respondents into answers to questions they did not really understand or had little connection with.

For these reasons a mixed approach was taken, using the ONS Omnibus Survey to establish nationally representative estimates and following up with in-depth interviews and focus groups to verify and gain more insight into the issues raised by the questionnaire. The methods chosen were broadly successful in obtaining considered answers to our questions. A strong part of the evidence for this is a good match between the distribution of the answers given to the mostly prompted questions in the ONS Omnibus Survey and the elaborated and argued responses obtained by BMRB from the in-depth interviews and focus groups.

7.2. *More people may give to charity than we thought.* Most surveys take a short-term view of giving and ask about people's behaviour in the last month, to increase people's chances of remembering what they did. Typically they find that about seven out of ten report a gift of some kind. In this survey, nearly everyone (nine out of ten) said they gave something during the past year. This reflects the fact that most donations are irregular and in any given month the chance of 'capturing' such behaviour is reduced compared with longer time frames of analysis. On the other hand annual questions may be open to telescoping effects with the last incidence of irregular giving *assumed* to be within the last year.

7.3. *There is substantial scope for increasing planned giving and the use of tax relief.* Whereas there was no obvious relationship between the rules of tax relief and the *amounts* that donors gave, the availability of tax relief undoubtedly encouraged the incidence of planned giving. Those that give say that it encouraged their giving. More than half the Payroll Givers and Gift Aid users said tax relief was important to them in their decision to give in this way. The majority of users said that the fact that the charity got more money as a result was the most important reason for using that method of donation. But, having chosen this method and put it into effect, they said they would continue to do it even if tax relief was no longer available. This is a slightly paradoxical but typically human response to questions like these. The tax relief element appears to increase the strength of an appeal to give in planned and qualifying ways. The convenience and good sense of the system itself appeals to them. This alone is sufficient reason to continue to give in this way, they say. It seems to follow, therefore, that greater promotion of planned giving and more organised and purposeful claiming regimes ought to result in greater uptake and higher rates of both giving and claiming. After all, a third of American employees use their form of Payroll Giving. It is true that Americans have a stronger tradition of direct charitable support, especially for locally based charitable activities that in Britain are more often the responsibility of the Local Authorities, for example. But seven percent is a long way from 30 per cent, so it seems fair to guess there may be an untapped 'market' yet to be stimulated effectively by promotion and advertisement. More people use Gift Aid but there might be more headroom for this method too.

7.4. *There is little resistance to claiming tax relief among qualifying givers.* The small minority who gave nothing to charity either stood on a principle or had nothing to give. In contrast, qualifying donors' answers to the questions about why they failed to take up the tax relief their gifts entitled them to claim were mundane, in many cases almost trivial. Even so, it is hard to judge how easy or difficult it may be to overcome inertia of this kind. It should be possible to provide greater prompting so they do 'get around to it'; and to get them to give up their simple but incorrect notions about what

kind or size of gift qualifies for tax relief. On the other hand, the thresholds for claiming tax relief are already low and disappointingly small numbers take it up. But it is at least encouraging to know that non-compliance is not based on protest or rejection.

7.5. A relatively small amount of skill transfer would be necessary in increasing giving and claiming. Overall, levels of awareness of tax relief are low; half the population has not heard of them and many of the rest had to be prompted into recognition. It would be only a small exaggeration to say that the only people who really know about it are those who use it. And many of these cannot tell you much about the rules and how they work. Yet for something that is such a mystery to many, and something they almost fear as being too hard to understand or to do, those that do use tax relief say it is perfectly simple to use and report no problems with it. It really should not be very difficult to raise people's awareness of the advantages of tax relief in charitable giving and to deal effectively with people's doubts. It was not part of the brief for this research to discover how awareness might be raised but a combination of national media advertising and point-of-contact prompting might be effective. As we point out above, as soon as people latch on to planned giving and its added bonus of tax relief, they are not resistant to it and appear to respond well. Employers might do a lot more and it would be interesting to discover whether there is any clear relationship between the rate of Payroll Giving and the extent of prompting by employers, controlling for different kinds of business and the social composition of their staff. Respondents also criticised charities for failing to prompt givers effectively.

7.6. The relationship between education, planned giving and the use of tax relief is important. A skill transfer model of giving and claiming is strongly reinforced by the impact of education. At each threshold of behaviour the impact increases: a small effect on giving, a greater effect on planned giving, greater still on the use of tax relief among planned givers, all holding equal the effects of age, sex, income, housing tenure, employment status and so on. Thus, the more simple instruction is given, the easier it is made to do, the easier it is to understand, the more the forms and procedures are made user-friendly and demystified, the more people will do it.

7.7. *Overall* It seems fair to conclude that if it were the purpose of policy to increase donations to charity in ways that attract tax relief and to increase the rate at which that tax relief is claimed by donors and by charities, then the following points made by this study are the most important:

Raising awareness of planned methods of giving and the tax relief they attract will have a positive effect.

Emphasising simplicity would have a similar effect. Those who claimed tax relief said they found it simple to do, which is something non-claimants doubted. Overcoming this doubt would lower planned donors' thresholds for claiming relief.

The greater effect of raising awareness and stressing simplicity would be on the take-up of tax relief rather than upon the incidence of planned giving. The reasons people gave for not giving were often quite strongly held. They were far stronger than the simple inertia and vagueness that seems to prevent about half those who do give following through on that commitment and securing the extra cash from the Treasury.

However, there seems to be no direct relationship between the rules of tax relief and the amounts people give. We did not try to establish numerically the extent that planned givers calculated the amounts they gave with direct reference to the amounts of tax relief they thought they might see. This would anyway be hard to establish solely with survey data. Again it is possible to design studies that might establish how people respond to experimental manipulation or to 'gaming' situations that balance amounts of donation with different amounts of tax relief or different contingencies or qualifying conditions. In the ONS Omnibus survey, we had only the smallest handful of people who were in a position to draw a direct connection between a change in their giving and a change in the rules of tax relief. Even among these, few acknowledged such a connection. More widely, in the reasons people gave for giving and not giving, or claiming or not claiming, few said that a calculation of the added value of tax relief determined how much they gave to charity. Nor is there any implication in the data of such an estimate done intuitively by respondents. And while it is hard to get such measures to work convincingly in a structured interview survey, the in-depth interviews carried out by BMRB and the focus groups they conducted, betrayed nothing of this kind of thinking among respondents.

Appendix A - Probit regression models of giving

Explanatory variables added to the three models in A1, A2 and A3 include:

Sex – men form the reference category.

Age – divided into the following categories; 16-24, 25-44, 45-64, 65+.

Highest educational qualification – this variable takes one of three potential forms;

(1) a binary variable with a reference group ‘**no qualifications**’ contrasted with ‘any qualifications’. 34 per cent hold no qualifications.

(2) a three group categorical variable; reference group ‘**a levels and above**’ contrasted with ‘qualified below a level’ and ‘no qualifications’

(3) an eight category variable with a reference group of ‘**degree or higher degree**’ contrasted with; ‘higher qualification below degree’, ‘a levels or higher’, ‘onc/btec’, ‘o level or gcse equiv a-c’, ‘gcse d-g or equiv’, ‘other, including foreign qualifications below degree’, ‘no formal qualifications’.

Region – seven groups are defined with the ‘North’ acting as reference group, further categories are Midlands and East Anglia, London, South East, South West, Wales and Scotland.

Housing tenure – reference group is ‘own home outright’, further categories are ‘buying with a mortgage’, ‘renting from a local authority or housing association’, ‘renting privately’ and ‘squatting’ (of which there is only 1 respondent).

Gross Income – an annual gross income figure which includes income from earnings, pensions, child benefit, income support, other benefits, income from savings, rents and other regular allowances. 91% of respondents provided a valid response – a high response rate to an income related question compared with other surveys. The variable is treated in the models as a continuous variable but is divided into 33 categories ranging from no income, less than £520 to £36,400 or more.

Taxpayer status – this variable is derived from the categorical variable ‘gross income’ and is slightly problematic. The categories found in the variable ‘gross income’ do not exactly match the taxpayer thresholds. Therefore the maximum income among those classified as non taxpayers is £4,680 - £65 above the threshold. A few people eligible for taxation are therefore misclassified in the tax-free group. At the other end of the tax paying spectrum people earning between £28,600 - £31,200 are placed among the standard rate taxpayers. A few therefore earn as much as £700 above the standard rate threshold of £30,500 but they cannot be identified.

Parental status and a health indicator were included in earlier stages of the modelling process but were consistently found to be insignificant and therefore dropped from the models for reasons of parsimony.

Heckman regression model of value of giving is presented as Table A4

Explanatory variables added to the three models include the above listed for Tables A1 A2 and A3

Table A1 Factors related to charitable giving (planned or spontaneous) in the previous year

Iteration 4: log likelihood = -767.75599

Number of obs = 3054		
LR chi2(23) = 223.67,	Prob > chi2 = 0.0000,	Pseudo R2 = 0.1271

	Coefficients	Significance
Women	.383549	***
Region (ref: North)		
Midlands/ E.Anglia	-.1198339	
London	-.6968541	***
South East	-.1636188	
South West	-.1111843	
Wales	-.1042824	
Scotland	-.2095232	
Age (ref:25-44)		
16-24	-.3040872	***
45-64	.2038671	**
65+	.3862251	***
Housing tenure (ref: own outright)		
Buying with mortgage	.0841001	
Renting from la or ha	-.2868386	***
Renting privately	-.0929278	
Marital status (ref: single, never married)		
Married living together	.2851088	***
Separated	.4363483	**
Divorced	.1363044	
Widowed	.161969	
Employment status (ref: unemployed)		
Employee	.1910665	*
Self employed	-.0694966	
Qualification (ref: no qualifications)		
Holds a qualification	.57113	***
Taxpayer status (ref: non-taxpayer)		
Standard rate taxpayer	-.1690307	
Higher rate taxpayer	-.2636852	
Gross income	.0150815	*
Constant	.2171625	
likelihood-ratio test	LR chi2(7) =	6.04
(Assumption: . nested in myfullmodel1)	Prob > chi2 =	0.5347

Table A2 Factors related to planned charitable giving in the previous year

Iteration 4: log likelihood = -1730.3339

Number of obs = 3054
 LR chi2(18) = 395.95, Prob > chi2 = 0.0000, Pseudo R2 = 0.1027

	Coefficients	Significance
Women	.276	***
<i>Region (ref: North)</i>		
Midlands/ E.Anglia	-.211	***
London	-.162	*
South East	.121	
South West	.085	
Wales	-.039	
Scotland	-.286	***
<i>Age (ref:25-44)</i>		
16-24	-.586	***
45-64	.299	***
65+	.619	***
<i>Housing tenure (ref: own outright)</i>		
Buying with mortgage	-.128	*
Renting from la or ha	-.462	***
Renting privately	-.336	***
<i>Qualification (ref: A levels and above)</i>		
Qualified below A level standard	-.416	***
No qualifications	-.691	***
<i>Taxpayer status (ref: non-taxpayer)</i>		
Standard rate taxpayer	.021	
Higher rate taxpayer	.205	
Gross income	.011	***
Constant	-.741	
likelihood-ratio test	LR chi2(12) = 11.20	
(Assumption: . nested in myfullmodel2)	Prob > chi2 = 0.5115	

Table A3 Factors related to the use of tax relief schemes among planned givers in the previous year

Iteration 3: log likelihood = -910.0184			
Number of obs =	1437	Prob > chi2 =	0.0000, Pseudo R2 = 0.1003
LR chi2(29) =	203.00,		
Log likelihood =	-910.0184		
	Coefficients		Significance
Women	.155		*
Region (ref: North)			
Midlands/ E.Anglia	-.065		
London	-.204		
South East	.010		
South West	.310		**
Wales	.047		
Scotland	.029		
Age (ref:25-44)			
16-24	-.482		**
45-64	-.053		
65+	.131		
Housing tenure (ref: own outright)			
Buying with mortgage	.097		
Renting from la or ha	-.412		***
Renting privately	-.075		
Marital status (ref: single, never married)			
Married living together	.003		
Separated	-.307		
Divorced	-.325		**
Widowed	.142		
Employment status (ref: unemployed)			
Employee	-.053		
Self employed	-.309		*
Qualification (ref: degree or higher)			
Higher qual. below degree	-.147		
A levels or highers	-.477		***
Onc/btec	-.560		***
O level or GCSE equiv a-c	-.566		***
GCSE d-g or equiv	-.771		***
Other below degree(incl. foreign)	-.437		***
No formal qualifications	-.811		***
Taxpayer status (ref: non-taxpayer)			
Standard rate taxpayer	-.040		
Higher rate taxpayer	-.092		
Gross income	.026		***
Constant	-.369		
likelihood-ratio test	LR chi2(1) =	1.51	
(Assumption: . nested in myfullmodel3)	Prob > chi2 =	0.2190	

Table A4 Factors related to the value of total charitable donations in a one year period.

Heckman selection model (regression model with sample selection) - with a selection component (a probit estimate of the probability of giving) and a structural regression component predicting value of donation conditional on giving.

Iteration 5: log likelihood = -18714.6		
Number of obs = 3223		
	Wald chi2(18) = 234.88,	Prob > chi2 = 0.0000
	Coefficients	Significance
Women	16.47354	**
Region (ref: North)		
Midlands/ E.Anglia	-18.18316	*
London	-1.76716	
South East	5.473894	
South West	.520871	
Wales	-32.85302	**
Scotland	-5.911099	
Age (ref:25-44)		
16-24	-19.53785	
45-64	13.74447	
65+	27.55315	**
Housing tenure (ref: own outright)		
Buying with mortgage	14.13345	
Renting from la or ha	-32.32533	***
Renting privately	-5.585565	
Employment status (ref: unemployed)		
Employee	45.64547	***
Self employed	21.34143	**
Taxpayer status (ref: non-taxpayer)		
Standard rate taxpayer	-2.086066	
Higher rate taxpayer	86.16723	***
Gross Income	3.41388	***
Constant	11.10591	—
Select		
Women	-.180	***
Age (ref:25-44)		
16-25	-.287	***
45-64	.009	
65+	.125	
Having any qualification	.470	***
Marital Status (Ref: single never married)		
Married	-.206	***
Separated	-.070	
Divorced	.133	
Widowed	.032	
Constant	.167	
Rho	-.1500205	
Sigma	180.6371	
Lambda	-27.09926	
LR test of indep. eqns.(rho = 0):	chi2(1)= 5.13	Prob > chi2 = 0.0235

Appendix B- Matrix Mapping and qualitative interview schedule

Material collected through qualitative methods is invariably unstructured and unwieldy. Much of it is text based, consisting of verbatim transcriptions of interviews and discussions. Moreover, the internal content of the material is usually in detailed and micro- form (for example, accounts of experiences, inarticulate explanations, etc.). The primary aim of any analytical method is to provide a means of exploring coherence and structure within a cumbersome data set whilst retaining a hold on the original accounts and observations from which it is derived.

Qualitative analysis is essentially about detection and exploration of the data. We ‘make sense’ of the data by looking for coherence and structure within the data.

Our analytical procedure works from verbatim transcripts (all interviews and mini-groups are tape-recorded in stereo) and involves a systematic process of sifting, summarising and sorting the material according to key issues and themes. We use a set of content analysis techniques, known as ‘*Matrix Mapping*’, to ensure an optimum synthesis of findings from the verbatim data.

‘*Matrix-Mapping*’ begins with a **familiarisation stage** and would include both an executive researcher’s review of the audio tapes and/or transcripts. Based on the coverage of the topic guide, the researchers’ experiences of conducting the fieldwork and their preliminary review of the data, a **thematic framework is constructed**. The analysis then proceeds by **summarising and synthesising the data** according to this thematic framework using a range of techniques such as cognitive mapping and data matrices. When all the data have been sifted according to the core themes the analyst begins to **map the data and identify features within the data**: defining concepts, mapping the range and nature of phenomenon, creating typologies, finding associations, and providing explanations.

The mapping process is similar whichever of the above features are being considered. The analyst reviews the summarised data; compares and contrasts the perceptions, accounts, or experiences; searches for patterns or connections within the data and seeks explanations internally within the data set. Piecing together the overall picture is not simply aggregating patterns, but of weighing up the salience and dynamics of issues, and searching for structures within the data that have explanatory power, rather than simply seeking a multiplicity of evidence.

The key issues, and the features that underpin them, are then used as the basis for constructing an oral presentation and a written report. We use verbatim quotes to illustrate and illuminate the findings.

We have used, and refined, our analytical procedures over many years. They are highly respected by our government clients and are noted for their ability to extract the maximum information from qualitative data. Our methods are very robust and demonstrably able to stand up to public scrutiny. They have been used, for example, in the analysis of difficult and sensitive topics and have provided the analytical structure for many high profile pieces of work.

Print name: _____ Date: _____

BACKCHECKED

Signed: _____

Good morning/afternoon, my name is I am calling from BMRB. We are a research company and have been asked to carry out some work on behalf of the Inland Revenue. The Inland Revenue are interested in exploring people’s views about donating to charity. (In particular, they would like to gain a better understanding of the role tax incentives may play in people’s decisions to give to charity – *Recruiter: please use your judgement whether this sentence should be included or not when recruiting respondents*).

I am contacting you as someone who has been randomly chosen in your area. I would like to ask you just a few questions to see if you would be interested in getting involved. It won’t take very long. Please be reassured that the research is completely anonymous and that any of the information you share with BMRB will be kept completely confidential.

Your personal details will not be passed on to the Inland Revenue (*Recruiter: this sentence may not be needed*)

Explain as appropriate

- The nature of the methodology – Groups
- Confidentiality and anonymity of respondents- this is extremely important of research CODE ROUT
- About BMRB

Recruiter complete

1. Location

Midlands 1

North West 2

South East 3

Go to Q2

Recruiter complete

2. Gender

Male 1

Female 2

Go to Q3

3. How old are you?

16-29 1

30+ 2

Go to Q4

4. Which of the following income categories do you fall into?

We are interested in individual income and not household income

£4,680 - £20,000 1

Go to Q5

£20,001 - £36,000 2

Over £36,000 3

5. Can I just check, do you complete a self-assessment (SA) tax form?

Yes 1

No 2

} Go to Q6

6. Have you given monetary donations to charity in the last 12 months (i.e. cash, sponsorship, shares, land, NOT goods or time)?

Yes 1

No 2

} Go to Q7

Ask all respondents whether they donate or not

8. Have you heard of any methods of "tax incentives" when donating to charity (e.g. Gift aid, giving, giving land or shares in a tax efficient way)?

Yes, aware 1

No, unaware 2

} Go to Q8

9. Have you ever donated to charity using Gift aid or Payroll giving, or have you given land in a tax efficient way (does not matter if more than 12 months ago)? – Can circle more than one of answer 1,2 and 3. If answering 4,5 or 6 please only choose one answer.

Given using Gift aid 1

Given using Payroll giving 2

Given Land or Shares in a tax efficient way 3

Used method that attracts tax incentives but did not make use of this 4

Used method that does not attract tax incentives 5

Does not donate to charity 6

} Go to Q9

Recruit to Quota

9. We would like you to take part in a group to discuss your views about donating to charity and tax incentives.

Would you be willing to take part? No 1

Yes 2

The group will be held on:

...../...../..... (Date), at (Time)

The location will be:

.....
.....
.....
.....

Print name: _____ Date: _____

BACKCHECKED

Signed: _____

“Good morning/afternoon, I’m from BMRB. You recently took part in a survey about ‘giving to charity’ which was commissioned by the Inland Revenue and conducted by The Office of National Statistics (ONS). The Inland Revenue would like to further explore your views about donating to charity, and gain a better understanding of the part tax incentives play in people’s decision to give to charity

To do this they have asked BMRB, an independent research organisation to speak to people like yourselves.

The research is completely anonymous. Any of the information you share with BMRB will be kept completely confidential, and your personal details will not be passed on to the clients. BMRB are totally independent from the Inland Revenue.

Anything you say will be treated in confidence. May I ask you a few questions?”

Recruiter information- All respondents have been sent an opt-out letter explaining the nature of the research

The initial quantitative study was conducted by The Office of National Statistics (ONS)

Explain as appropriate

- The nature of the methodology – Depth Interviews
- Confidentiality and anonymity of respondents- this is extremely important
- About BMRB

Recruiter complete

1. Location.....

Go to Q2

Recruiter complete from sample

2. Gender

Male 1

Female 2

Go to Q3

Recruiter complete from sample and check

3. Age

16-24 1

25-44 2
45-64 3
65+ 4

Go to Q4

Recruiter complete from sample and check

4. Income level

£1 - 4680 1

£4,681 - £7,280 2

£7281 - £20,000 3

£20,001 - £36,400 4

Go to Q5

Over £36,400 5

Recruiter complete from sample and check

5. Method of donating to charity - use of tax relief

Used method that does not attract tax relief 1

Go to Q7

Used method that could attract tax relief but did not use it 2

Used method that attracts tax relief and used it 3

Go to Q6

Recruiter complete from sample and check

6. Tax relief method used

Recruiter note - only for those who have used tax relief (answer 3 above)

Payroll giving 1

Gift aid 2

Go to Q7

Gifts of Shares, Land or Buildings 3

Recruiter complete

7. Awareness of tax relief

Aware 1

Unaware 2

Go to Q8

8. We would like you to take part in an interview to discuss your view donating to charity and tax incentives. The interview will take place in the respondent's home or other convenient location

Would you be willing to take part? No 1

Yes 2

The interview will be held on:

...../...../..... (Date), at (Time)

THANK AND CLOSE

“Good morning/afternoon, I’m from BMRB. You recently took part in a survey about ‘giving to charity’ which was commissioned by the Inland Revenue and conducted by The Office of National Statistics (ONS). The Inland Revenue would like to further explore how you perceive charities, and your awareness of different tax incentives.

To do this they have asked BMRB, an independent research organisation to speak to people like yourself.
 The research is completely anonymous. Any of the information you share with BMRB will be kept completely confidential, and your personal details will not be passed on to the clients. BMRB are totally independent from the Inland Revenue.

Anything you say will be treated in confidence. May I ask you a few questions?”

Recruiter information - All respondents have been sent an opt-out letter explaining the nature of the research

The initial quantitative study was conducted by The Office of National Statistics (ONS)

Explain as appropriate

- The nature of the methodology – Depth Interviews**
- Confidentiality and anonymity of respondents - this is extremely important to this piece of research**
- About BMRB**

	CODE	ROUT
Recruiter complete 1. Location.....		Go to Q2
Recruiter complete from sample 2. Gender		
Male 1		Go to Q3
Female 2		
Recruiter complete from sample and check 3. Age		

Appendix C
The ONS Omnibus Questionnaire.

THE NEXT SET OF QUESTIONS LOOKS AT GIVING TO CHARITY

1. Some people choose to contribute to charity and others prefer not to. Which, if any of the following methods have you used to give to charity in the last 12 months?

SHOWCARD (code all that apply) {Categories in **BOLD** attract tax relief}

MONETARY COLLECTIONS

- 1 Money to collecting tins (street or door to door collections) or loose change to homeless
- 2 Money in charity envelopes, (delivered door to door or found at a place of worship)**
- 3 Collection at a religious organisation or place of worship (not envelopes)
- 4 Collection at a museum/gallery or equivalent public place
- 5 An entrance or membership fee e.g. zoos, National Trust

BUYING GOODS OR RAFFLE TICKETS

- 6 Buy raffle/ lottery tickets (Not the national lottery)
- 7 Buy or donate charity goods (charity shops or publications etc...)

EVENTS

- 8 Fundraising event (charity dinners, fetes, jumble sales, admission fees)
- 9 Sponsoring someone

DONATIONS

- 10 Send *occasional* donations by cheque or use debit/credit card
- 11 Send *regular* cheques or use debit/credit card donations
- 12 Use direct debit or standing orders
- 13 Give shares
- 14 Give land or buildings
- 15 Payroll giving / direct deductions from salary
- 16 Other (**please specify**).....
-
- 17 None of these GO TO Q19

2. What other means have you used to give to charity?

INTERVIEWER: CHECK IF ANSWER CAN BE BACKCODED INTO CODES 2,5,9,10-16 AT QUESTION 1 AND AMEND (specify)

IF CODES 1-16 at Q1

3. What, would you say, are your main reasons for giving to charity?

SHOWCARD

(Code up to three answers. If more answers are given, ask for the three most important ones.')

CAMPAIGNS OR CONTACT

Because of an appeal or campaign in the newspaper, radio or TV

A representative of the charity asked me

I received or saw information about the charity and its work

PERSONAL REASONS

Sometimes I just feel like giving

I can afford to and so feel I should
I feel uncomfortable refusing when asked
Giving makes me feel good
Because of my religion
Because it may benefit a relative, a friend or me in the future
 As a result of something that happened to relative, a friend or to me
I was advised to for financial reasons

GENERAL REASONS

I feel the work of the charity is important
There is no other way to fund what the charity does.
Other (specify).....

IF CODES 2, 5, 9 THRU 15 AT Q1

4a. During the past 12 months, how much did you give by (TEXT FILL FROM Q1 CODES 2, 5, 9 THRU 15)

£.....CODE AMOUNT TO THE NEAREST POUND

IF DON'T KNOW(ask (b))....

4b Which of the numbers on this card comes closest to the **total** amount you gave to charities in the past 12 months by (TEXT FILL FROM Q1 CODES 2, 5, 9 THRU 15)

£25 or less
£26 to £50
£51 to £100
£100 to £250
£251 to £400

£401 to £600
£601 to £800
£801 to £1000
£1001 to £1,200
£1,201-£10,000
More than £10,000

TO ALL WHO GIVE TO CHARITY (CODES 1-16 at Q1)

5a. During the past 12 months, how much did you give {TEXTFILL 'by other means' if CODES 2, 5, 9-15 at Q1} 'to charities in TOTAL' IF NOT CODES 2, 5, 9-15 AT Q1 AND NOT CODE 17 AT Q1.

£.....CODE AMOUNT TO THE NEAREST POUND

IF DON'T KNOW(ask (b))....

5b. Which of the numbers on this card comes closest to the amount you gave to charities in the past 12 months {TEXTFILL 'by other means' IF CODES 2,5,9-15 AT Q1}

£25 or less
£26 to £50
£51 to £100
£100 to £250
£251 to £400

£401 to £600
£601 to £800
£801 to £1000
£1001 to £1,200
£1,201-£10,000
More than £10,000

TO ALL WHO GIVE TO CHARITY (CODES 1-16 at Q1)

The next questions are about gifts of money, shares or land to charities.

People who give to charities can sometimes.....

Pay less tax themselves, or

Increase the amount the charity gets by having their tax relief sent to the charity directly by the Inland Revenue
This is called tax relief.

6a. Can you name or describe any methods of tax relief?

Yes, R names.....

1 Payroll Giving (having money deducted straight from your wages)

2 Gift Aid (declaring to the charity e.g. by phone or by ticking a box on a form/envelope, so that they can claim tax back on your donation)

3 Tax relief on the value of gifts of shares given to charities

4 Tax relief on gifts of land or buildings given to charities

5 **No**, heard something about them but cannot describe

6 **No**, no idea at all

IF ALL FOUR NAMED (CODES 1,2 ,3 AND 4) GO TO Q7

Else ASK 6b

6b On this card are four ways that people can get tax relief from the Inland Revenue.
SHOWCARD AND READ OUT

Have you heard anything about these (other) ways of obtaining tax relief on donations to charities ?

Which have you heard about?

FORWARD CODE FROM Q6A, ASK ABOUT THOSE NOT SPONTANEOUSLY RECOGNISED.

1 Payroll Giving (having money deducted straight from your wages)

2 Gift Aid (declaring to the charity e.g. by phone or by ticking a box on a form/envelope, so that they can claim tax back on your donation)

3 Tax relief on the value of gifts of shares given to charities

4 Tax relief on gifts of land or buildings given to charities

5 None recognised here

IF CODE 5 at 6b, GO TO Q18

FOR EACH CODED 1 THRU 4 AT Q6b or CODES 1,2 ,3 or 4 at Q6a

7. How did you first learn that (TEXT FILL) was available?

SHOWCARD (code all that apply)

From the newspaper, TV, Radio or the Internet

From relatives or friends

From financial adviser/accountant

From an employer

Directly from a charitable organisation

Directly from the Inland Revenue

Other (specify)

TO CODES 2, 5, 9 thru 15 at Q1 AND 1 thru 4 at Q6a or 6b

8. During the past 12 months, have you **used** any of these four methods of obtaining tax relief on the gifts you have made to charities?

PROMPT THOSE RECOGNISED AT Q6 and b

1 Payroll Giving (having money deducted straight from your wages)

2 Gift Aid (declaring to the charity e.g. by phone or by ticking a box on a form/envelope, so that they can claim tax back on your donation)

3 Tax relief on the value of gifts of shares given to charities

4 Tax relief on gifts of land or buildings given to charities

5. No, none of these

IF USES PAYROLL GIVING OR GIFT AID (CODE 1 OR 2 AT Q8) LOOP Q9 THRU Q18 FOR EACH METHOD

9. When did you first use (text fill-payroll giving/gift aid)

Within the last year (go to Q13)

Within the past two years (go to Q13)

Within the past four years (go to Q13)

More than four years ago (go to Q10)

ASK IF CODE 4 AT Q9

10. Since this time, have you changed the total amount of money that you give through this method of (text fill-payroll giving/gift aid)?

INTERVIEWER :this includes donations to other charities

Yes, I have increased the amount I give (GO TO Q11)

Yes, I have decreased the amount I give (GO TO 13)

No, I have continued to give the same amount (GO TO 13)

Don't know (GO TO 13)

ASK IF CODE 1 AT Q10 AND PAYROLL GIVING (CODE 1 at Q8) ONLY

11. In 2000 the government introduced a 10% supplement to donations to charities. How important was this supplement in your decision to increase the amount you give to charities?

SHOWCARD

Very important

Quite important

Not very important

Not at all important

ASK IF CODE 1 AT Q10 AND PAYROLL GIVING AND GIFT AID (CODE 1 or 2 at Q8)

12. And how important was the removal of the (text fill-'upper' for payroll and 'minimum' for gift aid) limit for donations of (text fill '£1200' for payroll and '£250' for gift aid) (in your decision to increase the amount you give to charities)?

SHOWCARD

Very important (GO TO Q15)

Quite important (GO TO Q15)

Not very important (GO TO Q15)

Not at all important (GO TO Q15)

CODE 1,2,3 AT Q9

13A. (TEXTFILL 'At that time' for code 1,2,3 at 9), which were the most important factors influencing you to use the method of (text fill payroll giving/gift aid) CODE ALL THAT APPLY

SHOWCARD

- It was easy
- Because I got tax relief
- Because the government gave a 10% supplement to the charity (payroll only)
- Because of the removal of the donation threshold
- Because a financial advisor told me to do so
- My employer introduced the scheme (payroll only)
- I started work with an employer who ran the scheme (payroll only)
- Because the charity gets more at no cost to me (gift aid only)
- The charity asked me to do so
- Other (specify)

13B And which was the most important reason for you? CODE ONE.

CODE 1,2,3 AT Q9

14. (TEXT FILL FROM Q 9), When you started using (text fill payroll giving/gift aid) did you ... READ OUT..

- Increase the amount you gave to charities generally,
- Decrease the amount you gave,
- Did you continue to give the same amount,
- Or did you not give to charities before?

IF USES PAYROLL GIVING OR GIFT AID (CODE 1 OR 2 AT Q8)

15. And overall, how important is the option of being able to use the method of (text fill payroll giving/gift aid) in your decision to give to charities.
SHOWCARD

- Very important
- Quite important
- Not very
- Not at all important

IF USES PAYROLL GIVING OR GIFT AID (CODE 1 OR 2 AT Q8)

16. If (text fill payroll giving/gift aid) was no longer available would you.... (SHOWCARD)

- Stop giving your money to charity
- Give less of your money
- Give the same amount of your money
- Give more to charity?

IF USES PAYROLL GIVING OR GIFT AID (CODE 1 OR 2 AT Q8)

17. Which, if any, of the difficulties listed here (show card) have you found when using (text fill payroll giving/gift aid)

- Could not obtain enough information about the scheme
 - The forms are too long
 - It is not easy to cancel or amend the donation (payroll only)
 - There are complexities about the method that are hard to understand
 - Did not understand how to claim the tax relief
- No difficulties
 - Other (please specify).....

TO ALL GIVERS WHO USE METHODS THAT ATTRACT TAX RELIEF (CODES 2, 5, 9 THRU 15 AT Q1) BUT DID NOT USE TAX RELIEFS (CODE 5 AT Q8)

18. What, would you say, are your main reasons for **not** using these methods of tax relief on your gifts to charities? SHOWCARD (code up to *three* reasons)

I was just not aware of any of them
The charity did not tell me about it
My employer does not run a Payroll Giving Scheme
I didn't realise they'd apply to me
I didn't realise they applied to small amounts too
They are too complicated to understand
It seems like too much effort to arrange
I feel that such donations should be completely independent of Government
I was advised not to
I just give to charity from time to time
Someone else in my household takes care of all the tax matters
No real reason – I just didn't get round to it.
Other reason (specify)

TO NON GIVERS (CODE 17 AT Q1)

19. What, would you say, were your main reasons for NOT having given to charities during the past 12 months? SHOWCARD...CODE ALL THAT APPLY

I have not had enough money to spare
I just do not believe in giving money to charities
Most charities do not achieve what they are suppose to achieve
I believe it is the government's responsibility to do what most charities do
Charities waste too much of their money on administration
I gave in different ways (for example fund raising or working in charity shop)
I will provide for all my donations in my Will
Not all charities are honest
No real reason – it is just something I don't do
Other reason (specify)

TO ALL

TEXTFILL INTRODUCTION TO NON-GIVERS (CODES 17 AT Q1)

The next questions are about gifts of money, shares or land to charities.

People who give to charities can sometimes.....

Pay less tax themselves, or

Increase the amount the charity gets by having their tax relief sent to the charity directly by the Inland Revenue

This is called tax relief.

20. Do you plan, over the next 12 months, to make {TEXTFILL - continue to make} charitable donations using any of these methods;
SHOWCARD (Code all that apply)

1 Payroll Giving (having money deducted straight from your wages)

2 Gift Aid (declaring to the charity e.g. by phone or by ticking a box on a form/envelope, so that they can claim tax back on your donation)

3 Tax relief on the value of gifts of shares given to charities

4 Tax relief on gifts of land or buildings given to charities

5. No, will use none of these in the next 12 months

TO ALL

21. From April this year, people will be able to use Self Assessment Form to nominate a charity to receive all or part of any repayment of tax that may be due to them.

Have you heard anything about this?

Yes

No

TO ALL

22. Do you (or your agent), usually fill in a self-assessment form for the Inland Revenue each year?

Yes GO TO Q23

No END

ASK ALL WHO COMPLETE A SELF ASSESSMENT FORM (code 1 at Q22)

23. How likely is it that you will use your Self Assessment Form to nominate a charity to receive all or part of any repayment of tax that may be due to you in the next few years?

Very Likely

Quite likely

Quite unlikely

Very unlikely

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