

Charitable Giving by **Wealthy People**
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Contents

Tables and charts	1
Acknowledgements	2
Glossary	3
Executive summary	4
Background, objectives and methodology	4
Charitable giving behaviour	4
Awareness, use and views of tax incentives	6
1. Introduction	10
1.1 Research background	10
1.2 Study objectives	10
1.3 Methodology	11
1.4 Research design	12
1.5 Participant characteristics	14
1.6 Report layout	14
1.7 Definitions, presentation and interpretation of data	14
2. Charitable giving behaviour	16
2.1 Behaviours and attitudes to giving	18
2.2 What were the motivators and barriers to giving?	22
2.3 Methods of giving	26
2.4 Which causes do wealthy respondents favour?	29
3. Awareness, use and views of tax incentives	30
3.1 Overview	31
3.2 Gift Aid	32
3.3 Payroll Giving	33
3.4 Donating physical assets	35
3.5 Self-Assessment giving	35
4. Impact of tax incentives	37
4.1 The role of tax incentives	38
4.2 Impact of specific tax incentives	39
5. Telephone survey feasibility	42

5.1 Sample and Response Rate Issues	42
5.2 Implementing a Telephone Survey: practical considerations	45
6. Conclusion	46

Appendices

Appendix A – Advance letter

Appendix B – Screening tools

 Main recruitment questionnaire

 Revised recruitment questionnaire to identify ‘non-givers’

Appendix C – Discussion guide

Tables and charts

Table 1.1	Quota characteristics
Chart 2.1	Charitable giving behaviour groupings
Chart 2.2	Estimated annual donations
Chart 3.1	Awareness, use and views of tax incentives: summary
Table 5.1	Table of responses by HMRC giving category

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Glossary

CAF Accounts	Charities Aid Foundation (CAF) accounts are cheque accounts solely used for the purpose of donating to charity.
Charitable trust	A charitable trust is defined as a trust of which all beneficiaries are charities.
Gift Aid	<p>Gift Aid applies to large or small, regular or one-off payments to UK charities. A donor completes a declaration to confirm that they will pay an amount of Income Tax or Capital Gains Tax, equal to the tax the charity claims on their donations, for the year in which the donation(s) was (were) made. Gift Aid allows the charity to reclaim the basic rate tax on the donation from HMRC. Additionally, with evidence of the donation, a higher rate income tax payer can claim tax relief on the difference between the basic and higher rate tax on each of their donations.</p> <p>The research was conducted when the basic rate of tax was 22%.</p>
Giving land, buildings, shares or securities	Income Tax relief applies if you give or sell any qualifying investments to a UK charity at less than the market value. The amount you can deduct is the net benefit to the charity, plus incidental costs (broker or legal fees), less any disposal proceeds or other benefits received on disposal.
Payroll Giving	If their employers offer Payroll Giving, employees can authorise their employer to deduct regular charitable donations from their gross pay (after National Insurance Contributions have been deducted). The employer then pays these donations to a Payroll Giving agency approved by HM Revenue & Customs. The agency then distributes the money to the charity or charities.
Self-Assessment giving	Taxpayers who submit self-assessment returns to HMRC may find that a tax repayment is due to them. Under Self-Assessment giving they can choose to donate all or part of the repayment due to charity.

Executive summary

Background, objectives and methodology

This summary contains findings from qualitative research among wealthy people (defined in this study as those with an annual income of £200k plus) on their views of charitable giving. This study was undertaken by Ipsos MORI Social Research Institute (Ipsos MORI) on behalf of HM Revenue & Customs (HMRC).

Relatively little is known about the current barriers to and incentives for wealthy people to engage in charitable giving, or which tax incentives would prove beneficial. This research aims to address this knowledge gap. Specifically, the research objectives were to provide more information about:

- the giving behaviour of wealthy people (regularity, types of donations, size of donations);
- their awareness of current tax-efficient methods of donating to charity;
- the role of tax-efficient giving, and whether this influences the level, type and timing of donations; and
- the barriers and potential incentives (especially any gaps in current reliefs) that motivate this group to give to charity, or not.

A further objective was to explore the feasibility of a larger-scale quantitative survey with the target group.

A series of 44 in-depth interviews were conducted with a range of wealthy individuals. These interviews were conducted in September and October 2006.

Charitable giving behaviour

Based on the regularity and scale of wealthy participants' charitable giving behaviour, five broad groupings were identified – large committed donors, large ad hoc donors, small committed donors, infrequent donors and non-donors (however, these groupings are not mutually exclusive, and do overlap in places). In summary:

- *Large committed donors* tended to be landowners with inherited wealth, self-made businessmen, or listed company chairmen, rather than salaried employees. They made planned, but not necessarily regular, donations of up to £250k in any one year, usually via Charities Aid Foundation (CAF) accounts or personal charitable trusts. Often, they also sat on the boards of their favoured charity(ies) or were involved in the administration in some other way.

- *Large ad-hoc donors* were more reactive in their charitable giving, often responding to requests from ‘familiar’ charities that family or friends were affiliated with. Their donations tended to be one-off cash or cheque payments, typically of between £15k and £20k a year.
- *Small committed donors* gave less generously (between around £100 and £2,000 each year), but more regularly - mostly through direct debits or standing orders, supplemented by small ad-hoc donations at one-off charitable events or in sponsorship. This group tended to be less affluent (with an annual income of less than £500k) and to have other financial commitments (family or dependents, mortgage, etc.).
- *Infrequent donors* were also most commonly found among lower income participants (less than £500k per annum). But this group gave to charity only infrequently, mostly through sponsorship and/or door-to-door collections, with some recalling direct debits/standing orders set up previously but forgotten about. Infrequent donors were mostly reluctant to divulge the value of their donations.
- *Non-donors*, as the name suggests, preferred not to give monetary donations to charity, either out of a principled objection (e.g. they feel they already contribute enough financially to society through their tax payments) or simply because they have lapsed into non-giving. However, they might give their time to charity through voluntary work.

On the whole, wealthy participants’ methods of giving were focused more around writing cheques and using direct debits/standing orders than has been found in previous research among the general population (where cash payments have been found to be the favoured method of giving)¹.

For the most part, donations tended to be a relatively small proportion of wealthy participants’ income, although there were some important exceptions to this general rule. When asked specifically, research participants also tended to be quite reluctant to prescribe an amount or proportion of income that people *should* give to charity.

Motivators and barriers to giving were broadly similar across the different donor groups and, in large part, mirror the findings of previous research with the general public², as follows:

Motivators included personal affiliation to a charity; faith or upbringing, perceived ‘worthiness’ of the cause; satisfying a ‘social conscience’ and/or providing a ‘sense of wellbeing’.

Barriers were focused around perceived level of impact – participants were particularly concerned about the administrative costs and bureaucracy associated with (some) charities, as well as issues surrounding well-publicised financial scandals. Personal financial considerations – can be a barrier to donating larger amounts, especially for participants with financial dependants and other commitments.

¹ Smeaton et al., (2004) ‘Individuals’ Donations to Charity and their Use of Tax Relief’ (HMRC).

² Smeaton, D., et al (2004), op cit.

There were, however, some specific motivators and barriers that appeared to play more of a role in wealthy participants' giving behaviour than is the case for the wider population (and again, these tended to hold true across the different donor groups identified). For example, due to the often large financial amounts involved, participants were particularly concerned to retain a level of control over the timing and destination of their donations. Hence, some wealthy participants were involved with local charities where the impact was perceived to be easier to assess, with some of the more committed givers sitting on charity committees/boards. This desire for 'control' also helps to explain why participating large donors used the methods they do to make donations, such as via charitable trusts or CAF accounts – both of which offer complete control over the direction and timing of donations. Moreover, many perceive there to be a social pressure for them to make, or be seen to make, generous gifts to charity – manifested in 'competition' at charity auctions and the writing of large one-off cheques to public causes they might not otherwise support.

The less committed givers or non-givers tended to have particular issues around charitable giving as an unwarranted additional financial burden, when such a large amount of their income was already diverted into public causes through taxation. However, the research does offer up some suggestions for designing appropriate strategies to help in overcoming this type of attitude. In particular, one approach which emerged from the interviews might be to design correspondence and guidance materials to emphasise the role of tax incentives as a means of distributing revenue to donors' preferred causes – something that was particularly important to the donors who participated in the research.

The type of causes preferred by wealthy donors participating in the research covered a wide spectrum, from children's, animal welfare and medical charities, to overseas aid, plus environmental, homeless, educational and cultural causes.

Awareness, use and views of tax incentives

In general, participants viewed tax reliefs very positively. A major reason for this appeared to be because, in this way, the government was taking its steer from taxpayers in terms of the size, direction and timing of charitable donations. This contrasts to the tax system more generally, where it was perceived that little control could be exercised over where wealthy people's, often very large, payments were channelled.

Not surprisingly, awareness of tax incentives was highest amongst those who had used them and also amongst those working in the financial sector, whether they have used them or not. The wealthiest participants (i.e. earning over £500k in any of the qualifying tax years) were sometimes aware, or had a vague notion, that it was possible to claim tax relief on donations of shares etc, even if they had not personally donated in that way.

Simplicity and convenience appeared to be the key factors in encouraging take-up of tax reliefs and, potentially, increasing the level of charitable giving. For example, Gift Aid was by far the most well-known and most commonly used of the reliefs, followed by Payroll Giving. These tax reliefs were also

perceived to be the easiest to understand and most convenient to use. For example, the idea of simply ticking the appropriate Gift Aid box (on sponsorship or direct debit forms and the like) to generate an additional contribution from government, was highly appealing and had led to universal recognition of this particular tax relief amongst participants of this research.

Conversely, there was little knowledge, or use, of tax incentives available for giving shares, securities, land or buildings to charity. Only two participants knew about the Self-Assessment giving system (and they were both partners in different financial firms). As well as greater perceived complexity, low awareness of these aspects is likely to be exacerbated by the fact that many participants were quite far removed from the tax system, as a result of accountants or tax advisors being employed to deal with their tax affairs.

Although there was good awareness of the basic concept of Gift Aid, there was some confusion over the higher rate tax relief element – either participants did not know this was available or were not sure how it worked. However, those participants who had a CAF account, which produces a statement of donations for easy inclusion in their annual tax return, tended to be better informed about this aspect of the relief.

There was also some confusion over the Payroll Giving process, for example in terms of the level of control that individual employees had over the donation amount and the nominated charity. However, this particular relief was generally felt to be a good way of encouraging regular donations, administered as it is via automatic salary deductions.

Incentives for giving shares, securities, land or buildings were only deemed relevant for the very wealthy (with an income of £501k+), who might hold enough of these types of assets to 'give away'. Following the discussions, some participants stated an intention to look into these incentives further, although there were concerns around the eligibility and complexities involved.

None of the wealthy people who took part in the research had used Self-Assessment giving and, consequently, awareness of this method of giving was almost non-existent. Once a summary of this method of giving had been provided, there was a feeling that this system did not give donors enough control over how much, when or where donations were paid – particularly important given the size of the tax repayments that some might expect. As such, there was little enthusiasm for using this in the future, except where relatively small tax repayments were involved.

Impact of tax incentives

For most, tax incentives were not the main consideration when making decisions about giving to charity. Factors such as the perceived worthiness of a cause, a participants' faith or personal affiliations appeared to be more critical.

However, some participants were influenced by tax relief. In particular, when large tax bills are due, some wealthy participants did or would consider making larger donations than they might otherwise have done, in order

reduce their tax bill, suggesting tax relief did potentially have an influence on this group. Moreover, the promise of tax reliefs had encouraged some CAF account holders to open these accounts.

For participating business owners, *company* tax reliefs played an important role in shaping giving behaviour. This is because company donations were rarely distinguished from personal donations, and company tax reliefs tended to be more widely used and understood than personal tax reliefs. This suggests that a shift in focus might be appropriate to encourage charitable giving by this group of wealthy people through the corporate – rather than personal – tax system.

There was little evidence that Gift Aid had affected the amount of charitable giving among wealthy research participants. The basic rate tax relief element was mostly regarded as an ‘added bonus’, and very few were aware of the possibility to claim back higher rate relief. When prompted, some stated that if Gift Aid were abolished they might increase their donations to make up the shortfall. However, the simplification of Gift Aid in recent years and the move away from covenants was felt to have encouraged people to donate more.

Through regular, automatic deductions from pay, Payroll Giving was perceived to be a very effective way to encourage regular donations by those who might otherwise not give, or not give very much/very often.

The impact of tax incentives for donating shares, securities, land or buildings may be reduced by restrictive rules surrounding eligibility (e.g. they are not applicable to unlisted shares) and the perceived complexities associated with using them. However, these reliefs were very valuable to those participants who had used them. Moreover, others with these types of assets who had not donated in this way indicated that the existence of these reliefs might encourage them to do so in the future as their other financial commitments are reduced.

There was little perceived impact of Self-Assessment giving, due to its limited use and unpopularity related to the perceived lack of control of donations made in this way.

Key message and implications

The findings of this research suggest that if tax reliefs on charitable donations are to be used more widely by wealthy people, levels of awareness must be improved. For example, publicising the least well-known tax reliefs – higher rate Gift Aid relief and giving of shares/securities, land and buildings – could go some way to encourage take-up and, in turn, increase the level of charitable donations via these channels. Similarly, targeted publicity campaigns to persuade both employees and employers of the simplicity and convenience of Payroll Giving could play a major role in encouraging wider use of this method of giving. However, smaller employers will need more than better information – practical support and advice is required to overcome the administrative barriers (real or perceived) to the implementation of Payroll Giving amongst this group.

Perhaps the most effective means of raising awareness, as well as persuading people of the benefits and overcoming perceptions of complexity of the current system, would be to 'brand' UK tax reliefs on charitable giving as a single recognisable package, and communicate this via targeted media – both direct and via intermediaries and trusted sources (such as employers, accountants or tax advisors and also CAF), for example:

- sending out appropriate materials with tax return notifications for individuals and employers;
- producing materials for inclusion with other correspondence with tax advisors and agents;
- posting tailored materials on relevant HMRC website pages.

The feasibility of a quantitative telephone survey

Participants' feedback on the potential for conducting similar research in a short telephone survey suggested that many wealthy people may not be willing to take part. Judging by the number of people in the sample without telephone numbers (post telephone number matching) and the level of opt-outs and refusals during recruitment, ensuring representative findings and a high response rate could be a challenge. However, a full piloting exercise would be required before an accurate assessment can be made in this respect.

In order to encourage participation and maximise response, an advance letter and, where necessary, a pre-call to set up an appointment, will be essential. The interview should be no longer than 20 minutes, although this may be too long for some, and questions around personal income and wealth should be avoided (including the proportion of income they give to charity), as some regard this as very sensitive information.

1. Introduction

This report contains the findings from a qualitative research study among wealthy individuals undertaken by Ipsos MORI Social Research Institute (Ipsos MORI) on behalf of HM Revenue & Customs (HMRC). In this chapter, the background to the research is discussed along with the study objectives, the research design, participant characteristics and how the remainder of the report is structured.

1.1 Research background

In line with the Government's broad policy, *Getting Britain Giving* was a package of measures announced by the Chancellor in Budget 2000, designed to encourage more people to give to charity via tax-efficient means. These changes included the abolition of the minimum donation limit under Gift Aid, abolition of the £1,200 annual limit on Payroll Giving and new reliefs for gifts of certain quoted shares and securities. Further improvements to incentives have followed, including reliefs for gifts of land and buildings in 2002, and in 2004 the introduction of giving through the Self Assessment return, allowing people to nominate a charity to receive all or part of any repayment due to them.

Previous research into the impact of tax incentives on giving behaviour has been carried out with the general public³, but there has been little detailed study of the role played by these measures specifically in influencing giving by wealthy people. Research among the latter has tended to focus on their reasons for giving to charity, noting any differences in their motives and behaviour compared to the general public overall⁴.

Many wealthy individuals claim better tax incentives to be an important factor that might increase their overall level of giving⁵. However, relatively little is known about the current barriers to and incentives for such individuals to engage in charitable giving, or which tax reliefs would prove beneficial.

This research addresses this knowledge gap by providing insight into the motivations for charitable giving by wealthy people and an assessment of the role played by the current package of tax incentives in influencing their decisions in this area.

1.2 Study objectives

The overall aim of this research was to explore the attitudes and behaviours of wealthy people in respect of charitable giving and, in particular, to determine any role tax incentives play in encouraging donations by this group. More specifically, the objectives were to provide information about:

³ Smeaton, D., et al (2004), op cit.

⁴ Edwards, L., (2002) 'A bit rich? What the wealthy think about giving' (ippr).

⁵ Philanthropy UK (2004) 'Why Rich People Give'.

- the giving behaviour of the wealthy (regularity, types of donations, size of donations);
- their awareness of current tax-efficient methods of donating to charity;
- the role of tax incentives, and whether they influence the level, type and timing of donations;
- the barriers and potential incentives (especially any gaps in current reliefs) that motivate this group to give to charity, or not; and

A further objective was to explore the feasibility of a larger-scale quantitative survey with the target group. This involved gauging participants' levels of understanding and ability to answer questions regarding tax incentives and charitable giving, and examining which methods of gaining access to these individuals appear to be most effective.

1.3 Methodology

The research adopted a wholly qualitative methodology, comprising of a series of 44, mostly face-to-face in-depth interviews⁶, with wealthy individuals of up to one hour in length. The fieldwork was carried out during September and October 2006⁷.

A qualitative approach was chosen for this study because it provides a depth of understanding which cannot be achieved through a structured questionnaire. In addition, in order to determine the feasibility of any future quantitative study, it was necessary to probe for insight into participants' attitudes and behaviours. The free-flowing format of the interviews provided the opportunity to explore the issues in this way, seeking to identify not only *what* they know and think about charitable giving, but also *why* they give and *how* they formed these views/gathered this knowledge. Finally, qualitative research is an interactive process and, therefore, made it possible to respond to the wide variety of views and experiences within the framework of the research objectives.

In-depth interviews were selected as the most appropriate methodology for a number of important reasons. Firstly, this approach allowed us to talk to wealthy people across different geographic areas. Secondly, this one-to-one approach allowed interviewers to build up a case history for each participant and, therefore, help develop an understanding of the context of giving behaviour. Finally, depth interviews allowed a level of rapport and trust to build up between the interviewer and interviewee, which facilitated the discussion of potentially sensitive issues.

The interviews were structured to move from a discussion of participants' experience of giving to charity to probe their reasons and motivations for

⁶ Two participants preferred to be interviewed by telephone

⁷ During this fieldwork period the basic rate of tax was 22% - the March 2007 Budget changes will affect the value of tax relief available through Gift Aid.

doing so. All of the available tax incentives were then explained in turn, allowing individuals to describe their awareness and use of them, or their initial perceptions if hearing about them for the first time. Opportunity was also provided to discuss barriers they had come up against in giving to charity and to suggest additional incentives or other measures that might encourage them to give in the future.

Senior researchers from Ipsos MORI, trained and experienced in qualitative interviewing, carried out all of the fieldwork. Each interview was guided by the researcher using a discussion guide developed in close collaboration between Ipsos MORI and HMRC. A copy of the discussion guide designed for this project can be found in Appendix C of this report.

Interviewers took part in debrief sessions regularly throughout fieldwork to identify themes emerging from the interviews and test hypotheses. These themes were then used to construct a series of charts or frameworks, against which each piece of data was plotted. This required revisiting the transcripts or recordings of the data and 'marking them up' systematically to make sure all relevant pieces of information were included on the framework charts. Information was recorded in both verbatim and summary form, with researchers careful to ensure that they differentiated between these as appropriate in order to minimise any innate bias they might bring to the task.

In order to analyse and interpret the information collected thoroughly, we used QSR XSight software. This is relatively new to the field of commercial qualitative research and provides a means of constructing a structured and searchable framework within which to categorise data. XSight is also designed to work as a knowledge management tool to formally capture and organise data from a variety of different moderators, meaning that it is ideally placed to assist researchers in their analysis of large-scale qualitative projects.

1.4 Research design

In order to explore a range of attitudes and opinions, quotas for the depth interviews were set on the basis of individuals' income and tax efficient charitable giving recorded in the previous three tax years for which data was available (2001-2002, 2002-2003 and 2003-2004). The sample was drawn from HMRC self-assessment records and grouped into categories according to income (only those with an income of £201k+ each year were included) and the tax relief(s) claimed.

Most of the sample was divided into two groups, givers and non- or ad-hoc givers. Givers were defined as those claiming any of the following three tax reliefs on their self-assessment returns in any of the three financial years on which the sample was based:

- Gift Aid;
- Gifts of shares;
- Gifts of property.

As such, the sample information on giving behaviour was incomplete – it was expected that individuals classified as non- or ad-hoc givers may still have made donations in other, perhaps more informal or sporadic ways, and/or not claimed the specific tax reliefs used to define the different sample groups.

Income levels were also used to divide these two groups further, with ‘high’ earners being those with a pre-tax income above £501k and ‘lower’ earners with a pre-tax income between £200k and £500k per year. This distinction was made to explore any differences in charitable giving behaviour and attitudes to tax incentives between the wealthy and very wealthy.

Prior to recruitment, the sample underwent a telephone matching process, during which, of the 44 per cent without telephone numbers, 39 per cent were matched successfully. An opt-out letter was sent to all those with a telephone number in the sample, explaining the purpose of the research and giving them the opportunity to opt out (a copy of this letter can be found in Appendix A). Those who did not opt out of the research at this stage were then contacted by telephone and recruited to fill the quotas and to ensure a ‘spread’ by age, gender and location that broadly reflected also the characteristics of the sample.

Quotas were set according to the sample characteristics in table 1.1. Prior to the main fieldwork, four pilot interviews were conducted with wealthy people recruited via contacts at Ipsos MORI, in order to test understanding and sensitivity of the discussion areas.

During the main fieldwork period it became apparent that the majority of those interviewed from the ‘non-givers’ sample categories did report donating to charity in the last year using tax efficient means – this is discussed in more detail in section 1.5. It was therefore decided to screen the remaining ‘non-givers’ sample in order to seek the views of true non-givers (see recruitment questionnaire in Appendix B for further definition of this group). The remaining sample was exhausted and three extra interviews were achieved.

Table 5.1 in chapter five provides a more detailed breakdown of the sample outcomes.

Table 1.1 Quota characteristics

	Target quotas	Achieved interview
Non-giver or ad-hoc giver, £501,000+	14	13
Non-giver or ad-hoc giver, £200,00 - £500,000	10	10
Giver, £501,000+	8	8
Giver, £200,00 - £500,000	8	8
Giver of shares	2	3
Giver of property	2	2
TOTAL	44	44

Source: Ipsos MORI

1.5 Participant characteristics

Interviews were conducted with a wide range of participants, from landowners with inherited wealth, to self-made businessmen (current and retired), London city workers and listed company chairmen. In general, participants were aged over 35 years old and male. This profile compares favourably with the sample provided by HMRC, where around 85 per cent of the sample were aged 35 or over and 89 per cent were male.

As mentioned in section 1.4, during recruitment and fieldwork, a number of discrepancies were found between reported tax efficient giving behaviour and the sample categories. This is because either:

- a) participants had made tax efficient donations, but not using either of the two methods that identified them as such on the sample (i.e. higher rate Gift Aid relief or tax relief on donations of shares, securities, property or land) – for example, the sample did not identify wealthy people who give via Payroll Giving; *or*
- b) participants made tax efficient donations in more recent tax years, but not in the three tax years of self-assessment records from which the sample was drawn (2001-2002, 2002-2003 and 2003-2004).

Conversely, most of the share or property givers identified on the sample as having claimed tax reliefs on these donations were not aware that these reliefs existed – in fact, two of these donors did not even recall giving in this way. This can be attributed to the fact that they all had relatively complex tax affairs and, therefore, employed accountants or other agents to deal with these and claim reliefs on their behalf.

1.6 Report layout

Following this introduction, the report is organised into four main sections: an exploration of the behaviour and attitudes of wealthy participants to charitable giving, including a discussion of the broad behavioural groupings; levels of awareness and views of each tax incentive in turn, and the extent to which they were used; an overview of the role of tax reliefs as an incentive to give to charity, followed by a discussion of the level of impact for each individual relief; and finally an analysis of the feasibility of a telephone survey on the basis of refusals, opt outs and sample limitations.

1.7 Definitions, presentation and interpretation of data

As described previously, qualitative methods, such as in-depth interviews, are ideal for exploring complex and sensitive issues. However, qualitative research utilises relatively small samples that are chosen purposively to ensure representation of a full range of views.

It must be remembered that qualitative research is designed to be illustrative and does not attempt to produce statistics representative of the whole population of wealthy individuals, but to identify the range of views, opinions and experiences of the target group. In addition, it is important to bear in mind

that we are dealing with perceptions rather than facts. These issues need to be taken into account when interpreting the research findings – the findings cannot be generalised to the wider population of wealthy people.

In the ‘Charitable giving behaviour’ chapter we have provided case studies. The names used in these case studies have been picked at random and are not those of research participants.

Throughout the report we have made use of verbatim quotations to exemplify a particular viewpoint. It is important to be aware that these views do not necessarily represent the views of all participants.

Where quotations have been used the attributes, in order, are:

- Income bracket
 - £200k-£500k
 - £501k+
 - Property giver (income not available)
- Age
 - 35-44
 - 45-49
 - 50-59
 - 60+
- Type of donor from interview (see chapter 2 summary for definitions)
 - Large committed
 - Large ad-hoc
 - Small committed
 - Infrequent
 - Non-donors

2. Charitable giving behaviour

This chapter discusses the five broad groupings of giving behaviour that emerged and the characteristics of each group. The chapter then moves on to discuss motivators and barriers to giving more generally. The chapter concludes with a description of the level of donations made by wealthy participants and the methods used to make these, including comparisons with previous research among the general public.

Chapter summary

Based on the regularity and scale of wealthy participants' charitable giving behaviour, five broad groupings were identified – large committed donors, large ad hoc donors, small committed donors, infrequent donors and non-donors (however, these groupings are not mutually exclusive, and do overlap in places). In summary:

Large committed donors made planned, but not necessarily regular, donations of up to £250k in any one year, usually via Charities Aid Foundation (CAF) accounts or personal charitable trusts. Often, they also sat on the boards of their favoured charity(ies) or were involved in administration in some other way.

Large ad-hoc donors were more reactive in their charitable giving, often responding to requests from 'familiar' charities that family or friends were affiliated with. Their donations tended to be one-off cash or cheque payments, typically of between £15k and £20k a year.

Small committed donors gave less generously (between around £100 and £2,000 each year), but more regularly - mostly through direct debits or standing orders, supplemented by small ad-hoc donations at one-off charitable events or in sponsorship. This group tended to be less affluent (with an annual income of less than £500k) and to have other financial commitments (family, mortgage, etc.).

Infrequent donors were also most commonly found among lower income participants (less than £500k per annum). But this group gave to charity only infrequently, mostly through sponsorship and/or door-to-door collections, with some recalling direct debits/standing orders set up previously but forgotten about. Infrequent donors were mostly reluctant to divulge the value of their donations.

Non-donors, as the name suggests, preferred not to give monetary donations to charity, either out of a principled objection (e.g. they feel they already contribute enough financially to society through their tax payments) or simply because they have lapsed into non-giving. However, they might give their time to charity through voluntary work.

On the whole, wealthy participants' methods of giving were focused more around writing cheques and using direct debits/standing orders than has been found in previous research among the general population (where cash payments have been found to be the favoured method of giving).

For the most part, donations tended to be a relatively small proportion of wealthy participants' income, although there were some important exceptions to this general rule. Research participants also tended to be quite reluctant to prescribe an amount or proportion of income that people *should* give to charity.

Motivators and barriers to giving were broadly consistent across the donor groups and, in large part, mirror the findings of previous research with the general public, as follows:

Motivators included personal affiliation to a charity; participants' faith or upbringing; the perceived 'worthiness' of the cause; satisfying a 'social conscience' or providing a 'sense of wellbeing'.

Barriers were focused around the perceived level of impact - participants were particularly concerned about the administrative costs and bureaucracy associated with (some) charities, as well as issues surrounding well-publicised financial scandals. Personal financial considerations can also be a barrier to donating larger amounts, especially for participants with financial dependants.

There were, however, some specific motivators and barriers that appeared to hold more sway amongst wealthy people than other groups. For example, due to the often large amounts involved, participants were particularly concerned to retain a level of control over the timing and destination of their donations. Moreover, many perceive there to be a social pressure for them to make, or be seen to make, generous gifts to charity. The less committed givers or non-givers also tended to have particular issues around charitable giving as an unwarranted additional financial burden, when such a large amount of their income was already diverted into public causes through taxation.

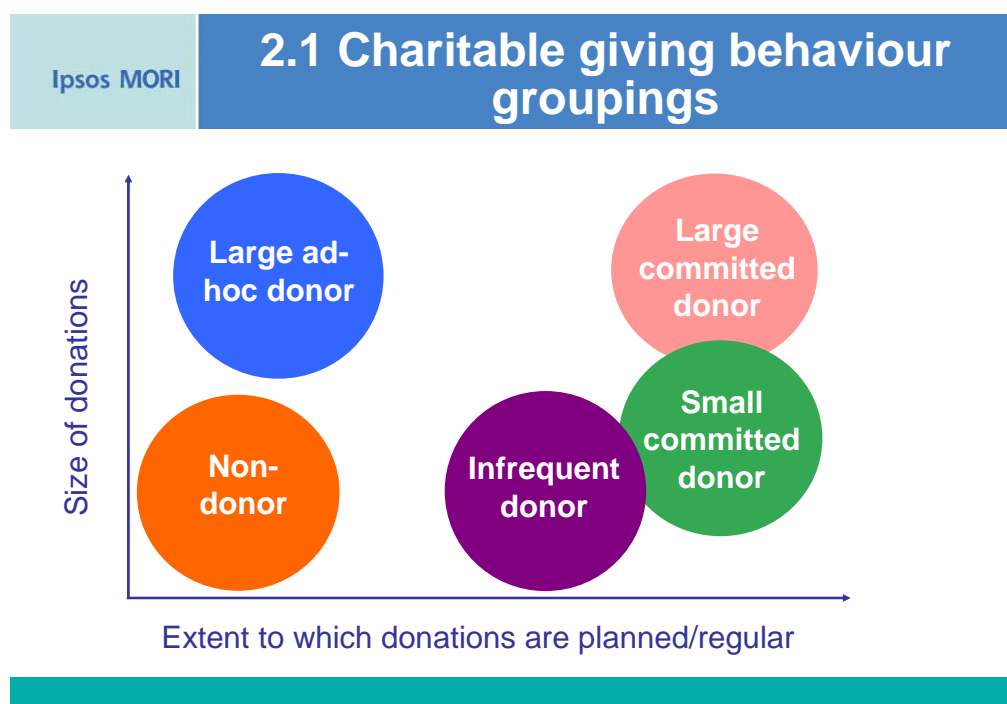
The type of causes preferred by wealthy donors participating in the research covered the full remit, from children's and medical charities, to overseas aid, plus environmental, homeless, educational and cultural causes.

2.1 Behaviours and attitudes to giving

Recent giving behaviour and attitudes to giving varied across the group of wealthy people who participated in the research.

Chart 2.1 depicts five broad groupings that emerged, based on participants' charitable giving behaviour, although these groups are not mutually exclusive and do overlap in places. The higher up a group is on the chart, the larger the size of their reported donations; the further they are to the right of the chart the more likely their donations were planned or regular throughout the previous year.

A description of each of these five groupings follows below.



2.1.1 Large committed donors

Large committed donors tended to be landowners with inherited wealth, self-made businessmen, or listed company chairmen, rather than salaried employees. They tended to make large and regular donations, which they distributed via CAF accounts or charitable trusts that they had set up, or had been set up on their behalf. The funds held in charitable trusts were earmarked for the purpose of distributing funds to charities of participants' choice. CAF accounts are cheque accounts with a small management fee. An automatic statement of donations is provided each financial year to be included in the participants' tax return. Participants said they either made deposits annually or monthly into their CAF account and these deposits could have originated as shares or from payroll giving, as well as transfers or cheques from another account, or funds deposited and the account set up as part of an employee remuneration package.

Both CAF accounts and charitable trusts were particularly attractive to large committed donors, as they offered complete control over the direction and timing of the contributions they make. This is of added importance when

considering the size of the donations made by this group – up to as much as £250k in any one year. In an extreme case one research participant who fell into this category regularly paid around a third of her income in charitable donations.

In addition to their substantial cash contribution, large committed donors often also sit on the boards of their favoured charities or were involved in the administration in some other way. This allows them to exert an extra level of control over the way in which the charitable funds are spent, something which was of central importance to many wealthy participants (see section 2.2.1).

A strong theme that came across was that large committed donors are often driven by an innate altruistic or philanthropic nature, often founded in faith or religious beliefs (again, see section 2.2.1).

Case study: large committed donor

Robert is a senior partner in a law firm who has been donating regularly to charity for many years. At present he donates shares through a Charities Aid Foundation (CAF) account, allowing him to distribute funds regularly to the same 30 charities he chose around 30 years ago. Tax relief on shares and Gift Aid have encouraged him to give significantly more than he would have otherwise.

As well as giving financially, Robert dedicates time to giving care and practical help to older people he and his family have befriended. His wife's family have always given both time and money to charity and this has encouraged him to do the same.

He uses the CAF account because it is tax-efficient and convenient, allowing him to monitor how much he is giving to which charities and to compare his donations to those made in previous years. Although the main source of funding for his giving is the transfer of shares, he also tops up the account by writing cheques on other, personal, accounts.

2.1.2 Large ad-hoc donors

Large ad-hoc donors responded to requests for donations in an unplanned manner, for example for specific events or fundraising campaigns. They tended to make direct one-off cash or cheque payments, typically between £15k and £20k (building up to £200k in an average year for one of these participants).

Key drivers of the giving behaviour of this group include links with charities via family or friends, plus their faith or religious beliefs (see section 2.2.1).

Case study: large ad-hoc donor

After a career in the city, James retired last year, having earned enough to provide for himself and his family. He now enjoys time relaxing with them and continuing to keep a close eye on stocks and shares. At the moment he is enjoying his new life and has no immediate plans to look for other work.

Almost all of his charitable donations take the form of sponsorship, both of friends who are doing something for charity and also through appeals for money in the area where he lives. As a family they also respond to requests from charities that arrive through the post, though his wife deals with these and he is unsure exactly how much and how frequently they give. Since becoming a father he has developed a preference for children's charities. James has only one small standing order; all of his other donations are made on an ad-hoc basis.

2.1.3 Small committed donors

Small committed donors gave on a regular basis through direct debits or standing orders, supplemented by small ad-hoc amounts at charitable events or in sponsorship. Small committed donors tended to have an annual income of less than £500k and made donations of between £100 and £2,000 a year.

Substantial personal financial commitments (e.g. family or mortgage payments) were commonly cited as barriers to making larger charitable donations by this group (see section 2.2.2).

Case study: small committed donor

Amanda has been working in investment banking for the last 10 years and is a single mother. Recently she decided to become more proactive about her giving, increasing it from nothing two years ago to several hundred pounds in the last 12 months. In her view she should donate more to charity, and she is working out how best to make decisions about which causes to support and how much to donate to each.

Currently, she supports a girl in India through a national charity that guarantees a certain proportion of her donation will go directly to her adoptive child. She also sponsors colleagues, clients and friends on an ad-hoc basis when they run the marathon or do something else for charity.

2.1.4 Infrequent donors

Infrequent donors gave to charity occasionally, and when they did it tended to be through sponsorships or door-to-door collections, although some had direct debits or standing orders that they set up some time ago and had forgotten about.

Again, they tended to fall in the 'lower' income category of £200k to £500k and were reluctant to divulge the value of their donations.

Case study: infrequent donor

Peter runs his own management consultancy firm which he set up a year ago after working for large firms in London. He does not give regularly to any charities via standing order or direct debit as he likes to be in control of his finances in case his priorities change. Instead, he prefers to give small amounts spontaneously to causes that appeal to him, often medical or animal welfare charities as well as smaller, local charities.

The only method of giving he uses is donating cash (typically a few pounds) when approached in the street, something he does at least once a month. Until a few years ago he gave almost nothing to charity.

2.1.5 Non-donors

Non-donors preferred not to give monetary donations to charity, but they might do a little voluntary work. Although they may have given very small amounts to doorstep or in-street collections, or in one off sponsorship (as little as £15 in any one year), on principle they preferred not to give money or have lapsed into non-giving.

A common sentiment amongst this group was that their tax payments constituted a sizeable contribution to society and so were not inclined to supplement this with charitable donations (again, see section 2.2.2).

Case study: non-donor

Having retired as a senior executive, Anthony is now enjoying retirement in the English countryside.

He has never really given substantial amounts to charity. This is largely because he is cynical about how effective charities are. In addition, he believes that much of what charities do (such as medical research) should be funded by the taxpayer rather than private donations.

Anthony is particularly suspicious about overseas charities, as he believes that much of the money donated does not reach those who need it. He only donates a few pounds a year to charity, and as a result tax incentives that encourage giving have no real impact on his behaviour.

2.2 What were the motivators and barriers to giving?

2.2.1 Motivators to giving

Previous research with the general public⁸ pointed to a number of underlying reasons why people give to charity, linked both to proactive giving behaviours (including a general belief in the importance of the cause, or because the charity has helped or is expected to benefit family or friends in the future – e.g. in the case of illness) and also reactive or spontaneous donations (e.g. in response to being approached by a charity representative).

The wealthy participants' who took in this research displayed a number of similarities in the motivations underlying their charitable giving behaviour, as described below. However, the level of donations often involved gave rise to a number of key differences that are worth noting. In particular, wealthy participants who gave to charity were particularly concerned to be able to exercise some degree of **control** over the distribution of their donations, in terms of the timing, amounts and beneficiaries. This may involve giving time as a non-executive director or chairman of a charity (for large committed donors in particular) or simply feeling reassured that they know how their donation would be distributed.

This need for control was linked to participants desire to see the **impact** of their contribution on the cause they wish to support. For small committed donors this could involve sponsoring a child and receiving letters on that child's progress, while for larger donors this may involve helping with the maintenance or re-building of their local church.

Other differences between the general public and these wealthy research participants are noted in relation to the specific motivators discussed below.

Personal affiliations to a charity. This was often founded on a long-term relationship with the charity, sometimes arising from a family illness or other experience. Local charities were also particularly important to participants as they report a feeling of personal responsibility to support these causes.

⁸ Smeaton, D., et al (2004), op cit.

Well it's normally because either you yourself have been involved in raising money for them, or because you've got a very strong personal, family, emotional attachment to something. I mean why would I give something like that to [local charity name]? Well my father was a much decorated first gunboat captain in the Second World War and was killed in the second world war so that's something I feel very strongly I wish to support.

£501k+, 60+, large ad-hoc

I think probably because my mother died of cancer, a good few years ago now, but she was actually looked out for by [charity name], and so I felt that they were very kind and very good to her, when she was ill.

£200k-£500k, 60+, small committed

The participants' faith or upbringing. This was often cited as a key driver of giving behaviour for those who made the largest donations, but was not exclusive to these groups. This particular motivator often led to a feeling of obligation to give to charity, but did not necessarily involve giving to religious or faith-based charities.

The strengthening of my faith as well probably helped, my Christian faith.

£501k+, 50-59, large ad-hoc

The 'worthiness' of the cause. Wealthy participants receive numerous requests for donations throughout the year. In order to filter these down to ensure a positive impact (rather than donating small amounts for every request), participants often said they sifted through the pile and decided which were the most 'worthy'. Other factors affecting these decisions relate to concerns around the ability of the charities to distribute funds effectively (see 'Barriers to giving' section below).

I just think is it something where either you feel you want to support the person who's doing it, or who's involved with it, or does it look like a good thing to do?

£501k+, 45-49, infrequent

Giving satisfies a 'social conscience' or provides a 'sense of wellbeing'. This may be created by an awareness of improving beneficiaries' lives or having a positive impact on society – it may be as localised as maintaining the local church, or involve sponsoring a child overseas. There were cases where donors of larger amounts gave the impression that they were keen to donate in a manner which resulted in beneficiaries being aware that they were the benefactor – such as developing and maintaining a village school and branding it with the donors' name.

I'm a great believer in giving to charity. I think, the more you give the happier one is, within reason.

£200-£500k, 60+, large committed

A certain amount of self satisfaction in giving ..., that's very unfair because a lot of people are very selfless in their giving but I think there is a warm element of feeling, oh wow that's great I've built a water well for somebody in a village.

£501k+, 50-59, large ad-hoc

Being seen to give. There was a notion of 'pressure to donate' among some, as there is among the general population. Amongst the largest donors participating in the research this manifested itself in different forms, such as competing with others at charitable auctions to show how generous they can be (this seemed to be most relevant to large *ad-hoc* donors), or donating large sums to museums or galleries to further their reputation as an altruist or philanthropist (mostly relevant to large *committed* donors). Across all donor groups, there were feelings of obligation to donate relatively large amounts in sponsorship to friends, family or colleagues when they may not necessarily have donated to that particular charity otherwise.

2.2.2 Barriers to giving

Among wealthy participants, as with the general population, barriers to giving were largely focused around concerns over the **perceived level of impact** their donations would have. As well as participating non-donors citing this as a reason for not giving to charity, wealthy donors taking part in the research wanted to know how their donation would be spent and how much of this would reach the intended recipient. In fact, some participants who had given to charity had selected their preferred charitable cause(s) specifically because they were reassured that their money would be channelled appropriately.

There's been too many cases where when you give money to those people a small percentage ever gets to the intended beneficiary. So you have to be very careful, that's why we want a family involvement.

£501k+, 60+, large committed

...what I liked for [name of charity] is first of all they state exactly the given amount of your donation that goes to the child or the community of the child in Asia, Africa, wherever, so you know that for each pound you donate at least say 70p goes to the cause you want to donate to.

£200k-£500k, 35-44, small committed

Charity **overheads**, excessive **bureaucracy** and **levels of staff competency** were often highlighted as particular issues in this respect, including mentions of large salaries for chief executives and hidden administrative fees. This

was why some participants preferred to give to small local charities, as this enabled them to see the results of their donation first hand and gave them confidence that with fewer staff there would be lower overheads. Conversely, others who had similar concerns gave to larger charities as they felt they were better equipped to distribute donations appropriately.

A related issue is that some, mostly international, charities were often associated with well-publicised **scandals**. Some participants were concerned that food, resources and funds might not reach those in need due to interference from corrupt governments, provisions being intercepted by local guerrilla or disreputable organisations managing funds locally. In some cases, participants said they avoided donating to charities that provided to beneficiaries abroad because of these concerns, and preferred to donate to charities that focus on British-based causes.

I have helped charities abroad but I'm more likely to stick to the UK and you could say it concerns me slightly whether charitable donations abroad reach their destination.

£200k-£500k, 50-59, large ad-hoc

Personal financial considerations also play a role in preventing charitable giving by wealthy respondents. Many younger donors (aged 30-44 years) said they did not give more to charity because of their commitments to bringing up their children or paying off mortgages, but that they might give more in later life when their children were less dependent and their mortgage debts had been paid off. Older donors also highlighted other commitments.

I don't know, it depends on what people's commitments are elsewhere, I've got family, we've got grown up children, we've got grandchildren. I actually think part of our commitment's to them...

£200k-£500k, 60+, small committed

Whilst other commitments were often quoted as a reason by those who gave relatively little or infrequently (as found in previous research with the wider population), these participants also expressed a reluctance to give when they already felt they contributed a large amount to society through their tax payments. 'Non' or 'infrequent' donors stated that they paid far more in tax than they could personally use in terms of public services, and therefore would not consider making further contributions through charitable donations. Further, they resented the lack of control and choice they had over how their taxes were spent.

In the last three years I'd have paid one and a half million pounds or something in tax. So I pay a lot more tax than is necessary to provide services to support me and so there's probably, you could say there's a number of families that have been helped by my tax. And it may be a bit of a cop out but I feel that that compensates me for giving money to charity really.

£501k+, 60+, non-donor

They [the Government] could stop wasting so much money then, if they didn't waste so much money you might feel a bit more generous. You get higher tax and higher waste, [and that] affects your attitude to things really. How much money is supposed to be wasted in the National Health Service, so, why would you give to medical charities...

£200k-£500k, 60+, non-donor

One potential route to changing the negative perceptions of such reluctant or non-donors, might be to capitalise on the emphasis that wealthy research participants placed on retaining some degree of control over any donations that they might make. This could be done by targeting messages (through correspondence and tax guidance materials) to focus on the key role that tax efficient giving can play in channelling donations to their preferred causes – highlighting that the government would follow this with additional contributions in the form of tax reliefs.

2.3 Methods of giving

2.3.1 How much do wealthy people give?

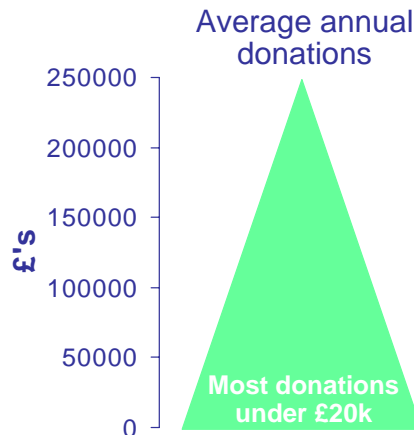
The most significant difference between the donations made by wealthy participants and those made by the general population (as reported in previous research) was the amounts large committed donors gave to charity.

Chart 2.2 illustrates the pattern of donations, in terms of the amounts given in a typical year⁹. The triangular shape indicates that, while most annual donations reported were between £15k and £20k (and these tended not to constitute a particularly large proportion of donors' income), some of the largest and most committed donors gave up to £250k each year – this particular figure was accumulated and distributed by a charitable trust. For comparison, previous research has shown that the general public donates an average of around £145 each year.¹⁰

⁹ Please note, these amounts are based on qualitative data and are therefore not representative of the wealthy population.

¹⁰ Smeaton, D., et al (2004), op cit, p33. Please note this amount comes from a quantitative survey, and therefore provides a context rather a direct comparison with the qualitative research on which this report is based.

2.2 Estimated annual donations



Please note: the amounts in this chart are based on qualitative data and are therefore not representative of the wealthy population.

When asked for their views on what proportion of income a donor *should* give to charity, participants were reluctant to prescribe an amount, suggesting that this was a matter of personal choice, although there were those who stated what they thought would be generous or particularly mean.

I wouldn't like to make any moral judgements about it, no, I think it's up to the people to decide themselves, I wouldn't try and fasten moral obligations onto anyone to give money to charity because quite a lot of people ... say that they give enough to the government in taxation anyway.

£501k+, 60+, large committed

I wouldn't want to be prescriptive on that, I think it's a question of personal taste and what appeals to you, and everyone has different circumstances. I think the whole point about charity, is that it is a voluntary thing and therefore, I think, it is very much an individual decision.

£501k+, 50-59, small committed

I think it does depend desperately on the scale of the income they have. If somebody's income was £50,000 a year, before tax, I'd have thought they'd be astonishingly generous if they gave £2,000 a year to charity. I think if your income is £500,000 a year I think you're being slightly at the stingy end if you don't give the amounts I give ... But what's a good target? I think for the high earners and people with large private incomes and large pensions, I think you want to think somewhere between five and ten per cent. I think ten per cent's a lot, I think five per cent's not a lot.

£501k+, 60+, large ad-hoc

2.3.2 How do wealthy people give?

While the general population tend to prefer to give to charity via spontaneous methods, such as collection tins or raffle or lottery tickets¹¹, the wealthy participants of this study tended to prefer to donate by writing cheques (especially those with charitable trusts or a CAF account), or using direct debit or standing order. There were also those who donated using their credit card via the telephone or internet and those who gave cash.

The small committed donors identified in the research tended to make the most use of standing orders or direct debits to make their charitable donations. The main reason appeared to be that they liked the automatic and regular payments that this type of arrangement allows, and because this ensures that they don't 'forget' to donate to the charities of their choice. Large committed and ad-hoc donors, as well as infrequent donors, tended not to use these more formal regular channels, but for very different reasons, as described previously in this chapter and summarised below.

The large committed donors participating in the research were more likely to distribute funds via charitable trusts they have set up, or to give using a CAF account. These methods were particularly attractive to this group because they offer complete control over the direction and timing of the donations they make (see section 2.2.1). Similar reasons appeared to underlie the preferred giving vehicles of large ad-hoc donors, i.e. writing cheques or making cash donations, with these particular channels being better suited to the unplanned nature of their contributions for specific events or fundraising campaigns. Finally, infrequent donors, by definition, tended not to make significant or regular payments to charity and were, therefore, more likely to have simply responded to requests for sponsorship, or to door-to-door or in-street collections.

¹¹ Smeaton, D., et al (2004), op cit, p19.

2.4 Which causes do wealthy respondents favour?

As well as giving to the two most popular causes amongst the general population, i.e. medical research and children's charities,¹² wealthy participants commonly donated to a variety of other causes, including:

- local charities (including local church);
- national and overseas religious charities;
- national and overseas aid charities;
- animal welfare charities;
- museums and galleries;
- housing or homeless charities;
- environmental charities; *and*
- educational charities.

The types of causes preferred did not tend to vary by size or frequency of donation.

¹² Smeaton, D., et al (2004), op cit, p25.

3. Awareness, use and views of tax incentives

This chapter discusses levels of awareness and views of tax incentives in general and then for each of three specific tax incentives in turn - Gift Aid, Payroll Giving and giving of shares or securities or land or buildings - and the extent to which they were used by wealthy participants. It also discusses awareness and views of the Self-Assessment giving system, a means of HMRC facilitating charitable giving, and the extent to which this was used by wealthy respondents.

Chapter summary

In general, participants viewed tax reliefs very positively. A major reason for this appeared to be because, in this way, the government was taking its steer from taxpayers in terms of the size, direction and timing of charitable donations. This contrasts to the tax system more generally, where it was perceived that little control can be exercised over where wealthy people's, often very large, payments are channelled.

Not surprisingly, awareness of tax incentives was highest amongst those who had used them and also amongst those working in the financial sector. The wealthiest participants (i.e. earning over £501k in any of the qualifying tax years) were sometimes aware, or had a vague notion, that it was possible to claim tax relief on donations of shares etc, even if they had not personally donated in that way.

Simplicity and convenience appear to be the key factors in encouraging take-up of tax reliefs and potentially increasing the level of charitable giving. For example, Gift Aid was by far the most well-known and most commonly used of the reliefs, followed by Payroll Giving. These tax reliefs were also perceived to be the easiest to understand and most convenient to use.

Conversely, there was little knowledge, or use, of tax incentives available for giving shares, securities, land or buildings to charity. Only two participants knew about the Self-Assessment giving system (and they were both partners in different financial firms). As well as greater perceived complexity, low awareness of these aspects is likely to be exacerbated by the fact that many participants were quite far removed from the tax system, as a result of accountants or tax advisors being employed to deal with their tax affairs.

Although there was good awareness of the basic concept of Gift Aid, there was some confusion over the higher rate tax relief element – either participants did not know this was available or were not sure how it worked. There was also some confusion over the Payroll Giving process, but this was generally felt to be a good way of encouraging regular donations.

Incentives for giving shares, securities, land or buildings were only deemed relevant for the *very* wealthy, who might hold enough of these types of assets to 'give away'. Some stated an intention to look into these incentives further, although there were concerns around the eligibility and complexities involved.

None of the wealthy people who took part in the research had used Self-Assessment giving and there was a feeling that this system did not give donors enough control over how much, when or where donations are paid.

3.1 Overview

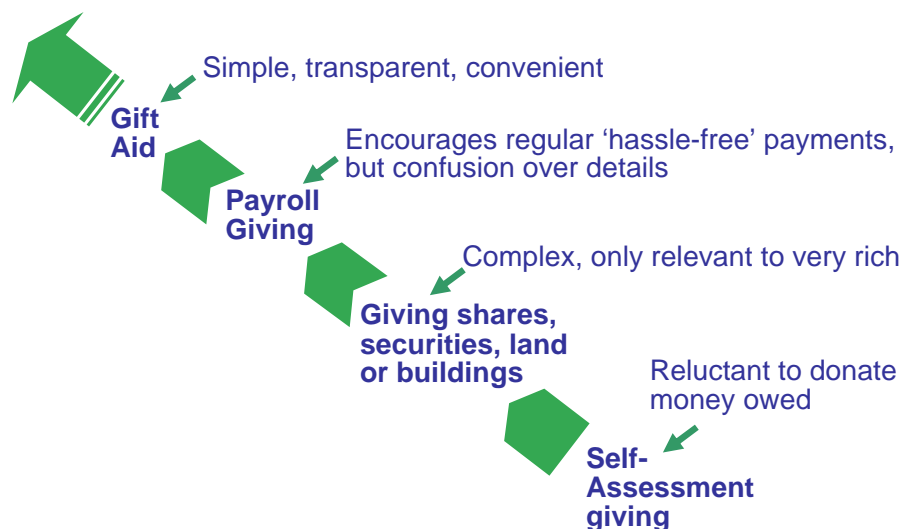
Chart 3.1 summarises the research findings on awareness, use and views of each of the different tax incentives.

It was evident, and not surprising, that awareness was very closely linked to use of the different tax reliefs, with the most commonly known and used being Gift Aid, followed by Payroll Giving. There was little knowledge or use of tax incentives available for giving shares, securities, land or buildings to charity (although the wealthiest participants often had a – sometimes only vague – notion that these reliefs existed) and only two participants knew about the Self-Assessment giving system, both of which worked in the financial sector. Perhaps unsurprisingly, those working in the financial sector tended to be more aware of tax reliefs than others.

The key message for encouraging take-up of tax reliefs and possibly encouraging further giving is simplicity and convenience – as evidenced by the fact that Gift Aid was by far the most well known and widely used. There was a perception among participants that the rules surrounding the other types of tax relief for charitable giving were far too complex in general, often with little understanding of how the current package of incentives works. The ‘American Model’ of tax incentives in this area was generally referred to as being fairer and simpler than the British model, with a perception that all donations in the US qualify for tax relief. However, this was not based on detailed knowledge but on general impressions. This suggests there might be scope for altering this perception of complexity through better ‘branding’ of UK tax reliefs as a single recognisable ‘package’, through communications targeted both at taxpayers directly and via trusted intermediaries (e.g. employers, accountant/tax advisors or CAF).

In general, participants viewed tax incentives very positively. One of the main reasons for this appeared to be that this demonstrates that the government was taking its steer from tax payers in terms of which charities receive how much and when. This was linked to the strong desire expressed by participants to retain control over their own charitable donations, as described elsewhere in this report.

Ipsos MORI **3.1 Awareness, use and views of tax incentives/system: summary**



3.2 Gift Aid

There was good awareness of the basic concept of Gift Aid, but some confusion over the higher rate tax relief element. Participants usually found out about Gift Aid through 'ticking the box' on sponsorship forms or when filling in direct debit forms to set up regular donations, or otherwise from charities themselves.

I'm aware of the fact that the charity can recover additional money back on top of the contribution that I've made. So if I give a pound and I sign some declaration that says I'm a UK taxpayer they can then go to the Inland Revenue or to the Government and get I think 24 pence or something basically. I don't know what the basic rate is, 20 pence or whatever, so if I give a pound it's really I'm giving £1.20.

£200k-£500k, 45-49, small committed

Previous research among the general public suggested that some charities were perceived to be unclear about what was required to claim Gift Aid¹³. However, among the wealthy participants in this study, the main function of Gift Aid – to enable basic rate tax relief to be claimed by charities on donations received – was well understood and perceived to be convenient, easy to use and transparent.

¹³ Smeaton, D., et al (2004), op cit, p44.

Where it became less clear was in claiming back the difference between basic and higher rate tax. Participants who did not have a CAF account (which produces a statement of donations for easy inclusion in their tax return each year) were either unaware of this possibility or, where they were aware, were not inclined to keep careful records of their charitable donations to enable this – particularly if they had only donated what they perceived to be a relatively small amount in that tax year.

...that just sounds like a chore to find out how much you're giving to charity and then to put it down, so I couldn't be bothered.

£501k+, 45-49, large ad-hoc

Some participants suggested that charities should also receive the additional higher rate tax relief element on top of the basic rate relief, while others were encouraged to give larger sums to charity now knowing they could personally claim back this element (see chapter four for further information). This suggests that simply raising awareness of this particular aspect of Gift Aid more widely, perhaps within self-assessment packs, could have a real impact on the take-up of this particular tax relief and, consequently, help to increase the level of charitable donations.

As well as good knowledge of the existence of Gift Aid, some participants also appeared to be aware that changes had been made in recent years to simplify its administration (e.g. in terms of the removal of the minimum donation and the removal of separate treatment of payments made under a Deed of Covenant), and welcomed these changes. None of the other changes implemented in 2000 under the *Getting Britain Giving* campaign (e.g. the abolition of the upper annual limit on Payroll Giving and the new reliefs for gifts of certain quoted shares and securities) were known.

It's slightly easier now. Yeah, you just had to be careful you didn't give anything you couldn't afford but I obviously didn't have that. In general it was just a little bit more complicated and now it's a little bit easier.

£200k-£500k, 45-49, large committed

3.3 Payroll Giving

Payroll giving was less well known, even among employers and employees, although there were those who were using or had used this method and felt it was easy and convenient to use.

It's very simple and straightforward once it's set up. I think it's pretty cheap for us to administer as well.

£200k-£500k, 50-59, small committed

Among those who were aware of but not using Payroll Giving, there was some confusion over exactly how it worked – some employees felt it would be unfair if it worked in a way that 'imposed' a charity on all staff and others were

worried that they would not easily be able to change the amount they had initially signed up to give.

Corroborating the findings of previous research with the general population, the key source of information about Payroll Giving was their employer¹⁴. This may be a possible route for raising awareness and increasing the use of Payroll Giving – persuading employers of the ease of administration of the scheme and encouraging them to remind their employees that they offer Payroll Giving and to emphasise its simplicity and convenience.

However, for small and medium sized employers, Payroll Giving might simply be impracticable. The business owners who took part in the study tended to not only be unaware of Payroll Giving, but also unwilling to offer this to their staff due to perceived complexities and the administrative costs that would be incurred. However, there were those who would consider offering Payroll Giving in response to an employee request.

Payroll giving is, my perception is it's cumbersome, costly, fiddly, painful. It's cumbersome because you've got to organise it and people have got to sign that they want to give it up ... the whole thing is just too much hassle for too little money.

£501k+, 50-59, large ad-hoc

I think that as a firm we, if [employees] wanted to have [it], [we would] go down the route of Payroll Giving, we'd facilitate it. I can't imagine why we wouldn't.

£200k-£500k, 50-59, small committed

Some participants felt Payroll Giving could be an excellent way of encouraging otherwise 'infrequent' or 'non' donors to make regular, small payments, as it does not require any effort on the part of employees once the scheme is set up. Indeed, an illustration of this is provided by previous research, which suggested that a third of the general public would stop giving or give less if Payroll Giving was not available¹⁵.

Well Payroll Giving actually probably encourages people. This might be like saving, encourage people to make the regular monthly donation of £50 a month or whatever.

£200k-£500k, 50-59, small committed

Some participants also saw Payroll Giving as more attractive than Gift Aid, as they perceived that the government played no role in distributing the funds and seemed to trust their employer with this task much more.

¹⁴ Smeaton, D., et al (2004), op cit, p44.

¹⁵ Smeaton, D., et al (2004), op cit, p52.

3.4 Donating physical assets

Tax relief for donating physical assets – i.e. shares, securities, land or buildings - was not well known among participants and, when discussed, these reliefs were only deemed relevant for the very wealthy, as these were the only people felt to be in a position to have these assets to donate.

Wealthy participants tended to have heard of these incentives via media reports of the Chancellor's Budget speeches. For one participant it took a personal recommendation by a trusted source, i.e. a work colleague, before they considered using these tax reliefs. However, amongst the very small number of wealthy participants who had used them, take-up of these reliefs had been driven primarily by tax advisors or accountants acting on their behalf. All participants who had used these incentives were large committed donors.

Following the description of this method of tax efficient giving, some of the wealthiest participants (with an annual income of £500k plus in the qualifying tax years) previously unaware of this incentive stated an intention to look into giving shares or property in the future. However, participants raised concerns around the perceived complexities involved and the restrictions placed on eligibility for the tax relief. For example, one participant had private shares that he would have liked to give to charity and felt it unfair that there was currently no way of valuing these shares in order to claim back tax relief.

Of particular note, four of the five share or property givers identified by HMRC records insisted no knowledge of these tax incentives. As a result, they were unable to comment on the impact of these reliefs. This raises questions about the ability of a quantitative survey to gather evidence on recipients' views of these particular tax incentives. As discussed in chapter 1, this is likely to be a consequence of them employing an accountant or other tax agent to deal with their tax affairs.

3.5 Self-Assessment giving

Self-Assessment giving was less known than any of the tax reliefs under discussion. In fact, only participants who had read up on this in preparation for the interview had any knowledge that donations could be made in this way. No participant reported actually having used Self-Assessment giving. After some probing, two partners in financial firms recalled having seen this on a tax form, but only had a vague memory of it and could not remember any details.

There were those who said they might consider using Self-Assessment giving for relatively small amounts, but most preferred other methods of giving and expressed a strong desire to personally receive any refund they were owed.

People aren't going to do it if it's hundreds of pounds I don't think but if it's like £10 or £20 I think you'd ... give it to charity.

£200k-£500k, 50-59, small committed

My payments, or repayments, are actually quite large, certainly larger than I would want to give to charity so ...no.

£501k+, 50-59, large ad-hoc

I don't want to do it that way. I want to get the money,[so] it's in my bank and then whatever I want to give every six months, my wife and I will make a decision and we'll give it. I don't want to commit to giving it when the Revenue get round to working out what the tax refund is. They'll pay it, maybe they will, maybe they won't. How do I check that they pay it?

£501k+, 50-59, large ad-hoc

This method of giving through the tax system seemed to be unpopular, at least in part, because, as mentioned previously, participants wanted to exercise a degree of 'control' over how much (often the total value of any tax rebate is unknown until received), where and when their donations went. This appeared to be partly driven by a desire to see the impact of their donation and partly down to a lack of trust in the government to distribute the funds as the donor intended.

4. Impact of tax incentives

This chapter provides a general discussion of the role of tax reliefs as incentives to donate to charity, as well as perceptions of the Self-Assessment giving system, followed by a discussion of the possible impact of each individual incentive or system.

Chapter summary

For most, tax incentives were not the main consideration when making decisions about giving to charity. Factors such as perceived worthiness of a cause, a participants' faith or personal affiliations appear to be more critical.

However, some individuals were influenced by tax relief. In particular, when large tax bills are due, some wealthy participants did or would consider making larger donations than they might otherwise have done, in order to reduce their tax bill, suggesting that tax relief did potentially have an impact among this group.

For participating business owners, *company* tax reliefs played an important role in shaping giving behaviour. This was because company donations were rarely distinguished from personal donations, and company tax reliefs tended to be more widely used and understood than personal tax reliefs.

Although there was little mention of reducing or increasing donations as a result of Gift Aid, some believed that they would increase their donations if this was abolished. The simplification of Gift Aid and the move away from covenants was also believed to encourage people to donate more.

Payroll Giving was perceived to be a very effective way to encourage regular donations by those who might otherwise not give, or not give very much/very often. Raising awareness of this tax efficient way of giving and providing support to, mostly small, businesses in setting up such a scheme, could potentially play an important role in increasing the charitable giving behaviour of wealthy people in employment.

The impact of tax incentives for donating shares, securities, land or buildings may be reduced by restrictive rules surrounding eligibility and general complexities. However, these reliefs were very valuable to those participants who had used them. Moreover, others with these types of assets who had not donated in this way indicated that the existence of these reliefs might encourage them to do so in the future as their other financial commitments are reduced.

There was little perceived impact of Self-Assessment giving, due to its very limited use and unpopularity related to the perceived lack of control of donations made in this way.

4.1 The role of tax incentives

Tax-efficiency was not top of mind when participants discussed their reasons for giving. Factors such as the perceived worthiness of a cause, a participant's faith or personal affiliations appear to be more critical.

Whilst a couple of the wealthiest participants (with annual incomes of over £500k) suggested that they might give less to charity if there were not tax benefits to be had, this was not their primary, nor even secondary, motivation for giving. Nor was there any evidence to suggest that donations were being specifically timed to coincide with end-of-year tax returns. In fact, participants were reluctant to attribute their charitable donations to anticipated tax benefits. In general they did not, or did not want to be seen to, give for personal – especially financial – gain; although, as mentioned in chapter two, there were those who implicitly perceive giving as a reciprocal arrangement in which the donor receives a 'sense of wellbeing' in return for their donation.

I give to a charity because it's worth giving to. If your motive is you think, I'm going to get some tax relief on this then, it's not as pure is it? But, as I say if I give £10,000 to somebody and they can claim whatever tax relief on it or Gift Aid, then fine. Don't have a problem with it but I don't think it should actually be the reason for giving. So if there was no tax relief on it, it wouldn't affect what I would do tomorrow.

£200k-£500k, 50-59, small committed

When examining the impact of incentives in more detail, there was evidence that they might actually enhance the 'sense of wellbeing' described above (due to the additional benefits accruing to the charitable cause); and there were those for whom tax incentives had certainly encouraged them to donate larger amounts.

It makes us feel better about giving, because the charity gets more than the simple amount we're giving.

£200k-£500k, 50-59, small committed

Absolutely, there's no doubt that I would not have got into sizeable sums but for tax relief.

Property giver, 60+, large committed

[If there were no tax reliefs for charitable giving] I would've scaled it [my giving] back probably, I don't know, ten per cent, ten or twenty per cent.

£501k+, 50-59, large ad-hoc

In addition, some CAF account holders suggested that the promise of tax reliefs was an important driver in their decisions to open these accounts. Arguably, without these accounts, these participants might not have given as much or so regularly as a result.

Where tax reliefs appear to become particularly important was when a large tax bill was due. Among those for whom tax incentives were currently not an important factor in their charitable giving decisions, there was general agreement that in this situation they would almost definitely explore the options for tax relief more closely and consider large donations if this proved beneficial.

Some wealthy participants had planned to leave charitable legacies instead of making donations during their lifetime. This was either because they want to keep their assets in liquid form in case of unexpected financial need, or simply because they wish these donations to remain anonymous until after their death – and these motivations far outweigh the financial benefits of tax reliefs they could personally enjoy.

Tax relief did seem to have an impact on the donations of business owners who participated in the research. But among this group company tax reliefs tended to be more widely used than personal income tax reliefs, often forming part of the business' general tax planning (usually managed by agents). As these business owners rarely distinguished their personal income from their business profits or their personal charitable donations from their company donations, this suggests that there might be more scope to increase charitable giving by this group of wealthy people through more generous business tax reliefs.

4.2 Impact of specific tax incentives

4.2.1 Gift Aid

There was little mention of reducing or increasing donations as a result of the additional tax the charity could claim back through Gift Aid. Instead, participants tended to decide on a round figure that they thought was acceptable or that they felt they could afford. The basic rate tax relief element of Gift Aid was simply seen as an 'extra bonus' for charities on top of the original donation.

No. I don't think so. If I'm giving an amount, if I give them £500, I don't think, oh well, the charity's getting only 28%, I'm only going to give them £300, I just give them the £500.

£200k-£500k, 50-59, large committed

It encourages people to give because they know that the charity's going to get more.

£200k-£500k, 60+, large committed

However, with further probing, some thought they might increase their donations if Gift Aid was abolished, in order to make up the shortfall generated by withdrawal of the tax relief.

I think it would still be the same unless I'd been asked for a specific amount, I suppose in which case I might do [cover] the shortfall ...

£501k+, 35-44, large ad-hoc

In terms of the other element of Gift Aid – provisions for taxpayers to personally claim back the difference between basic and higher rate tax – some large donors, who were unaware of this rule prior to taking part in the research, thought they might give more to charity now they were aware of this possibility.

If I got the 40% tax break back I'm quite, absolutely convinced my charitable giving would more than double.

£200k-£500k, 50-59, large committed

Participants also believed that the simplification of Gift Aid in recent years had encouraged people to give more, particularly in relation to the abolition of the minimum payment and the removal of the need for covenants to claim tax relief.

You can now say to somebody, I'm going to give you £5,000 and here's the cheque. Does it mean people give more? Yes, I think it does I think they feel that they've made more of a statement by giving the money up front rather than spread it over time ... and they give a lot and they feel good about it, well hopefully they do. I thought that change made a huge amount of difference.

£501k+, 60+, large ad-hoc

4.2.2 Payroll Giving

Despite being used by relatively few participants, the similarity of Payroll Giving to convenient payments by direct debit and standing order meant that this incentive was regarded as an excellent way to ensure charities received a regular income. There were also suggestions that it would encourage otherwise 'infrequent donors' or even 'non-donors' to give, as the amount was automatically deducted at source and therefore less likely to be 'missed'.

Payroll Giving actually probably encourages people to, this might be like saving, encourages people to make the regular monthly donation of £50 a month.

£200k-£500k, 50-59, small committed

This implies that a very effective way to increase charitable giving by wealthy people in employment is through promotion of the benefits of Payroll Giving (perhaps through employers). However, to be successful, it will also be important to overcome the administrative barriers to its implementation, real or perceived, faced by smaller businesses in particular (e.g. offering appropriate support and advice).

4.2.3 Giving shares or securities or land or buildings

As well as low awareness, the impact of these incentives may have been reduced by the rules surrounding eligibility – which were seen as restricting – and the general perception that these reliefs were complex (see chapter three).

...again it sounds a bit complex getting you to give out a few of your shares, why not give out cash?

£501k+, 45-49, large ad-hoc

However, there was some suggestion that these reliefs might become more attractive for some and encourage the donation of these types of assets as people get older and there is less demand on their resources (eg mortgages are paid off and children grow up and become financially independent).

There may be scope for branding these incentives as ‘double-wins’ among the extremely wealthy, reflecting the perceptions of participants already donating shares to charity - the first ‘win’ being that the donation is exempt of Capital Gains Tax and the second that the donor can claim the share value against their income tax liability.

4.2.4 Self-Assessment giving

As already described, none of the research participants reported having used the Self-Assessment giving system. Whilst some suggested it may increase the number of small donations marginally if people were aware of it, this was not a popular means of giving to charity, for the reasons discussed in the previous chapter - particularly in relation to retaining control over the level and distribution of their donation (see section 3.5).

I would be intrigued to know if people tick that box ... they may not know the amount they are giving away ... and would be losing control of where the money is going.

£200k-£500k, 45-49, small committed

5. Telephone survey feasibility

This chapter explores the feasibility of conducting a quantitative telephone survey among wealthy people on their views of charitable giving. The first section examines the levels of refusals and opt-outs received during the recruitment of this qualitative research, which gives a very rough indicator of the type of sample outcomes that might be expected in a quantitative survey. The second section reports on the practicalities of encouraging responses to a quantitative survey, drawing on participants' inferred reactions to being called to take part in a telephone survey.

Chapter summary

Participants' feedback on the possibility of conducting a telephone survey suggests that many wealthy people may not be willing to take part in a quantitative survey over the telephone. Judging by the number of wealthy people in the sample without telephone numbers (post telephone number matching) and level of opt-outs and refusals during recruitment, ensuring a good response rate, and therefore representative data, would be a challenge. However, a full piloting exercise would be required before an accurate assessment can be made in this respect.

In order to encourage participation an advanced letter and pre-call are a must. The interview should be no longer than 20 minutes (although this maybe too long for some), and there should be no questions on what proportion of an individual's income they should be giving to charity, as some may find this sensitive.

5.1 Sample and Response Rate Issues

As discussed in chapter two, using a sample drawn from HMRC records will not accurately identify givers or non-givers, but only those who have made use of specific tax reliefs recorded on self-assessment returns (i.e. Gift Aid higher rate relief and donations of shares or buildings) – and even then recall of claiming these tax reliefs will not necessarily match the sample, which has implications for what can be covered in the interviews.

Table 5.1 shows the breakdown of responses from the sample overall and by HMRC giving category. Bearing in mind the small-scale nature of this qualitative research study, and the fact that the sample was not fully exhausted, it should be noted that all figures reported in the table below should be treated as indicative rather than as a design premise for a quantitative study.

The table shows that at least a quarter of the sample was excluded from the research because they either did not have telephone numbers or we were unable to successfully match sample addresses to telephone numbers (all recruitment was done by telephone). Just under one third (31 per cent) of those with telephone numbers following the matching process – all of whom were sent an advance letter – opted out following receipt of this letter and were, therefore, removed from the sample to be contacted at the recruitment

stage. And of all successful contacts, a similar proportion (36 per cent) refused to take part.

The table also shows that it did not prove necessary to use all available leads in order to achieve the target number of interviews (280 remained un-contacted). However, a more intense recruitment process was followed for the 'ad hoc/non-giver' HMRC-defined sample in an attempt to boost the number of interviews with *actual* non-givers and, hence, a larger number of these leads were contacted as part of the research.

Whilst the following numbers cannot in any way be said to be representative of the target population, as they are based on a very small sample, it is worth noting that when participants were asked whether they would consider taking part in a quantitative telephone survey, only 11 out of the 44 answered positively. This is a rather discouraging response from a group of apparently quite willing research participants and does not augur well for achieving a truly representative sample on a larger scale survey. Despite these tentative indications of a poor aggregate response rate, there were no particular sub-groups, according to demographics or reported giving behaviour, who said they would be less willing than others to take part in a telephone survey. But again, these comments must be treated with extreme caution, based as they are on very small samples. A full pilot exercise would be required to make a more accurate assessment of likely survey response rates.

5.1 Table of responses by HMRC giving category									
Sample reference¹⁶	Original sample	Excluded¹⁷	Opt-outs	No answer/ number unavailable	Not contacted¹⁸	Out quota¹⁹	of Refusals	Original Target	Interviews achieved
NL	250	66	59	48	27	23	15	10	13
NH	250	80	54	71	24	0	12	10	10
YL	200	48	51	4	86	0	5	8	8
YH	200	42	41	0	106	0	3	8	8
PR	22	2	7	0	11	0	0	2	2
SH	50	12	9	0	26	0	0	2	3
Total	972	250	221	123	280	23	35	40	44²⁰

¹⁶ Sample definition based on HMRC records (see section 1.4): NL = Non/ad-hoc giver, income £200k-500k; NH = Non/ad-hoc giver, income >£500k; YL = Giver, income £200k-500k; YH = Giver, income >£500k; PR = giver of property; SH = giver of shares

¹⁷ Those without telephone numbers following telephone matching

¹⁸ Not all leads were required to achieve the target number of interviews

¹⁹ Additional recruitment was conducted with the sample marked as 'ad-hoc/non-givers' in order to identify 'true' non-givers, based on reported behaviour. Many of those contacted were subsequently found to have made some charitable donation in the previous year and were, therefore, excluded from the research.

²⁰ This includes four pilot interviews and three additional interviews recruited to elicit the views of 'true' non-givers (see 'Research design' in chapter 1)

5.2 Implementing a Telephone Survey: practical considerations

At the end of the qualitative interviews, participants were asked a number of questions relating to their perceptions of the practicalities of conducting similar research in a short telephone interview. As a result of these discussions, a number of key recommendations and considerations emerged, as follows:

- An **advance letter** is essential to introduce the survey and provide reassurances about confidentiality; a pre-call will also be necessary in some cases to set up appointments.
- The interview should be **no longer than 15-20 minutes** – participants suggested they would not tolerate a longer interview (some even felt 15 minutes would be too long).
- There is little evidence to suggest that the absence of **incentives** would have a significant adverse effect on response rates.
- Detailed **questionnaire development** work will be required (e.g. using cognitive interviews and thorough piloting of the survey) to test out the sensitivity and comprehension of proposed survey questions and to ascertain the willingness of respondents to offer a response – e.g. around income levels and the value of charitable donations.

6. Conclusion

Five broad groupings of wealthy participants were identified, based on the regularity and scale of their charitable giving behaviour – large committed donors, large ad hoc donors, small committed donors, infrequent donors and non-donors, who preferred not give on principle, or had lapsed into non-giving.

Wealthy research participants tended to use direct cash and cheque payments, plus direct debits and standing orders, more regularly than previous research has suggested is true for the population at large.

The motivations behind wealthy participants' giving behaviour were quite consistent across the donor groups and, on the whole, mirrored those of the general public as found in previous research – i.e. personal or family affiliations, religion or faith, perceived worthiness of the cause, being seen to give (generously) and satisfying a social conscience.

Similarly, stated barriers to giving followed along familiar lines – i.e. concerns over how the funds will be used and, for those with dependents or other commitments, personal financial constraints. Moreover, many 'infrequent' and 'non' donors believed that they already pay more than enough in tax and, therefore, questioned the need for additional contributions to society through charitable donations.

The charitable causes preferred by the wealthy donors who took part in this study covered a wide range of issues, from medical and children's charities to international aid, as well as environmental, homeless and cultural causes.

Where wealthy participants differed from the general public in particular was in the heightened importance attached to retaining control over the value, timing and beneficiaries of their donations. For example, Self Assessment giving was widely regarded as a particularly unattractive option for giving to charity, partly due to concerns over control for distributing the funds being surrendered to HMRC.

Awareness and use of specific tax incentives were, not surprisingly, found to be inextricably linked – Gift Aid was by far the most recognised and most commonly used, followed by Payroll Giving. Very few participants had either heard of or made use the incentives around giving shares/securities, property or land, although these particular reliefs were very valuable to those who had used them. None had used Self Assessment giving to make a donation.

Simplicity, convenience and transparency are the key ingredients in the encouragement of greater take-up of tax reliefs and, potentially, the promotion of more widespread charitable giving. In particular, the simplicity and expediency of Gift Aid helps to explain why it was the most widely used. Similarly, once the concept was understood, Payroll Giving was also viewed as a straightforward means of encouraging regular donations.

A particularly attractive feature of the current package of tax incentives was the fact that the government takes its lead from taxpayers as to how much, when and which causes benefit from donations made – in contrast to wealthy participants' experience of the tax system more widely, where they can exert no control over often very tax large payments.

Although in general tax incentives are not the main consideration in most wealthy participant's giving behaviour, there were reports that they might have encouraged larger donations for some. Lack of awareness of incentives may be hindering the possibility of a greater number or larger donations, but for many, other financial commitments (e.g. family, mortgage, pension saving) were simply more of a current priority. Nevertheless, there were indications that the ability to claim tax relief on donations may well encourage some wealthy people to give more and through tax efficient means in the future, when these commitments are reduced.

Appendices

A. Advance letter



KAI Analysis

1/38, 100 Parliament Street
London
SW1A 2BQ

Tel

www.hmrc.gov.uk

Date 9 August 2006

Our Ref:

Dear

Your views on Charitable Giving

I would like to invite you to contribute to an important government study, being conducted on behalf of Her Majesty's Revenue and Customs (HMRC). The aim of the study is to explore people's views on giving to charity and we would very much value your input.

We are contacting you because your name was drawn randomly from a selection of Self Assessment records. It does not matter whether you give to charity or not – we are very interested to hear what you have to say.

We have commissioned an independent research organisation, Ipsos MORI, to undertake the research on behalf of HMRC. It will involve an interview of about an hour. Should you take part in the research, **everything you tell Ipsos MORI will be treated in complete confidence; no information that could identify you will be passed on to HMRC or anyone else.**

If you are willing to take part in the research, you do not need take any further action. Ipsos MORI may contact you in the next few weeks to set up an appointment to meet with a senior member of their research team, at a time and place convenient to you.

If you have any queries in relation to the research, or if you do **not** want to take part in the research, then please call **Daniel Cameron** at Ipsos MORI on **FREEPHONE 0800** or send an **email** to charitable-giving@ipsos-mori.com. Please quote the unique reference number that appears at the top of this letter. Alternatively, you can fax back the enclosed form (a fax number is provided on the form), or post it back to Ipsos MORI in the FREEPOST envelope provided.

Should you wish to speak to me directly about the research please call; or if you prefer, you can write to me at the address provided above.

I do hope you will be able to take part. I thank you in advance for your help.

Yours sincerely

A handwritten signature in black ink, appearing to read "Stephen Pearson".

Stephen Pearson
Research Officer

B. Screening tools

Main Recruitment Questionnaire: Charitable Giving Feasibility Study

PLEASE TRY TO RECRUIT RESPONDENTS TO MATCH THE TARGET QUOTAS FOR THE GROUPS BELOW (LIST CODES ARE PRESENT IN THE SAMPLE):

List Codes	Target quotas
NH: Non-giver or ad-hoc giver, £501,000+	10
NL: Non-giver or ad-hoc giver, £200,00 - £500,000	10
YH: giver, £501,000+	8
YL: giver, £200,00 - £500,000	8
SH: Giver of shares	2
PR: Giver of property	2
TOTAL	40

Good morning/afternoon/evening, My name is from Ipsos MORI, the research company. You might remember receiving a letter in the past couple of weeks asking for your help with a survey we are conducting on behalf of HM Revenue & Customs. The purpose of this research is to help the HMRC gain a better understanding of attitudes to charitable giving.

Can I just check that I am speaking to <READ OUT NAME FROM SAMPLE DATABASE>? (IF YOU ARE NOT SPEAKING TO THE CORRECT NAME, ASK FOR THE CORRECT RESPONDENT).

The study involves interviews with tax payers such as yourself, and your name has been drawn randomly from a selection of HMRC Self Assessment records. I would appreciate it if you could spare the time to help us with this study. The interview would take about an hour to complete. This call is merely to establish if you might be interested in participating.

We would come to see you at your convenience, at home, the office or anywhere you would prefer, at a suitable date/time to conduct the interview with you. We will make every effort to arrange the interview at the best time and location for you.

We would like to reassure you of the confidentiality of this research:

- **Ipsos MORI is an independent organisation. We are not connected to the HMRC;**
- **All interviews are entirely confidential. All their comments are entirely anonymised so that there is nothing that could identify them to the HMRC. We abide by the Market Research Society Code of Conduct in this and all other respects;**
- **Your participation in the study, and anything you divulge will in no way affect your relationship with the HMRC;**
- **The aim of the research is to give the HMRC a better understanding of people's views of charitable giving.**

I would just like to ask you some questions. All information collected will be anonymised.

Q1. **Would you be interested in taking part?**
SINGLE CODE ONLY.

Yes	1	CONTINUE
No	2	THANK AND CLOSE

Q2. CODE GENDER

Male	1
Female	2

Q3. WRITE IN & CODE EXACT AGE

Exact Age

18-34	1
35-44	2
45-49	3
50-59	4
60+	5

ARRANGE INTERVIEW AND TAKE RESPONDENT CONTACT DETAILS

Interviewer number:

Interviewer name (CAPS):

I confirm that I have conducted this interview by telephone with the above person and that I asked all the relevant questions and recorded the answers in conformance with the survey specifications and with the MRS Code of Conduct and the Data Protection Act 1998.

Interviewer Signature:

Date:

THIS MUST BE THE LAST PAGE OF THE QUESTIONNAIRE AND MUST BE SINGLE SIDED

Charitable Giving Feasibility Study

PERSONAL IDENTIFIERS

Interview Details

F2F/Telephone depth
Time:

Date:
Location:

COLLECT CONTACT DETAILS (ADDRESS FOR THE INTERVIEW LOCATION)

Name/Initial/Title: Mr/Mrs/Ms/Miss

Address:

Full

Tel. Number (WRITE IN INCL. STD code)

Home/mobile

1

Work

2

Refused/Ex-directory

3

Fax number (WRITE IN)

1

e-mail address (WRITE IN)

1

Is respondent willing to take part and available?

Yes

1

No

2

Name of initial contact, such as a PA/secretary, if appropriate (WRITE IN AND

1

Name/Initial/Title: Mr/Mrs/Ms/Miss

Job title:

Tel. number:

e-mail address:

Non-giver Recruitment Questionnaire: Charitable Giving Feasibility Study

PLEASE TRY TO RECRUIT RESPONDENTS TO MATCH THE TARGET QUOTAS FOR THE GROUPS BELOW (LIST CODES ARE PRESENT IN THE SAMPLE):

List Codes	Target quotas
NH: Non-giver or ad-hoc giver, £501,000+	4
NL: Non-giver or ad-hoc giver, £200,00 - £500,000	
YH: giver, £501,000+	-
YL: giver, £200,00 - £500,000	-
SH: Giver of shares	-
PR: Giver of property	-
TOTAL	4

Good morning/afternoon/evening, My name is from Ipsos MORI, the research company. You might remember receiving a letter in the past couple of weeks asking for your help with a survey we are conducting on behalf of HM Revenue & Customs. The purpose of this research is to help the HMRC gain a better understanding of attitudes to charitable giving.

Can I just check that I am speaking to <READ OUT NAME FROM SAMPLE DATABASE>? (IF YOU ARE NOT SPEAKING TO THE CORRECT NAME, ASK FOR THE CORRECT RESPONDENT).

The study involves interviews with tax payers such as yourself, and your name has been drawn randomly from a selection of HMRC Self Assessment records. I would appreciate it if you could spare the time to help us with this study. The interview would take about an hour to complete. This call is merely to establish if you might be interested in participating.

We would come to see you at your convenience, at home, the office or anywhere you would prefer, at a suitable date/time to conduct the interview with you. We will make every effort to arrange the interview at the best time and location for you.

We would like to reassure you of the confidentiality of this research:

- **Ipsos MORI is an independent organisation. We are not connected to the HMRC;**
- **All interviews are entirely confidential. All their comments are entirely anonymised so that there is nothing that could identify**

them to the HMRC. We abide by the Market Research Society Code of Conduct in this and all other respects;

- Your participation in the study, and anything you divulge will in no way affect your relationship with the HMRC;
- The aim of the research is to give the HMRC a better understanding of people's views of charitable giving.

1 All information collected will be anonymised.

Q1. **Would you be interested in taking part?**
SINGLE CODE ONLY.

Yes	1	CONTINUE
No	2	THANK AND CLOSE

Q2. **We would like to speak to a range of people, both those who give and those who do not give very much or very regularly to charity. To help us make sure we are speaking to an appropriate mix of people, please could you tell me whether or not you have given to charity or supported any charitable causes in the past 12 months?**

PLEASE NOTE: IT IS VERY IMPORTANT THAT WE FOCUS ON GIVING BEHAVIOUR IN THE LAST 12 MONTHS. SINGLE CODE ONLY

Yes	1	ASK Q3
No	2	RECRUIT
Refused	3	THANK AND CLOSE

Q3. **And would you mind telling me what form this charitable giving or support has taken? Again, please just think about the last 12 months.**

PROMT FROM LIST AS NECESSARY. MULTICODE OK.

A	Monetary collections – either in the street (including loose change to homeless people), door-to-door or other public places (e.g. church)	1	
B	Purchase of raffle tickets	2	
C	Purchase of goods from charity shops/websites	3	
D	Sponsoring someone who is taking part in an event on behalf of a charity	4	
E	Given up time to help out at one-off charity events (e.g. charity dinners, jumble sales)	5	
F	Given up time on a regular basis (e.g. charitable helplines, working in a charity shop)	6	
G	Make occasional monetary payments (by cheque, debit/credit card)	7	
H	Make regular monetary payments (by cheque, debit/credit card, or standing order/direct debit)	8	THANK AND CLOSE
I	Payroll Giving	9	
J	Gifted shares or securities to a charity	10	
K	Donated land or buildings to a charity	11	
L	Other (WRITE IN AND CODE '12')	12	

IF RESPONDENT DOES NOT MENTION ANY OF G-K AT Q3 PLEASE RECRUIT

Q4. CODE GENDER

Male	1
Female	2

Q5. WRITE IN & CODE EXACT AGE

Exact Age

18-34

1

35-44	2
45-49	3
50-59	4
60+	5

ARRANGE INTERVIEW AND TAKE RESPONDENT CONTACT DETAILS

Interviewer number:

Interviewer name (CAPS):

I confirm that I have conducted this interview by telephone with the above person and that I asked all the relevant questions and recorded the answers in conformance with the survey specifications and with the MRS Code of Conduct and the Data Protection Act 1998.

Interviewer Signature:

Date:

THIS MUST BE THE LAST PAGE OF THE QUESTIONNAIRE AND MUST BE SINGLE SIDED

Charitable Giving Feasibility Study

PERSONAL IDENTIFIERS

Interview Details

F2F/Telephone depth
Time:

Date:
Location:

COLLECT CONTACT DETAILS (ADDRESS FOR THE INTERVIEW LOCATION)

Name/Initial/Title: Mr/Mrs/Ms/Miss

Address:

Full

Tel. Number (WRITE IN INCL. STD code)

Home/mobile	1
Work	2
Refused/Ex-directory	3

Fax number (WRITE IN)

1

e-mail address (WRITE IN)

1

Is respondent willing to take part and available?

Yes	1
No	2

Name of initial contact, such as a PA/secretary, if appropriate (WRITE IN AND

1

Name/Initial/Title: Mr/Mrs/Ms/Miss

Job title:

Tel. number:

e-mail address:

C. Discussion guide

J28133 Charitable Giving

Depth Interviews

Mainstage Discussion Guide Revised Final 29/09/06

Core objectives

To provide information on the role played by tax incentives in charitable giving by the wealthy, in particular:

- The giving behaviour of the wealthy (regularity, types of donations, size of donations).
- Their awareness of current tax-efficient methods of donating to charity.
- The role of tax-efficient giving, and whether this influences the level, type and timing of donations.
- The barriers and potential incentives (especially any gaps in current reliefs) that motivate this group to give to charity, or not.

Outline of the research programme

- 40 depth interviews to be conducted face-to-face by Ipsos MORI senior executives and directors, including 4 pilot interviews. Quotas would be set as per the table below, although the interviews with property and share givers may be added to the committed givers quota if there are not enough leads to obtain an interview.

Income	Ad-hoc/non-giver	Committed Giver	Property Giver	Shares giver
£200k - £500k	10	8	2	2
£501k+	10	8		

- Around 28 interviews in London and the South East, the remaining 12 interviews clustered in one or two locations elsewhere in the UK (locations tbc).
- Interviews taking place 21-25 August 2006 (pilots) and 4 September - 20 October (main fieldwork stage).

Interview sections	Notes	Approx timing
1. Introduction and background	Sets the scene and gets background information on respondents	10 mins
2. Charitable giving behaviour	Grounds the discussion and explores some general issues, such as how participants currently give to charity	10 mins
3. Awareness of tax-efficient giving	Examines how aware respondents are of current tax-efficient giving measures	5 mins
4. Impact of tax-efficient giving, barriers and incentives	Explores the extent to which tax-efficient measures have had an impact on participants' giving behaviour, and investigates the motivating factors and disincentives for participants to donate to charity	10 mins
5. Future of tax-efficient giving	Looks at what factors might encourage respondents to give more to charity in future, including the role of tax incentive packages	10 mins
6. Conclusion and key message	Key messages, draws interview to a close	5 mins
7. Cognitive testing	This discusses understanding of topic areas and terminology used in the guide and identifies any problem areas for development	5 mins
Total		55 mins

Key Questions	Notes	Approx timing
1. Introduction and background		
1.1 Scene-setting: <ul style="list-style-type: none"> • Thank interviewee for taking part • Introduce self, Ipsos MORI, HMRC and explain the aim of the interview (views and experiences relating to charitable giving). FOR THE PILOT MENTION THAT WE ARE TESTING QUESTION AREAS AND SENSITIVITY OF THE TOPIC AND THAT WE WELCOME FEEDBACK THROUGHOUT THE INTERVIEW AND HAVE ALSO 	<p>Welcome: orientates interviewee, gets them prepared to take part in the interview</p> <p>Outlines the 'rules' of the interview (including those we are required to tell them about under MRS and Data Protection Act guidelines)</p>	10 mins

<p>ALLOWED TIME AT THE END OF THE INTERVIEW TO GO OVER THIS.</p> <ul style="list-style-type: none"> • Role of Ipsos MORI – research organisation, gather all opinions: all opinions valid • Confidentiality: reassure all responses anonymous and that information about individual cases will not be passed on to HMRC and will not affect their dealings with HMRC. Important that the moderator stresses this to put the participant at ease. • Get permission to tape record – transcribe for quotes, no detailed attribution. <p>1.2 Introduction and background info:</p> <ul style="list-style-type: none"> • Reiterate confidentiality • First name • What do you do? <i>Probe for inherited wealth, self-made, business person etc.</i> <p>If employee: Where do you work? What is your job title? What is the organisation’s area of business?</p> <p>CHECK IF NECESSARY: are you self-employed?</p> <ul style="list-style-type: none"> • What is your area of business? 	<p>No detail about specifics (e.g. tax incentives for charitable giving) at this stage. This ensures that spontaneity is retained for initial discussions and that the interviewee is not overwhelmed with information</p> <p>Introduction: provides contextual background information about the interviewee (which can then be used in the analysis), such as employment situation.</p> <p>Interviewer note: participants might be wary in giving this information, especially if they have not already communicated it to HMRC. It is therefore important to emphasise to them that everything they say will be kept confidential.</p> <p>Interviewer note: it is very important that you do not mention words like ‘work’, ‘job’ or ‘employment’ unless they are mentioned first by the respondent as any of these may result in respondents ‘clamming up’ if they are not an employee.</p> <p>This level of detail will be important in forming typologies at the analysis stage.</p>	
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<p>2. Charitable giving behaviour</p>		<p>10 mins</p>
<p>Moderator: I'd like to ask you about your experience of giving to charity.</p> <p>Have you given to charity in the last 12 months?</p> <p>IF YES: Which ones? Do you give to charitable foundations or give direct donations to larger established charities? <i>Probe</i>: are they large national charities? local charities? <i>etc</i>.</p> <ul style="list-style-type: none"> • FOR EACH CHARITY MENTIONED: Do you feel that you have a relationship with this particular charity? Why do you say that? What does the relationship involve? <i>Probe</i>: <i>do they or a close friend/family member act as trustees; are they a dominant source of funding for this charity; does the charity undertake particular activities to get them involved? Do they exercise a degree of control over the charity's operations?</i> • Why did you decide to donate to that cause/those causes? Were you approached by a particular charity or did you seek out a particular charity/cause? <i>Probe on affinity to a particular cause and reasons for giving to that cause. Giving network might include: friendship, extended family/tradition, area of expertise/work, community/neighbourhood, faith, or a commitment to Arts/Culture.</i> • How do you give to charity? <ul style="list-style-type: none"> ▪ Cash <i>etc/time/volunteering/giving to charity shops/other?</i> ▪ How often do you give to charity/that charity/foundation/those particular charities? <i>Probe for whether giving was planned or ad hoc.</i> ▪ What method do you used to give to charity? <i>Probe on cash/cheque/standing order/direct debit/shares/property/land etc</i> ▪ How much on average per year/donation? <i>Probe for their giving as a proportion of their annual income.</i> ▪ What do you think would be a 	<p>The interview will build up detailed case-studies. These will be used to exemplify the findings of this project.</p> <p>Interviewer note: Please record the ease with which respondents can say how much they gave to charity in the last 12 months and their willingness to do so – THERE IS A PARTICULAR SECTION IN THE XSIGHT FRAMEWORK TO RECORD THIS</p> <p>Interviewer note: The discussion should focus on giving <u>monetary</u> contributions to charity, but please note other contributions, such as giving time.</p> <p>Interviewer note: Respondents may be sensitive about discussing their relationship with charities, particularly if they gain some kind of value from that charity (such as business for their company), please be aware of this during the interview.</p> <p>Please ensure you do not make any references to 'obtaining value'. This is a sensitive area and we do not want it to appear as though we suspect the respondent is up to anything untoward.</p> <p>Interviewer note: note any spontaneous mentions of tax incentives and probe on</p>	<p>10 mins</p>

<p>reasonable proportion of income to expect people to contribute to charity each year?</p> <ul style="list-style-type: none"> • How easy did you find it to make donations, once you had decided to do this? <i>Probe enablers/barriers such as personalised contact /lack of appropriate contact, ease of process/bureaucracy, made to feel a key part of charity/perceived lack of role in charity, individual expertise valued/ treated as a bank/pot of money etc.</i> <ul style="list-style-type: none"> ▪ PROBE IF EASY TO GIVE: Why? What made it easy? ▪ PROBE IF PROBLEMS: What problems did you encounter? <ul style="list-style-type: none"> • Do you still donate to this/these charities? IF NOT: why not? <i>Probe on ease of giving, relationship with charity/key personnel, more interested in other cause etc.</i> <p>ASK ALL WHO HAVE DONATED IN THE LAST YEAR:</p> <ul style="list-style-type: none"> • We've been talking about what you've donated in the last 12 months, would you say the way you've give in the last 12 months is typical of how you would usually give? Has your giving changes? IF YES: How? <i>Probe on whether they have stopped giving to a/some/all charit(ies) – which charities, whether they have given more/less, in different ways, more or less regularly</i> • Have you encountered any problems giving or trying to give to charity? <i>Probe barriers such as lack of appropriate contact, bureaucracy, perceived lack of role, insensitivity, tax reasons etc.</i> <p>FOR THOSE THAT HAVE <u>NOT</u> GIVEN MONEY TO CHARITY IN THE <u>LAST YEAR</u>:</p> <ul style="list-style-type: none"> ○ Is there any particular reason why you haven't given to charity in the last year? <i>Probe for problems/barriers – no affiliation, trust in charities, principled objection etc</i> ○ IF IT'S A PRINCIPLED OBJECTION: What in particular do you object to? ○ IF THEY DON'T TRUST CHARITIES: What is it about charities that you 	<p>these.</p> <p>This section will allow us to explore participants' typical charitable giving behaviour. It will enable us to examine how they make their decisions to donate, the amount and regularity of giving, and the charities to which they give. We will also be able to see whether tax incentives are spontaneously mentioned by participants as motivating factors (or barriers) to charitable giving. In addition it explores reasons for not donating in the last year and in the past, including those who have given in the past, but are not currently giving.</p>	
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<p>don't trust?</p> <p>Have you given to charities in the past? <i>Probe to see if used to give, but stopped and if they stopped - when and why they stopped.</i></p> <p>IF YES: Which charities?</p> <p><input type="radio"/> How? Cash etc/time/volunteering/giving to charity shops/other?</p> <p><input type="radio"/> Why? <i>Probe particular relationship with charity/extracting value/approached by charity or sought out a particular charity/cause</i></p> <p><input type="radio"/> How often?</p> <p><input type="radio"/> Method used to give? <i>Probe on cash/cheque/standing order/direct debit/shares/property/land etc</i></p> <p><input type="radio"/> How much on average per year/donation?</p> <p><input type="radio"/> Why haven't you given to these charities in the last year?</p> <p>▪ Have you encountered any problems giving or trying to give to charity? <i>Probe barriers such as lack of appropriate contact, bureaucracy, perceived lack of role, insensitivity, tax reasons etc.</i></p> <p>Could you foresee giving to charity in the future? IF YES: Under what circumstances? IF NO: What would encourage you to give money to charity?</p> <p>ASK ALL</p> <p>In the future can you see yourself giving more (or less) to charity? <i>Probe on %/amount increase or decrease – DO NOT ASK NON-GIVERS ABOUT A POSSIBLE DECREASE Why do you say that?</i></p> <p>ASK ALL WHO HAVE NOT ALREADY MENTIONED GIVING TO CHARITIES IN ANY OTHER WAYS: Do you support charitable causes in any other way? <i>Probe on charitable events such as balls/auctions, if not already mentioned.</i></p> <ul style="list-style-type: none"> • Are you responsible for distributing the income from a trust established by a parent or other 	<p>Interviewer note: Please use the giving history provided as necessary. This tells us whether the respondent has given to charity in the last three tax years, according to whether they have claimed any tax relief/incentive for giving to charity. However it is quite likely that they may have given to charity but is not recorded in the HMRC data.</p> <p>Interviewer note: use detailed and sensitive probing here to establish reasons for not giving money, shares or property.</p>	
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<p>relative? IF YES: what does this involve?</p> <ul style="list-style-type: none"> Do you give your time/expertise to a charitable cause? IF YES: what does this involve? Probe on parameters of expertise, volunteering, giving to charity shops. IF THEY DON'T GIVE MONETARY DONATION BUT DO GIVE TIME: Why do you do this, but not give monetary contributions? 		
<p>3. Awareness of tax-efficient giving</p>		<p>5 mins</p>
<p><i>Moderator: I now want to talk a little bit about tax and giving to charity.</i></p> <p>3.1 Awareness and sources of information</p> <p>Are you aware of any ways of giving to charity that are tax efficient/advantageous? <i>Probe for any misconceptions.</i> <i>Probe for all incentives; these may include Gift Aid on donations, Payroll Giving, Gifts in Shares and Securities, Gifts in Land and Buildings, Giving through the Self Assessment Return.</i> <i>Cover each incentive. As necessary, summarise each incentive not spontaneously mentioned and probe for recollection.</i></p> <p>ALLOW SPONTANEOUS MENTIONS OF INCENTIVES:</p> <ul style="list-style-type: none"> Can you tell me a bit about that? What does it entail? Have you personally donated to charity using this way of tax-efficient giving? Why/ why not? How did you first hear about it? <i>Probe for charities themselves, HMRC (including website), financial advisor, employer, friends, relatives, television, newspapers, internet.</i> <ul style="list-style-type: none"> Did you subsequently look for more information yourself? If so, how easy was that process? Do you have someone you go to for financial advice? <i>Probe for accountant/tax advisor or unofficial advisor</i> 	<p>This section will allow us to see what issues are 'top of the mind' in participants' perceptions of tax incentives for charitable giving and then drill down into the detail of each incentive and respondents perceptions of them.</p> <p>Interviewer note: assure participant that this is not a test of knowledge, but a means of establishing the extent of awareness, and, if necessary, that we assumed awareness might be low.</p> <p>Interviewer note: Pay particular attention to language used and levels of awareness/ understanding and adjust questioning appropriately.</p> <p><u>Payroll giving.</u> This donation is deducted before deducting tax under PAYE (but after deducting National Insurance Contributions) and is a tax-efficient means of giving to charity.</p> <p><u>Gift Aid</u> is large or small, regular or one-off payments to UK charities, in writing or orally. A donor completes a declaration to confirm that they will pay an amount of income tax or Capital Gains Tax, equal to the tax the charity claims on their</p>	

<p>NAME EACH INCENTIVE <u>NOT</u> ALREADY MENTIONED: Have you heard of payroll giving/Gift Aid/giving through your Self Assessment return/the tax relief that might be available if you give land, buildings, shares or securities to charity?</p> <ul style="list-style-type: none"> • IF YES: Can you tell me a bit about that? • What does it entail? • Have you personally donated to charity using this way of tax-efficient giving? Why/ why not? • How did you first hear about it? <i>Probe for charities themselves, HMRC (including website), financial advisor, employer, friends, relatives, television, newspapers, internet.</i> • ASK IF NOT ALREADY COVERED ABOVE: Do you have someone you go to for financial advice? <i>Probe for accountant/tax advisor or unofficial advisor</i> • IF NO, PROVIDE A BRIEF SUMMARY OF EACH USING SUMMARIES PROVIDED: This means/involves... • What do you think of [RELIEF NAME]? <p>SPECIFIC PROBES FOR SPECIFIC RELIEFS:</p> <p>IF RESPONDENT IS AN EMPLOYEE: Does your employer offer payroll giving?</p> <p>IF RESPONDENT IS AN EMPLOYER: Do you offer payroll giving to your staff?</p> <p>Have you ever given land, buildings, shares or securities to charity? Do you plan to in the future? <i>Probe on any legacies they might be planning to leave – were they aware that they donated it while they were still paying higher rate tax they could gain 40% tax relief – i.e. in the simplest terms donating £10,000 worth of shares to a charity could only cost you £6,000 as you could claim £4,000 in tax relief.</i></p>	<p>donations, for the year in which the donation(s) is(are) made. Gift Aid allows the charity to reclaim the basic rate tax on the donation from HMRC and means the donation is worth an extra 28% to the charity. All higher rate taxpayers are able to claim back the difference between basic and higher rate tax on their tax return.</p> <p><u>Giving through Self-Assessment Return</u> Taxpayers who submit self-assessment returns to HMRC may find that a tax repayment is due to them. Under Self Assessment Giving they can if they choose donate all or part of the repayment due to charity.</p> <p><u>Giving land, buildings, shares and securities to charity.</u> Income Tax relief applies if you give or sell any qualifying investments to a UK charity at less than the market value. The amount you can deduct the net benefit to the charity, plus incidental costs (broker or legal fees), less any disposal proceeds or other benefits to you or a person connected to you on disposal. Example: 5,000 shares listed on UK stock exchange worth £10 each, brokers fee £50 and as a thank you charity give donor tickets to an even worth £500. £50,000 worth of shares plus broker fee = £50,050 - £500 tickets = £49,550 which you could claim tax relief on (for higher rate tax payers that would be £19,820).</p>	
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4. Impact of tax-efficient giving, barriers and incentives		10 mins
<p>ASK IF EVER DONATED TO CHARITY: We've already looked at the donations you've made in the past. Which of these donations, if any, did you make using tax efficient giving? Why? <i>Prompt if necessary: such as Gift Aid, etc. Probe why, was it on the advice of financial advisor?</i></p> <p>IF THEY MADE DONATIONS IN THE PAST, BUT DID NOT THROUGH TAX-EFFICIENT MEANS: Why did you not use any tax efficient means when you donated? <i>Probe on awareness, understanding, complexity, perception of benefit of using incentive etc</i></p> <p>IF THEY DID NOT MAKE ALL DONATIONS THROUGH TAX-EFFICIENT MEANS: Why did you make some donations in a tax-efficient way and not others? Why did you not give in a tax-efficient way? Were there particular differences between the donations that were tax efficient and those that were not? <i>Probe fully for all reasons; explore whether different reasons are given for different types of donations/ amounts- e.g. did they give less overall because they knew the charity would get more overall or just decide to give a round amount (£1,000)?/ regularity/ method of giving/ types of charities/ awareness gaps in current reliefs etc</i></p> <p>ASK IF USED TAX INCENTIVES: What impact, if any, has being able to donate in a tax-efficient way had on your giving to charity? Was it easier/more difficult? Did you increase/reduce the amount or the frequency with which you gave as a result (<i>Probe on whether the donor decided on a net amount he/she wanted to give, or did they just think of a round number e.g. £1,000 and give that</i>)? Did it have any impact on what you gave/how you gave or which charities you donated to? <i>Probe for all impacts on how much they gave, how often they gave, and in what way they gave/ type of donations (e.g. giving to one-off causes). Probe use of tax breaks to reduce level of donations: did they reduce the amount they donate in the knowledge that the charity ends up with the same amount?</i></p> <p>ASK ALL: Have you received a tax repayment in</p>	<p>This part of the interview is intended to examine the extent to which tax efficient giving has influenced the level, type and frequency of this group's donations to charity.</p> <p>It also explores what barriers and motivating factors participants perceive as important in their decisions (not) to give via tax-efficient means.</p> <p>It will be important for this section of the interview to be exploratory and open-ended, in order to capture the whole range of respondents' perceptions and motivations, including any that are unexpected.</p> <p>Interviewer note: Responses will need to be probed extensively and carefully in order to ascertain any unexpected impacts that tax incentives for charitable giving may have had.</p>	

<p>the last few years? IF YES: Did you know you could chose to donate all or part of the repayment due to charity? IF YES: Did consider giving all or part of it to charity?</p> <p>ASK ALL WHO HAVE EVER GIVEN TO CHARITY: Imagine that there had been no tax incentives available on donations to charity. How, if at all, would this have affected your giving to charity? <i>Probe for whether lack of tax incentives would have affected how much they gave, how often they gave, or in what way they gave.</i></p> <p>ASK ALL: Are you aware of any changes to the system of tax incentives for charitable giving that have come into force over the last few years?</p> <p><i>Explore what new incentives they are aware of; these might include the 'Getting Britain Giving' measures in Budget 2000, and Giving through the Self Assessment Return (2004).</i></p> <p>How did you first hear about that change in tax incentives? <i>Probe for HMRC (including website), financial advisers, employers, friends, relatives, television, newspapers, internet.</i></p> <p>IF THEY ARE AWARE OF ANY CHANGES IN TAX INCENTIVES:</p> <p>To what extent have any of these changes in tax incentives affected your giving to charity? <i>Probe for which tax incentives in particular, and whether these have affected how much they give, how often they give and/or the method they use to give.</i></p> <p>ASK ALL: If you wanted to know more about tax incentives to give to charity, or get help with any aspect of them, who or where would you turn to? Why do you say that? <i>Probe on financial advisers mentioned in the introduction, who would they trust for information?</i></p>	<p>Interviewer note: The 'Getting Britain Giving' measures, contained in the Finance Act 2000, were a) the abolition of the minimum donation limit under Gift Aid (£250), and simplification of the Gift Aid scheme which involved: withdrawing the separate tax relief for payments made under a Deed of Covenant and giving all relief for such payments under the Gift Aid scheme, replace the requirement for donors to give the charity a Gift Aid certificate with a requirement to give a new, simpler and more flexible Gift Aid declaration, allow donors to give a written Gift Aid declaration by post, by fax, or by Internet or an oral declaration over the phone or face to face; allow Crown servants and member of the UK armed services serving overseas, and other UK non-resident individuals who make donations out of income or gains charged to UK tax, to use the new Gift Aid scheme; b) abolition of the annual limit (£1200) on</p>	
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	Payroll Giving, and c) a new relief for gifts of certain quoted shares and securities to charity SEE DEFINITION IN AWARENESS SECTION.	
<p>5. Future of tax-efficient giving</p>		10 mins
<p>FOR THOSE WHO DO NOT CURRENTLY GIVE CHARITABLE DONATIONS (ONLY IF NOT COVERED ALREADY): Are any of the tax incentives we've talked about likely to encourage you to give money, shares or property to charity in the future?</p> <ul style="list-style-type: none"> • IF YES: Why? <i>Probe on awareness. In what ways? Probe on specific incentives/aspects of incentives</i> • IF NO: Is there anything that might encourage you to give money to charity in the future? Can you think of any tax incentives which aren't currently in place that would encourage you to give to charity? <ul style="list-style-type: none"> ○ IF YES: How would they work? How much do you think they would encourage you to give? <p>IF CURRENT GIVER BUT HASN'T USED/ANY/ALL TAX EFFICIENT METHODS OF GIVING (ONLY IF NOT COVERED ALREADY): Would you consider giving to charity using (any of the other) tax efficient methods in the future [FOCUS ON INCENTIVES NOT CURRENTLY USED AS APPROPRIATE]?</p> <ul style="list-style-type: none"> • IF YES: Why? <i>Probe for awareness. What effect do you think this might have on your charitable giving behaviour? Would [TAX INCENTIVE(S) NOT USED] encourage you to give more/less money to charity or make no difference? How? In what way(s)? How else might this change your charitable giving behaviour? Probe as necessary on giving to different charities etc</i> • IF NO/UNSURE: Why do you say that? What, if anything, <i>would</i> encourage you to use tax 	<p>This section is designed to investigate whether there are any gaps in the current range of tax reliefs that might influence the amount the wealthy give, and the extent to which these would lead to increased levels of donations.</p> <p>During the pilot and main fieldwork we will collect and share any examples to test with other respondents.</p> <p>Interviewer note: HMRC do not have example incentives</p>	

<p>efficient methods of giving? <i>Probe fully here.</i> And how do you think this would affect your charitable giving behaviour? In what ways? How specifically?</p> <p>ALL CURRENT GIVERS: Are there any tax incentives which aren't currently in place that would encourage you to give more to charity or to give to charity more regularly? <i>Probe around amends/add-ons to current reliefs rather than anything.</i></p> <ul style="list-style-type: none"> • IF YES: how would they work? How much more/how often would they encourage you to give? <p>ASK ALL: Is there anything else that might make it easier for you to give to charity?</p>	<p>to test, so the initial answers to this question may be quite unrealistic. Please try and focus the discussion on amendments/add-ons to current reliefs if possible, otherwise move onto the next section.</p>	
<p>6. Conclusion and key message</p>		<p>5 mins</p>
<p>To conclude, can you summarise for me what you think about the current package of tax incentives for charitable giving as a whole?</p> <p><i>Prompt where necessary:</i></p> <ul style="list-style-type: none"> • <i>Have tax incentives had any other impacts on your giving to charity that we haven't talked about today?</i> <p>Is there any key message you would like us to feedback to HMRC about tax incentives for giving to charity?</p> <p>Thank interviewee, explain the next steps (HMRC will take these research findings into account in future policy decisions in this area) and close.</p>	<p>Formally ends the interview and provides reassurance that the findings will be both appreciated by and useful to HMRC.</p> <p>Interviewer note: Here we are trying to test the accuracy of the income information in the sample. Please be particularly sensitive with this question and ask for feedback from respondents on how they felt about being asked this question in the pilot.</p>	

7. Feasibility information		5 mins
<p>Finally, HMRC are considering conducting a shorter, structured questionnaire on this subject over the telephone. How easy do you think this would be? Would you be prepared to talk to someone about this over the phone?</p> <p>IF YES: Are there any areas that you think might be particularly sensitive to discuss over the phone or any amendments you feel we should make to the terminology we're using?</p> <p>There is unlikely to be any thank-you donation or gift, do you think this would have an impact on people's willingness to take part.</p>		