



## Development Office - Guide to Payroll Giving

Payroll giving is a way for people to donate to charity through their salary. It has been running since 1987 and thousands of companies large and small now offer it to their staff. It's a very flexible system. People can give to the charity of their choice, and can give as much or as little as they wish. They can also cancel their donation at any time. Donations are deducted from salaries before tax, making it a tax-efficient way to give.

### How hmrc increases the size of the donation

Net cost to employee each month	We receive (20% tax payer)	We receive (40% tax payer)	We receive (50% tax payer)
£5	£6.25	£8.33	£10
£10	£12.50	£16.67	£20
£15	£18.25	£24.99	£30
£50	£62.50	£83.35	£100
£100	£125	£166.70	£200

### Setting up workplace giving is very simple.

1. The first step is to speak to your personnel department. They need to be registered with a HMRC-registered Payroll Giving Agency. They will administer the scheme for you and distribute the donations to your employers' chosen charities (i.e. Cranbrook School Trust).

Cranbrook School have worked very successfully with the Charities Aid Foundation.

#### **Charities Aid Foundation**

25 Kings Hill Avenue  
 Kings Hill  
 West Malling  
 Kent  
 ME19 4TA  
[giveasyouearn.org](http://giveasyouearn.org)  
 Tel: 03000 123 000  
[enquiries@cafonline.org](mailto:enquiries@cafonline.org)

2. Employees who want to take part need to fill in a form stating which charity they want to support (Cranbrook School Trust (Annual Fund)) and how much they want to give each payday.
3. The employer will pass this information to the Payroll Giving Agency, and keep the forms for their own records. Each payday, your employer will make a deduction from your pay (after National Insurance but before tax has been deducted) and pass it to the agency, by cheque or BACS. This payment needs to be accompanied by a list of

employees taking part and their total contribution. You will need to inform your employer who will inform the agency of any changes, for example when someone leaves the company, changes to their name or changes to their donation.

4. The agency will look after the administration of the scheme and distribute the money to the charities your employer has chosen to support. The Payroll Giving Agencies are charities that make a small charge – usually around 4% – to cover their operating costs. This will normally be taken from the employees' donations. If you choose to pay this fee instead, then 100% of your employees' donations will go to their chosen charity. Modern payroll systems can support payroll giving and employees will be able to see their deduction on their payslip.
5. Once you've set up your scheme, make sure to tell Cranbrook School so that we can set up our systems accordingly. This information is not always fed back by your employer or on our CAF statement.

### **Match donations**

You can increase the value of your employees' donations by matching them. Some employers match donations pound for pound, some match a percentage, say 10 or 50%. It's a good idea to set a cap.