

Committees:	Dates:
Finance Committee of the Barbican Centre Board Barbican Centre Board	8 November 2017 20 November 2017
Subject: Gift Aid	Public
Report of: Chief Operating and Financial Officer Report Author: Head of Development	For Information
Summary	
<p>Gift Aid is a programme to encourage giving to charities. Income to the Barbican Centre therefore does not qualify for Gift Aid.</p> <p>The Barbican Centre Trust (BCT) is a charity, and structures giving programmes to maximise Gift Aid. The BCT claims Gift Aid on all qualifying donations.</p> <p>Barbican Membership does not presently qualify for Gift Aid.</p> <p>The HMRC published updated Gift Aid guidance on 25 October 2017. Giving and Membership programmes will be reviewed to look for new opportunities to maximise Gift Aid.</p> <p>Recommendation This report is for Members to note.</p>	

Main Report

Gift Aid Background

1. Gift Aid is available to charities and community amateur sports clubs. As part of the City of London Corporation, the Barbican is not eligible to claim Gift Aid.
2. Through Gift Aid, charities can claim 25p on every £1 donated for eligible donations. To be eligible, the gift must be made out of income (rather than capital), the donor must provide a Gift Aid declaration (written or verbal) and the donor must have paid at least as much Income Tax or Capital Gains Tax in the tax year the claim is being made. Gift Aid is unrestricted income.
3. The programme is primarily designed for donations from individuals but it also applies to donations from limited partnerships and limited liability partnerships.

Gift Aid and the Barbican Centre Trust

4. As a charity, the Barbican Centre Trust (BCT) is able to make Gift Aid claims on eligible donations, and has since 2009/10. This claim is processed by Finance with help from Development on behalf of the BCT. The value of the claim has been increasing as the individual giving programmes have grown.
5. See Appendix 1 for a list of BCT fundraising programmes and Gift Aid status. We maximise Gift Aid wherever possible. Most donations to the BCT qualify.
6. There are many reasons a donation will not qualify for Gift Aid. Donations from family foundations, Charities Aid Foundation (CAF) accounts, and payroll giving do not qualify for Gift Aid because the tax has already been claimed. Gifts of shares, gifts from limited companies, and gifts where the donor is receiving significant benefits also do not qualify. Individuals who are not paying tax in the UK because they live abroad or are not paying enough tax are not able to make declarations.
7. There are also fundraising programmes that do not qualify. For example, tickets to fundraising events do not qualify because the payment must be a donation and not an entry fee. If someone makes a voluntary donation over and above the ticket price, that amount would qualify for Gift Aid.

Gift Aid and Benefits

8. HMRC sets limits on the value of benefits that can be provided to donors when they give. They are:

<i>Donation</i>	<i>Maximum value of benefit</i>
Up to £100	25% of the donation
£101 - £1,000	£25
£1,001 and over	5% of the donation (up to £2,500)

9. The Barbican Centre Trust structures giving programmes to maximise Gift Aid. This involves limiting the benefits (items or services) provided to donors to stay within these benefit limits. See table below:

<i>Typical Barbican Patron Gifts Amounts</i>	<i>Benefit Limit</i>
£1,200	£60
£1,500	£75
£3,000	£150
£6,000	£300
£10,000	£500

10. Some arts organisations offer extensive benefit packages with their Patron programmes. Organisations are moving toward a philanthropic model or 'splitting' the donations into a portion that qualifies for Gift Aid and a portion that does not. This must be clearly stated and the 'benefit package' must be available for purchase without the donation.
11. Benefits can also attract VAT, and this has different rules from Gift Aid which further complicates the matter.

12. HMRC updated its guidance on Gift Aid on 25 October 2017 following the charity sector's request for greater clarity on how benefits are handled. Development and Finance will review and take any necessary actions to ensure that BCT donation programmes continue to maximise Gift Aid.

Gift Aid and Barbican Membership

13. At present Barbican Membership does not qualify for Gift Aid. Membership income goes through the Barbican Centre, and not the BCT.
14. We will also review Barbican Membership in light of HMRC's updated guidance and assess whether there is an opportunity to claim Gift Aid on a portion of the income.

Viewing Charity Property & the Gift with Ticket Programme

15. Entry fees to visit and view charity property do not qualify for Gift Aid because they are not a gift. But a voluntary donation that allows visitors to view your property may qualify for Gift Aid.
16. Some arts organisations which are charities offer the option to make an optional donation with their ticket. The charity is then able to claim Gift Aid on the full value of the ticket. This type of ticket is often used at cultural and heritage sites.
17. As Barbican exhibitions are produced by and income received by the Barbican Centre, this Gift Aid ticket scheme is not available.
18. However, audience members are asked for donations on behalf of the BCT when they are purchasing a ticket to an event at the Centre. Those donations qualify for Gift Aid when we have the necessary declaration information. At present, we are only able to claim Gift Aid on eligible online donations and some phone bookings. Declarations are not currently taken for in-person bookings because of the time it takes for data entry.

Gift Aid Claims and Record Keeping

19. HMRC requires an audit trail linking the donation to the donor and their declaration. The Development department collects Gift Aid declarations from donors in writing or verbally. This is recorded in the donor database, written declarations are scanned, and this is audited each year with the BCT accounts. Gift Aid declarations made for phone bookings are recorded in the ticketing system.
20. HMRC updates Gift Aid rules and declarations periodically. Simplified declarations were provided in October 2015 for implementation by April 2016.

Conclusion

21. Gift Aid is an important source of unrestricted income. It is maximised by the BCT's giving programmes. Barbican Membership is not currently eligible.

22. The HMRC's updated guidance on Gift Aid provides an opportunity to review all giving and membership programmes to ensure Gift Aid is maximised.

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Appendix 1

Barbican Fundraising Programmes and Gift Aid Status

Barbican Patrons & Major Gifts	<p>We seek declarations with all gifts, and claim Gift Aid on all eligible gifts.</p> <p>The majority of Barbican Patron donations qualify for Gift Aid. Generally, the larger the gift the more likely it will come from a personal or family trust.</p>
Barbican Ball	<p>Tickets: We do not claim Gift Aid.</p> <p>Donations: We solicit donations before and at the event. These qualify.</p> <p>Auction: The retail value of the item does not qualify for Gift Aid, the amount paid over that does. We don't claim Gift Aid on auction income.</p>
Other Donations	<p>We seek declarations with all gifts, and claim Gift Aid on all eligible gifts.</p>
Gifts with Ticket Purchase	<p>We claim Gift Aid on all eligible gifts when we have a valid declaration.</p>
Visitor Giving (coin collections & contactless)	<p>Donations under £20 qualify for the Gift Aid Small Donations Scheme. Charities can claim up to £2k in a tax year.</p>
Legacies	<p>Do not qualify for Gift Aid.</p>