



## Gift Aid guidelines for patron/supporter schemes

At a workshop held at the Park Theatre in London in January 2016 a group of charitable London theatres and other arts organisations reached agreement with representatives from HMRC on guidelines for the design of Gift Aid compliant theatre patron/supporter schemes. Such supporter schemes typically provide for multiple levels of supporter (e.g. associate, patron, benefactor or bronze, silver, gold) each with their own package of benefits designed to either fit within the Gift Aid donor benefit rules ('under the threshold') or to use the Gift Aid 'split payment' treatment, where the donor makes a minimum payment for the benefits and an optional Gift Aid donation on top.

The guidelines were non-binding and were subject to the outcome of HMRC's 2019 Gift Aid donor benefit consultation.

In 2018 HMRC withdrew the option of sending a spreadsheet for approval by HMRC to a dedicated email address.

The HMRC chapter 3 guide was updated in August 2019 following the donor benefit consultation, however the patron/supporter scheme guidelines have not been updated for these changes.

Some of the guidelines contradict the current (March 2022) chapter 3 guide however they also contradicted the 2016 chapter 3 guide when the guidelines were agreed with HMRC.

For example:

Guideline 1 says for split payment packages 'Event costs should be calculated on a 'budget per head' basis and this cost applied to each package irrespective of whether the supporter attends the event or not', which contradicts the chapter 3 guide at 3.25.2 example 2 which says an exclusive dinner with the director makes the patron scheme ineligible for split payment as all the benefits cannot be quantified at the outset and the actual value of the dinner is not known.

This effectively rules out all non-ticketed events from split payment supporter schemes.

Guideline 3 says for split payment packages “each element of the benefit package does not need to be offered for sale separately to supporters” however the chapter 3 guide at 3.25.2 example 2 says (and said in 2016) of the benefit package that includes admission to an exclusive dinner with the director “the dinner is not available to the public and so cannot be purchased separately”

The argument made in 2016 was that the dinner is available to the general public via the offer of the patron scheme to the general public and it shouldn't be necessary for each element to be separately identified and available for purchase.

Guideline 2 contradicts the chapter 3 guide at 3.25.2 example 2 in respect of discounts.

Question?	Split benefit/donation schemes	Under the threshold schemes?
<p><b>1</b> How should benefits be costed?</p>	<p>Benefits should be valued at the actual cost to the charity. Benefits may be priced higher at the discretion of the charity, but not lower. The charity should be careful that it does not make a loss or put the charity's assets at risk from pricing benefit packages too low. If the benefit packages are consistent with the aims of the charity, e.g. promoting the arts, then the charity can sell them without any corporation tax implications. Event costs should be calculated on a 'budget per head' basis and this cost applied to each package irrespective of whether the supporter attends the event or not.</p>	<p>Benefits should be valued at the retail cost (or market value) to the beneficiary. Where no retail price exists, then a value should be calculated on the basis of how much the beneficiary would be prepared to pay. However if any celebrity element is included as a benefit then it is not possible to gift aid the package.</p>
<p><b>2</b> Can I include discounts in my benefits?</p>	<p>Yes. Discounts on tickets are not deemed to be a cost to the charity and therefore do not need to be included in benefit costings. Retail discounts do not need to be included provided that the retail price is not discounted to a price lower than cost. Excessive discount</p>	<p>Yes. Discounts on tickets or purchases can be included as long as records are kept of the discounts claimed and the full retail value of these discounts, when divided by the number of subscribers to give an average cost,</p>

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	arrangements might not be approved, and restrictions on discounts should be considered to ensure discounts are not exploited. For example, the re-sale of tickets obtained at a discount should be prohibited.	does not exceed the calculated cost of the benefit.
<b>3</b> Do I have to make benefits available to the general public?	Benefit packages must be available to purchase by the general public at the calculated price without any expectation of a donation. Each element of the benefit package does not need to be offered for sale separately to supporters.	Benefits with a combined value that are within the Gift Aid thresholds do not have to be offered for public sale.
<b>4</b> How clear do I need to be about the sale of benefit packages?	You must make sure the general public are fully aware of the availability of benefits packages to purchase wherever you advertise your schemes and be prepared to demonstrate evidence of availability without expectation of a donation.	Not applicable.
<b>5</b> How clear do I need to be about the donation?	You must make your supporters aware that any donation on top of the obligatory cost of the benefit package is a suggested amount, given voluntarily and autonomously, and that the benefit packages can be purchased at the quoted price only and without expectation of a further donation. This must be made clear wherever you are advertising the benefit package, and the principle demonstrated in the point of sale agreement.	Not applicable as the whole of the requested amount is a donation.

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	<p>When purchasing on line, the benefit package payment can be separated out with an option for supporters to opt to make a donation, or the benefit package can be inclusive of a suggested donation with an option for supporters to opt out of the suggested donation and pay the benefit package price only, or opt to make a separate voluntary and autonomous donation. An autonomous donation is one given in an amount of the supporter's choice, whether that is the same as the suggested donation or another amount.</p>	
<p><b>6</b> Are there any benefits I can offer that don't need to be costed?</p>	<p>Yes. These include literature describing the charity's work, small gifts of insignificant value like pens and badges, public acknowledgements of support, priority booking and naming rights (where these are not the name of a patron's business). Also ticket and retail discounts (see above).</p>	<p>The same rules apply.</p>
<p><b>7</b> How do I make this clear to my subscribers? *(see footnote)</p>	<p>Each level of support must detail clearly the benefits cost and the suggested donation amount. Advertising should include HMRC approved wording. The following have been approved and the names of the levels and amounts can be adjusted to match your scheme.</p> <p><b>Patron £1,000</b></p>	<p>Not applicable.</p>

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	<p><i>A minimum payment of £100 secures all Patron benefits, and you may purchase these benefits separately without making any further donation. The balance of £900 is a suggested donation. Patron benefits are:</i></p> <ul style="list-style-type: none"> <li>● <i>[Benefits listed here]</i></li> </ul> <p>Or</p> <p><b>Patron £1,000</b>  <i>Minimum payment: £100, suggested donation £900. The donation portion is a suggested donation to which Gift Aid provisions apply, but you may purchase the benefits package separately for the minimum payment without making any further donation. Patron benefits are:</i></p> <ul style="list-style-type: none"> <li>● <i>[Benefits listed here]</i></li> </ul>	
<p><b>8</b> What needs to have VAT added?</p>	<p>The donation element will be outside the scope of VAT so no VAT is payable on that element. The benefits package will be subject to VAT at the standard rate unless all benefits are VAT exempt (for example tickets sold by a culturally exempt theatre) or unless the benefits are all zero-rated (for example publications). If there is a mixture of benefits including items subject to VAT at the standard rate (e.g. rights to discounts or a priority booking line) then the package will be</p>	<p>There will be no donation element from a VAT perspective and therefore the amount received will include VAT to be paid to HMRC unless all of the benefits are exempt or zero rated or you have previously received HMRC's agreement to calculate the VAT payable based on an apportionment of the payment between the different benefits and your circumstances have not changed since receiving that ruling.</p>

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	<p>taxable at the standard rate, and the element of the payment received which is not a donation will include VAT to pay to HMRC. If, however, you provide a mixed package of benefits and have previously obtained HMRC's agreement to apportioning the payment between the different benefits then you can continue to rely on this ruling provided the circumstances have not changed, in which case the ruling can no longer be relied on.</p>	

\* You may choose to instruct anyone wishing to buy a standalone benefit package back to your development department, thereby making packages available for sale, but introducing contact with the fundraising team to encourage donations.