
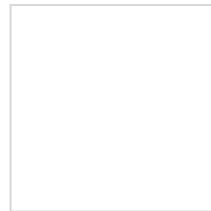
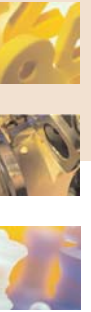


Giving more for research: UK case study

 Cathy Pharoah
Research Director
CAF (Charities Aid Foundation)



Research as a charitable activity in UK



- **Very few foundations dedicated to research per se**
- **Academic/ scientific foundations are amongst the UK's largest trusts: five large trusts***
 - have 40% of assets of grantmakers, £11.5 billion
 - make 13% of grants in UK, around £350 million

*Wellcome Trust, British Academy, Royal Society,
Wolfson Foundation, Leverhulme

A few others include:

Gatsby Foundation, Health Foundation, Nuffield Trust

Source : Charity Trends, CAF, 2005

Research activity in operating charities



- **Research is mission of many single-issue operating trusts eg.**
 - Cancer Research UK
 - Arthritis Research Campaign
 - Leukaemia Research Fund
 - National Kidney Research Fund
 - Action Medical Research
 - Thrombosis Research Institute
 - Conservation Education and Research Trust
 - Diabetes Research and Wellness Foundation
 - Institute for Public Policy Research

Many others have research in objectives, though not in title

Source : Charity Trends, CAF, 2005

General grantmaking foundation support for research

- No good figures for amount of research funded
- Huge amount for health research eg Wellcome
- CAF study showed that 52% of all charitable funding in London, from all types of charity, went to research
- **Outside health**, CAF research shows:
 - 2% of number of grants for science/technology and social science
 - 5% of funding (approx. £117 million)
 - These areas got the **very largest** grants

Source : Coming Full Circle, CAF, 2001
Patterns of Independent Grantmaking, CAF, 2000

Tax incentives for donors in UK

- Very favourable tax regime
- Giving in UK just under 1% of GDP – probably highest in Europe, and only behind US
- Value of tax-efficient giving in 2003/04
 - living donors £2.7 billion
 - legacies £1.5 billion
- Cost to UK government £1.2 billion
- Tax-efficient giving is growing fast

Source : Charity Trends, CAF, 2005

Tax-efficient giving schemes in UK



- Mixed system of tax breaks in UK
- Direct reliefs to both charities and donors
- Main schemes:
 - Gift Aid
 - Payroll giving
 - Share gifts and property
 - Inheritance tax

Gift aid features

- Accounts for 90% of tax-efficient giving
- Dual system of benefits to donors and to charities
- Charity tax relief at basic rate of 22%
- Relief calculated on gross gift – 28p in £1
- Charities reclaim tax – some monthly
- Extension of threshold
- Donor declaration – one to cover all donations
- Ease of audit trail – online, telephone, paper
- Use of self-assessment tax return
- Covers large endowments in year of gift

Payroll giving features

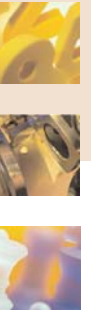
- Pre-tax giving scheme
- Full tax relief at basic and higher-rates
- Donors can use it to lower cost of donation or to raise donation
- 10% supplement on gifts, 2000 - 04
- Half a million employees in scheme - just 2% of employees in scheme
- 9,500 employers in scheme
- Employer matching

Source : Payroll Giving Update, CAF, 2005

Share gifts and property gifts

- New reliefs
- Not very widely used as yet
- Full market value of shares at time of gift deductible against personal income tax
- Charities not well geared to promoting/ dealing with such gifts
- Property similar treatment to shares
- No capital gains tax on large gifts

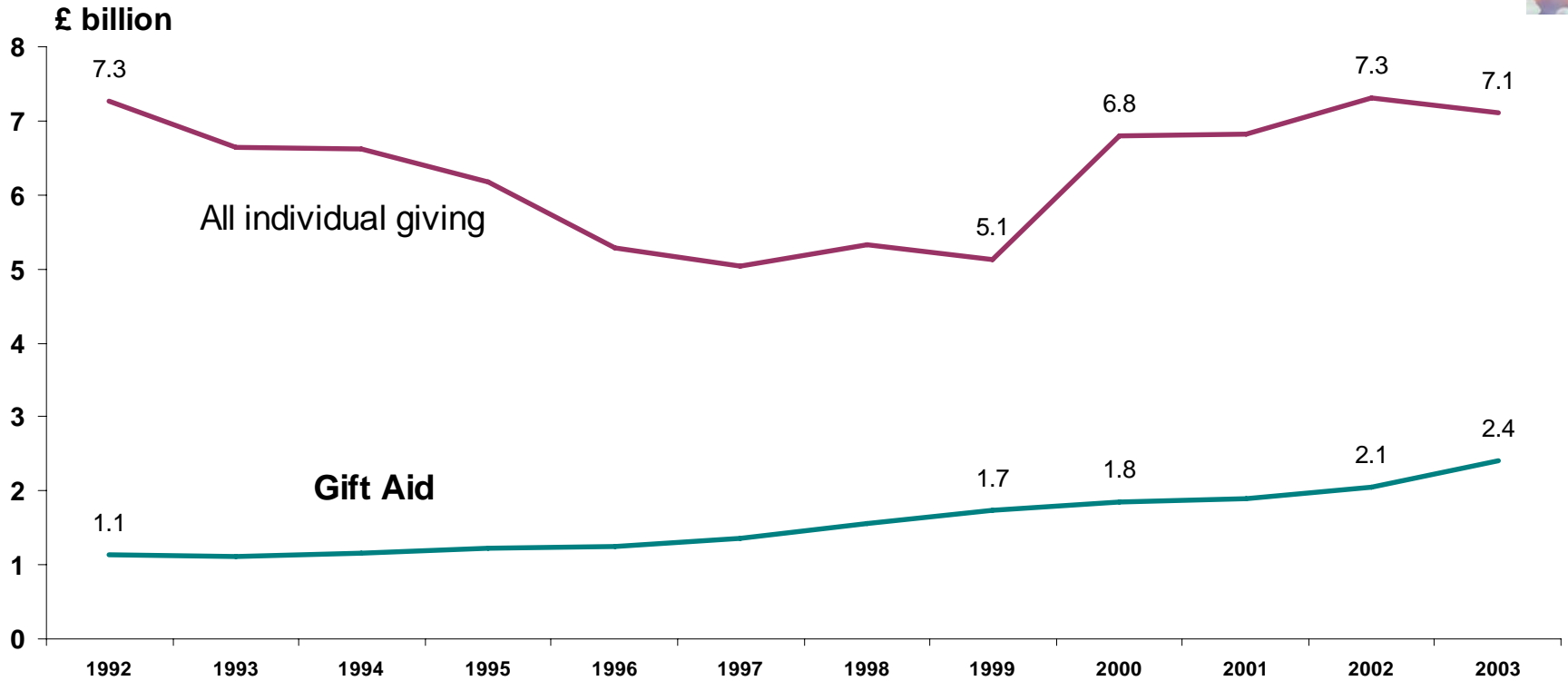
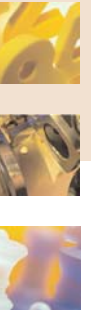
Breakdown of value of tax-breaks 2003/04



Cash value of tax-reliefs to charities	£ million
Gifts through Gift Aid (gross)	2,675
Gifts through payroll giving	91
Gifts of shares/property	100
Cost to government	
Charity tax reclaim on Gift Aid	586
Higher-rate tax-payer reclaim on Gift Aid	220
Tax cost of share gifts and property	35
Payroll giving tax reliefs	30
Cost of inheritance tax reliefs	340

Source : Charity Trends, CAF, 2005

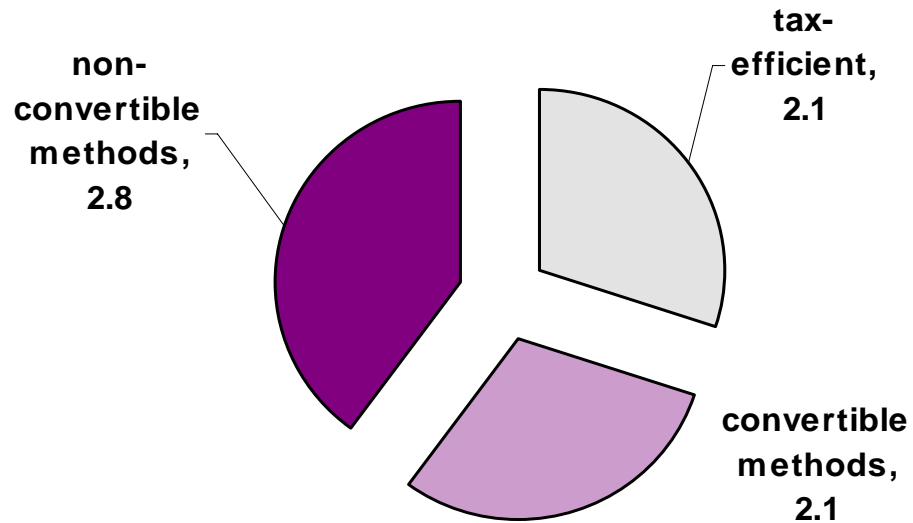
Individual giving and Gift Aid 1992-2003



Source : Charity Trends, CAF, 2005

Potential market

- conversion of donations to tax-efficiency £bn



Source : Data from CAF/NCVO Individual Giving Survey 2003

Source : Charity Trends, CAF, 2005