

# Payroll Giving: A guide for Employers

**Payroll Giving is a scheme which allows employees to donate to charity from their pay tax-free.**

## How does it work?

Once you have set up a Payroll Giving scheme, your employees will be able to sign up and start donating. Each payday, their donation will be taken directly out of their gross salary by your payroll department.

The donation will be taken after National Insurance is deducted, but before tax. This means that their donation will cost them up to 45% less through the tax break.

Donations are then sent from your organisation to a Payroll Giving Agency (PGA) who will handle the transfer of the funds to York Mind or any other charities your employees want to support.

| Monthly Donation | Cost to 20% Taxpayer | Cost to 40% Taxpayer | Cost to 45% Taxpayer |
|------------------|----------------------|----------------------|----------------------|
| £10              | £8                   | £6                   | £5.50                |
| £25              | £20                  | £15                  | £13.75               |
| £50              | £40                  | £30                  | £27.50               |

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**Payroll Giving is important. Encouraging regular donations is vital for the future of charities. York Mind depends on the regular income that Payroll Giving provides as it allows us to plan our work, set up new projects and initiatives and provide practical help to those experiencing mental health problems.**

**There are lots of benefits to offering a Payroll Giving scheme for your employees and every employer in the UK can start a scheme regardless of your size. Research shows that donating to charity or simply being kind helps mental health and general wellbeing. More than £2billion has been donated through Payroll Giving by over 1 million employees.**

## **Payroll Giving Agencies**

**Payroll Giving Agencies (PGAs) contract directly with companies to manage their schemes: from employee sign-up to payment to the charity. Employers must be registered with an approved HMRC PGA to run a Payroll Giving scheme. There are a number of Payroll Giving Agents which can be found on [HMRC's website](#).**

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## What are the employee benefits?

- Easy and convenient – straight from employees' pay, so no need to give bank account details
- Tax-effective – it costs less to give more
- Supports the causes they care about
- Flexible – control over how much they want to donate and to which causes
- The only way for higher rate tax-payers to pass their full tax relief to charity

## What are the employer benefits?

- Shows commitment to your employees
- Improves staff morale and motivation
- Supports good causes
- Simple and free to set up and run
- No fees\*
- Boosts your CSR profile and public image
- Recognition via Quality Mark Awards for being a company that cares
- Option to link with charity partners

## What are the charity benefits?

- A regular income enables us to plan ahead and focus on charitable objectives
- Unlike Gift Aid, which only adds an additional 25%, charities can benefit from the generosity of supporters in the higher tax bracket

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## Your step by step guide:

### **1- Getting everyone involved**

**Explain the benefits to teams across your organisation. It will be a simple process if everyone is feeling enthusiastic**

### **2- Sign up with a payroll giving agency (PGA)**

**If you haven't already, you'll need to sign a contract with a PGA. PGAs are the facilitators of Payroll Giving and distribute your employees' donations to their chosen charities. They are Payroll Giving experts and can guide you through the set-up process.**

### **3- Promote your scheme to staff**

**Get your staff excited about the scheme Make sure it's quick and easy to sign up and is publicised in shared spaces, via email or on your company's intranet. Incentivise your workforce by offering something in return for signing up and thanking them regularly.**

### **4- Employee Sign Up**

**Provide your teams with the necessary paperwork provided by your PGA**

### **5- Donations Begin**

**Your payroll team will take the donation from your employees' gross salary each payday and send it to your chosen Payroll Giving Agency**

### **6- Funds Received**

**York Mind will receive donations within 35 days**

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## **Matching Donations**

**More and more employers are choosing to increase the impact of their employees' donations by matching their gifts. This means that, when an employee sets up a gift, you can also make a gift to the charity they've chosen to support.**

**There are lots of options for matched giving. You can:**

- **Match the entire value of the gift, or a percentage of it**
- **Match every gift, or just match for a fixed time period as a new-joiner incentive**
- **Match gifts to every cause, or just gifts to certain causes**
- **Cap the amount you are prepared to match**

**Matched gifts are counted as charitable donations for tax purposes.**

## **Questions?**

**If you would like to find out more about how payroll giving could work for your organisation please contact the Fundraising Team - [fundraising@yorkmind.org.uk](mailto:fundraising@yorkmind.org.uk)**