Philanthropy Impact

Public Affairs Policy Positions

A Summary

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1.0 Philanthropy Impact

Outlined in the paper is a summary of our views on a variety of issues related to tax relief.

1.1 Philanthropy Impact – increasing philanthropic giving and social investment

Philanthropy Impact (www.philanthropy-impact.org) is a charitable organisation whose mission is to increase philanthropic giving and social investment – more and better giving. We work with professional advisers to (U) HNWI (ultra-high net worth and high net worth individuals) to grow and enhance the quality of the support they give to their clients, the UK's wealthiest individuals, around philanthropy and social investment.

We are a membership organisation for private client advisers, wealth management, private banking, independent financial advice, tax and legal sectors; as well as individual philanthropists and social investors, trusts and foundations, charities and social enterprises.

We act as a knowledge hub and centre of excellence offering events, specialist knowledge sharing, training, voluntary standards and sector and government liaison.

We represent over 200 members, including professional services firms and individual members, and we have outreach to and multiple contacts with a further 9,100 individuals and 3,584 organisations.

1.2 The focus of our responses

We believe there are critical questions related to tax relief that should be addressed regarding:

i) How the existing taxation rules could be **simplified** to make them more accessible to individuals and their advisers.

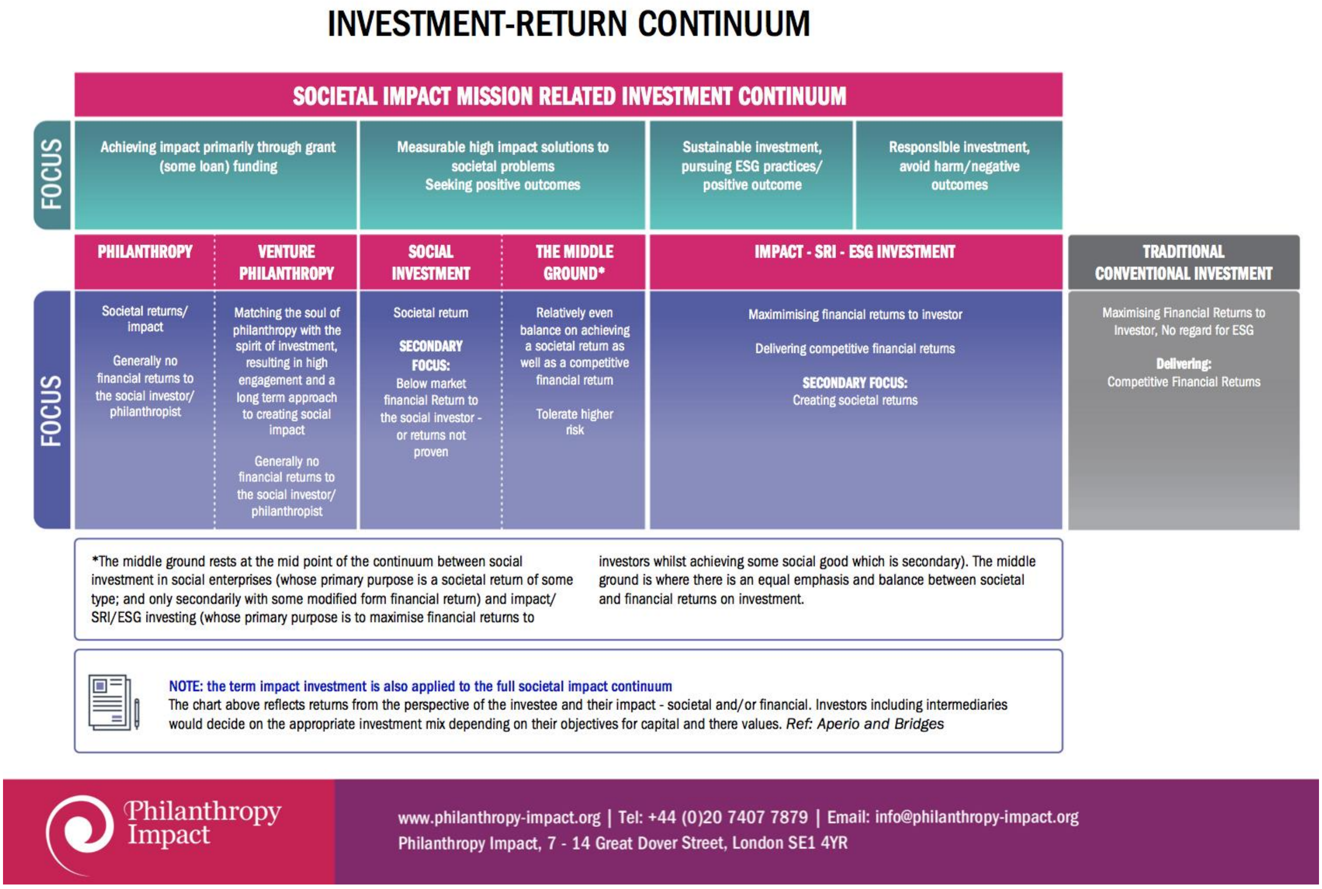
ii) How can we encourage greater **innovation** around the existing reliefs to create new opportunities for individuals and their advisers to engage with philanthropic giving and social investment.

We have provided examples in each of these categories below, in addition to responding to the specific tax reliefs.

We recognise that any variation to the tax code or to legislation in the UK will require additional evidence-building on the costs and benefits to the Exchequer and the public purse; however we believe the opportunity to unlock far greater private assets for the charitable sector merits serious investigation.

We believe an important outcome is acknowledgement of the need for detailed investigation on the role of taxation policy to stimulate greater giving among individuals.

Our recommendations focus on philanthropy, venture philanthropy and social investment (the left side of the continuum below). We include social investment because in many cases the motivation underpinning a philanthropist's involvement in social investment is seen as an extension of their philanthropy which is to achieve some societal good with the possibility of some financial return.



1.3 Philanthropy Impact and the Beacon Collaborative

Of note, Philanthropy Impact is a founder member of the Beacon Collaborative, which is a collective impact movement encouraging collaboration among all those seeking to increase the level of private assets used for public good in the UK. The goal of the Collaborative is to grow the amount of private wealth deployed by the UK's high-net-worth population by £2 billion[1] annually in the form of donations or social investment.

This is equivalent to the combined total income of Cancer Research, Oxfam, the British Red Cross, Macmillan, the RNLI, the RSPCC and the NSPCC in 2016/17[2].

Partners include private philanthropists, sector organisations, corporates, trusts and foundations, think tanks and parliamentary bodies.

Collectively, we have developed a series of principles that we believe should be used to inform the debate about how taxation policy can be developed to encourage more philanthropic giving in the UK. These are included in the next section of this document and form a part of our recommendations as we believe that these principles should underpin all approached to tax relief policies.

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[2] Leading British Charities – total income: Cancer Research, £647m; Oxfam £408m; British Red Cross £252m; Macmillan £247m; RNLI £192m; RSPCC £141m; NSPCC £127m - **TOTAL £2,014m**

2.0 Taxation principles: encouraging private assets to be used for public good

2.1 Role of wealth in civil society

Since the financial crisis of 2008/2009 and the aftermath of austerity, the roles played by government, individuals and charities in civil society have been rebalancing. In the age of austerity, evidence suggests that the role of the charity sector is growing as the state rolls back in certain areas. At the same time, there is little evidence that wealthy individuals are stepping forward and stepping up the levels of personal giving.

According to Charity Commission data there were 168,354[3] charities in 2008 with annual gross income of £48.4 billion. In 2009, the number of charities fell by 5%, but has been climbing ever since. In 2017, there were 168,237 charities in the UK with annual gross income of £75.4 billion, 56% higher than a decade ago. These data suggest that the demands on charitable organisations are as great as they have ever been, and growing.

Yet, over the same period, giving by individuals has stagnated. The UK Giving Report by the Charities Aid Foundation (CAF) in 2008 showed giving by individuals in the year 2007/2008 at £10.6 billion[4]. In 2017, it was £10.3 billion[5].

TODAY, HALF OF ALL MILLIONAIRES GIVE **LESS THAN £500** PER YEAR TO GOOD CAUSES

Further research conducted by Scorpio Partnership indicates that among the UK's millionaire population, the median annual amount given is just £240-£500. In fact, only 5% of the UK's 400,000 millionaires give at a level that could be considered generous[6].

Data from CAF show that overall the UK is a generous nation, ranking 11th [7] globally in terms of charitable behaviour. Yet, of the £10.3 billion given last year in the UK, we estimate that less than £2 billion[8] of that total was made up of regular annual donations made by wealthy individuals in the UK (defined as individuals with liquid assets of more than £1 million).

A further £3 billion[9] was given by just 150 individuals in major gifts; however, individuals rarely have wealth levels that can sustain seven-figure gifts on an ongoing basis.

Taken together, these data show that we have a problem with our culture of giving in the UK. Put simply, wealthy people are not engaged in contributing to civil society at a significant level.

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[3] https://www.gov.uk/government/publications/charity-register-statistics/charity-register-statistics-for-previous-years-charity-commission
[4] https://www.cafonline.org/docs/default-source/about-us-publications/ukgiving2008.pdf?sfvrsn=d415f440_4
[5] https://www.cafonline.org/docs/default-source/about-us-publications/caf-uk-giving-2018-report.pdf
[6] Philanthropy Collaborative, based on high-net-worthy survey data provided by Scorpio Partnership
[7] https://www.cafonline.org/docs/default-source/about-us-publications/cafworldgivingindex2017_2167a_web_210917.pdf?sfvrsn=ed1dac40_10
[8] Philanthropy Collaborative, based on high-net-worthy survey data provided by Scorpio Partnership
[9] https://www.civilsociety.co.uk/news/rich-gave-away-over-3-2bn-in-last-12-months-according-to-sunday-times-giving-list.html and https://www.cafonline.org/docs/default-source/personal-giving/the-sunday-times-giving-list-2017.pdf

This problem is especially troubling at a time when wealth inequality in the UK remains stubbornly high[10] and our social sector faces mounting pressures.

As with all cultural and societal problems, there is no single cause for the lack of engagement in civil society by wealthy individuals in the UK. The rise of the welfare state in the 20th century, taxation policies, the decline of religious participation and the culture of fundraising in the third sector have all been blamed – as have a myriad of other reasons.

IT WILL REQUIRE A SUSTAINED EFFORT TO RE-ENGAGE OUR WEALTHY CITIZENS IN SOCIETY

It is this combination of factors that has left us with a complex behavioural problem among the wealthy in the UK. Like all such challenges, there will be no single intervention that will change behaviour. Rather, it will require a sustained effort across many institutions in the private, public and third sectors to re-engage our wealthy citizens in civil society.

2.2 Tax reliefs are an invitation for individuals to participate in civil society

If we start from the premise that civil society flourishes when it is recognised as the shared responsibility of government, individuals and charitable organisations, then the purpose of charitable tax reliefs becomes clear: they are an invitation by government to individuals to step forward as partners in this shared civic duty.

Indeed, if government genuinely wants to promote "a shared society"[11], then tax reliefs must be regarded as a cornerstone in the strategy to engage all responsible citizens to give to the charities, institutions and organisations that underpin our civil society.

2.3 Tax reliefs are an important mechanism to encourage individual giving

By one measure, tax reliefs are working well to achieve this goal. Reliefs for individuals are currently worth £1.47 billion, which is equivalent to approximately 14% of the amount given to charity last year. In other words, an investment of £1.47 billion by the exchequer is a factor influencing the estimated £10.3 billion of private capital that was estimated to have been given by individuals last year, but clearly more can be done.

In order to increase that amount, it is important to note that there are many reasons that levels of personal giving have flatlined over the last decade. If we want to change the culture in the UK so that it becomes normal for individuals to give in a significant way for the public good, then we need to accept that multiple, interconnected actions will need to happen to influence the behaviours, beliefs and values that underpin our social norms.

No single mechanism, such as the tax system, in isolation will turn that trend around. But, that is not to say that tax reliefs are unimportant.

While individuals rarely give *because* of tax reliefs, when they do, it is important to them that they are giving as effectively and efficiently as possible. Tax reliefs therefore act as an encouragement for individuals who have made the choice to give. They also serve as a reminder to those who do not yet give at a significant level of the important contribution private wealth can make to civil society.

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[10] https://www.equalitytrust.org.uk/how-has-inequality-changed

[11] https://www.gov.uk/government/speeches/the-shared-society-article-by-theresa-may In her article to the nation in January 2017[11], the Prime Minister described her vision of a shared society: where our social values will focus "rather more on the responsibilities we have to one another; a society that respects the bonds of family, community, citizenship and strong institutions that we share as a union of people and nations; a society with a commitment to fairness at its heart."

Tax reliefs are therefore an important lever in the context of our giving culture. To roll them back will undermine those who are already giving and send a signal to others that Government does not value the contribution of private individuals to our civil society.

2.4 Individuals should never be taxed on money they give away

Linked to this, there is another important principle at stake: whether an individual should ever be taxed on money they give away.

If one accepts that civil society is a shared responsibility between Government and citizens, then individuals should be able to contribute from their own private purse as Government does from the exchequer. Guided by public policy, Government can set the priorities for funding within our civil society and regulate accordingly. Within this framework, private giving can then act as a form of complementary capital: funding before, alongside or around our civil society priorities.

Thus, when individuals take up the invitation to deploy some of their wealth to support charitable causes, the transaction represents an act of citizenship undertaken by the individual and the charitable organisations they support. Government may have encouraged the transaction through tax reliefs; it may have even guided it through various mechanisms, but it is not a party to it.

In other words, the full gross value of the transaction should balance between the two transacting parties: the individual and the charity.

The gain to Government, where individuals use charitable tax reliefs, is a thriving civil society. Charitable tax reliefs therefore do not represent a “loss” to Government, but rather a gain to society.

2.5 Private philanthropic capital can invest in ways that the public and private sectors cannot or will not

Indeed, it is important to recognise that the unconstrained nature of charitable giving represents a form of capital that is not freely to be found in either the public or private sectors.

Where the Exchequer must be cautious with public funds, the private donor can test new ideas. Where the Exchequer must seek economies of scale, the private donor can support the specialist and the niche. And, where the private sector must maximise financial value, the philanthropist can champion social value.

Thus, money that is given by individuals, with no expectation of financial return, offers the opportunity to the charitable sector to be bold: to pilot new solutions to old social problems, or to fund important work that might never be commercialised or taken to scale.

Imagine if someone with a rare medical condition were unable to access respite care simply because their condition is not shared by many; or they were denied the hope of a future cure because research into the condition is considered economically non-viable.

Some have called private philanthropy the risk capital of society (as demonstrated in start-up support for social enterprises). However, it is more than that; it is the oxygen that allows our civil society to thrive.

2.6 Tax reliefs targeting wealthy individuals can unlock significant private capital for civil society

So, if the purpose of charitable tax reliefs is to stimulate engagement in civil society by individuals, there are two important secondary questions: who to prioritise when targeting reliefs and how to maximise the likelihood of these individuals giving more.

When considering who to target with tax reliefs, emerging evidence clearly suggests that more could be done to encourage those who have the most capital to give: the UK's high-net-worth population.

Supporting regular, lifetime giving among the wealthy represents the best opportunity for significantly strengthening our nation's civil institutions.

When considering how much additional capital might be generated by tax incentives for the UK's wealthy population, the £2 billion of regular annual giving by wealthy individuals needs to be set in the context of the total £1.7 trillion[12] of liquid assets controlled by UK millionaires (the top 0.85% of the population). That is equivalent to 20% [13] of the liquid wealth held by households in Britain today.

Yet, the average amount given in total by the wealthiest individuals in the UK annually is currently just 0.18% of the liquid wealth they control – and this figure is inflated significantly by the generosity of a few.

Tax reliefs targeted at the top 1% would therefore seem likely to present the strongest opportunity for encouraging greater giving among individuals in the UK, and a target to double the amount of giving from this group should not be inconceivable.

2.7 Innovative tax effective giving structures can harness the professional advisory sector

Current tax reliefs already provide a good framework for encouraging greater giving by wealthy individuals, but there is significant potential for much greater innovation particularly in the form of tax effective giving schemes (such as Charitable Remainder Gift, the Cultural Gift Scheme, Pension-Release Schemes and Hybrid-Endowments).

Indeed, tax reliefs could be used in many different ways to unlock assets for the public good. Such innovation is important because it presents a vital opportunity to engage individuals in civil society – through their wealth advisers.

Currently, fewer than 20% [14] of wealth advisers raise the subject of philanthropic giving with their private clients; yet they are almost always the first port of call for individuals when considering major investments or transactions. The UK's 16,000 advisory firms therefore represent a critical nexus to extend the invitation from government to those individuals who can most afford to give.

The paucity of tax effective giving schemes is a major factor in the low incidence of philanthropy advice offered by professional firms – hindering the commercialisation of the offering and the training of frontline teams.

2.8 Tax reliefs and tax effective giving schemes should engage living donors

Specifically, if tax efficient giving schemes could be developed to support clients at all stages of their wealth journey – through wealth accumulation and decumulation – it would enable professional advisers to talk to their clients about charitable giving as part of their normal practice.

[12] Philanthropy Collaborative, based on high-net-worth survey data provided by Scorpio Partnership
[13] https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/wealthingreatbritainwave5/2014to2016#total-wealth
[14] http://www.philanthropy-impact.org/article/learning-give-lessons-advisers-and-would-be-philanthropists

This would increase the frequency of these interactions with clients, thereby helping to normalise charitable giving as an aspect of wealth and wealth management.

Equally importantly, such mechanisms create the opportunity to engage individuals in giving throughout their lifetimes. While donor engagement is a relatively new field of research, American insight suggests fully-engaged donors double [15] their commitment to the organisations they support.

The UK is considerably less developed than the US in terms of philanthropic giving, yet the irrefutable fact is that only living donors can increase their commitment to charitable causes. Therefore, it should be a core principle that tax reliefs and tax effective giving schemes should engage living donors through every stage of life, through mechanisms such as Charitable Remainder Gift. This engagement leads to a habit of giving which translates into greater legacies on death.

2.9 Simplification, consultation and innovation will promote the effective and proper use of tax reliefs

Complexity in tax reliefs can lead to artificial schemes and abuse, which damage the credibility of the sector and the philanthropists that properly claim tax relief as intended by Parliament. The fact that Gift Aid and marginal tax relief is not fully utilised or artificial avoidance schemes are constructed may be, in part, because of the complexity of the system. Ways to simplify the scheme need to be examined and clear explanations of how major donors and recipient organisations can benefit from reliefs disseminated.

On occasions commentators, journalists and politicians have erroneously conflated the use of charitable tax reliefs with tax avoidance or evasion. This alienates philanthropists and casts them as social villains. Tax relief on charitable donations is not tax avoidance. To obtain tax relief an individual has to gives 2.5 times the amount of tax that would otherwise have been paid (at a marginal tax rate of 40%) so no donor should ever benefit financially from giving money to charity. If the giver does gain significant financial benefit it is the regulatory regime which should ensure that charitable gifts can only be used for charitable purposes that is failing.

3.0 Enhancing the Toolkit for Professional Advisers

3.1 Professional advisers are critical to the success of charitable tax reliefs

Professional advisers are an important channel to reaching wealthy individuals across the UK and to encourage them to consider giving or investing money socially. They are typically the first port of call for wealthy individuals as they accumulate and decumulate wealth through their lives.

If professional advisers have the skills and knowledge to apply charitable tax reliefs, they represent a significant opportunity to extend the use of reliefs and consequently boost charitable giving among their clients.

Current reliefs provide a good basis for starting these conversations. Yet many advisers shy away from these conversations. In part, this reflects a cultural norm that giving money to charity is a private activity and therefore the onus is on clients to raise the topic with their adviser. However, it is important to bear in mind that if money is being given away to good causes, it depletes the asset base over which the adviser has fiduciary responsibility. There is therefore little motivation for advisers to raise the topic of philanthropic giving proactively with their clients.

[15] http://news.gallup.com/businessjournal/192689/charitable-giving-donors-focus-one-two-organizations.aspx

Additionally, in certain cases the tax reliefs available are complicated to apply and administer. If the time (and therefore cost) associated with applying a relief is greater than the tax saving, then even the most proactive of advisers and clients will be dissuaded from giving money away using these reliefs and the tax incentive is ultimately counter-productive.

Our research suggests that of the 16,000 advisory firms currently operating in the UK, only 3,500 offer any form of philanthropy advice to their clients[16] (22%). This leads us to conclude that the majority of advisers in the UK currently do not provide advice to their clients on philanthropy, including tax-effective philanthropy using charitable tax reliefs.

There are two potential solutions to this problem.

The first is to simplify the existing rules to make it easier (and therefore less expensive) for advisers to understand the rules and to apply them.

The second is to encourage advisers to use the existing reliefs to develop innovative tax-efficient giving schemes. Firms could then train their frontline advisers on the tax benefits of these tax-efficient giving schemes for their clients and there distribution would increase because individual advisers would be rewarded through compensation mechanisms for introducing these schemes to their clients.

We note that this kind of “tax structuring” often raises concerns. In the context of philanthropic giving, these concerns are largely unfounded and reflect a misapplication of the tax avoidance test to charitable donors. Tax avoidance is typically disparaged as bending the rules of the tax system in order to gain a tax advantage that was never intended under the law. The intent is the enrichment of the tax avoider at the expense of the public purse.

When individuals use charitable tax reliefs, it must be understood that the intention of the individual is to give money to civil society: no one ever becomes richer by giving money away.

This confusion only underscores the need for simplification and consultation to ensure these reliefs are fully understood by public policy makers and applied correctly by private individuals and their advisers.

In our responses below, we have given examples of existing reliefs that should be simplified and of potential opportunities to use existing reliefs to develop innovative tax efficient giving schemes.

3.2 Simplification – helping advisers to use existing reliefs

3.2.1 Inheritance Tax Relief

The Office of Tax Simplification recently asked the following question: *How well do you think the charitable exemption and the lower rate of tax on death is understood by advisers or the public? Please tell us about any areas of complexity in the application of this rate, or the charitable exemption, along with any suggested improvements.*

The response from our members shows that this is an area of significant concern to advisers and their clients.

While the 36% rate of tax on estates where 10% is given to charity is to be commended as a matter of policy, it is extremely difficult to achieve in terms in which clients can understand. In particular, the complexity of calculations required where there are exempt and non-exempt beneficiaries is often disproportionate to the

[16] Scorpio Partnership research conducted for Philanthropy Impact in 2015. Estimates based on desk research mapping 383 professional advisory firms. Other sources include: Association of Professional Financial Advisors (2013); Financial Reporting Council (2014), The Law Society (2015); Private Asset Managers Report (2015), STEP survey (2011).

amount of tax due and collected. This in turn dissuades advisers and their clients from considering taking advantage of the relief in many cases.

3.2.2 The Cultural Gift Scheme

Introduced by the Finance Act 2012, the Cultural Gift Scheme is designed to encourage the lifetime giving of heritage assets for the public benefit. The scheme applies to objects which are pre-eminent for their national, scientific, historic or artistic interest.

The scheme offers incentives through reductions in the donor's tax liability (a reduction of 30% of the value of the gift), but also carries some restrictions in the form of joint property, spend limits and valuation, amongst others.

As a matter of simplification and consistency, we believe that the reliefs should match those accorded to gifts of quoted securities and land to charities.

Moreover, we believe that clearer guidance should be offered on what factors should be taken into consideration when making gifts of pre-eminent objects, especially when considering a collection that may have been built to include many objects over a period of years.

Our recommendation is that the scheme be reviewed regarding its effectiveness and how it might be expanded beyond the current £40m.

3.3 Encouraging innovation – enabling advisers to engage their clients with new charitable solutions

3.3.1 Charitable Remainder Gift

Proposals to introduce Charitable Remainder Gift to the UK have been under discussion for a number of years. Recently, the proposal has gained considerable support from the professional services industry. More than 60 delegates gathered at the Royal Society of Arts in London on 1 November 2017 to discuss and explore this topic. Many of the delegates represented a number of professional organisations, including law firms, banks, and other professional advisers, as well as charities, both large and small.

Speakers emphasised the popularity and success of Charitable Remainder Trusts ('CRTs') in the United States, which is the vehicle used for Charitable Remainder Gift. They highlighted that the scheme creates a more dynamic relationship between donors and charities.

When making a Charitable Remainder Gift the donor makes an irrevocable commitment to give to charity. The sum is put into a suitable vehicle from which the donor receives an income during their lifetime. This income is subject to Income Tax. However, the initial investment is deemed to be a gift to charity for the purposes of Capital Gains Tax and Inheritance Tax. The donor also benefits from a one-off calculation of Income Tax relief for backward or forward offset. The benefits for charities are that it creates supporter engagement with a living person and the charity is guaranteed future income which is not the case with a legacy pledge made in a Will. The donor benefits as he or she has financial security for life whilst having made a gift to charity.

Our suggestion is that the government adopts the best aspects of the US system (called a 'Charitable Remainder Trust') whilst ensuring that it is simple, secure and easy to access without the need to employ professional help for the donor. Our proposed model is also inexpensive to administer, contains a clear benefit for the charity and allows the government to regulate it simply to prevent abuse.

To meet these objectives the following model is proposed:

- The donor gives a sum of cash, marketable securities or land to a trustee using a standard trust which could be a donor-advised fund or other trust accepted by the UK Charity Commission to administer Charitable Remainder Gift.
- The donor and the trustee agree the annuity rate within an approved range, the term and the charity beneficiary.
- The trust's auditors include a separate report on Charitable Remainder Gift in standard form within the trust's annual report filed with the UK Charity Commission.
- Each year (or more frequently) the trust pays the donor the agreed annuity amount on which the donor pays income tax
- At the end of the term or on the donor's death the designated charity receives the Living Legacy from the trust.
- The donor may specify if the fund is for the charity's general purposes or specific purposes (that is, unrestricted or restricted capital).
- In the first instance, cash only will be used but it is envisaged that all assets that are at any stage eligible for Income Tax reliefs on gifts for charity such as quoted shares and land will become eligible for Charitable Remainder Gift.

The following are some of the tax implications:

- The gift into the trust would be treated as a gift to charity for the purposes of Capital Gains Tax and Inheritance tax.
- The present value of the charity's future receipt (based on standard actuarial calculation) is used to calculate the donor's income tax relief on making the gift. In essence, that value is deductibles, against the donor's income before calculating his or her tax liability, just as the value of quoted shares would be if they were given outright to the charity.
- Deductibility can be applied backwards for one year, and can be applied forwards.
- The donor is liable for income tax on income he or she receives from the trust.
- The charity receives the fund on the donor's death or at the termination of the trust (free of tax).

Over time, the government could consider the level of tax relief provided and in the US no restrictions are placed on the type of property that can be put into a Living Legacy. So there are future adjustments that can be made which will also ensure that Charitable Remainder Gift are not seen as the preserve of the ultra-wealthy but becomes an option for many more.

By introducing Charitable Remainder Gift, we estimate that an extra £400 million in assets and income could be generated every year for charities.

This is experience borne out in the US where they have had a system of Charitable Remainder Gift in place for over 40 years. Charities in the US benefit annually from $7bn ($4.5bn in assets and $2.5bn in income).

Potential income from Charitable Remainder Gift in 2018

Total target group in UK (UK higher rate and additional rate tax payers)	3.3 million
Average trust value (a quarter of US average trust value)	£145,000
Total number of Charitable Remainder Gift by 2020 (0.1 % anticipated take up)	3,340
Total trust value by 2020	£484 million
Total asset value from new donors by 2020 (80% of donations from new donors as opposed to those who would have already given in their Will)	£387 million
Total increase to charity by 2020 (in both income and assets)	£398 million

3.3.2 Personal Pension Giving

UK personal pensions have annual contribution limits as well as a lifetime allowance (LTA). The levels of these caps have varied over time. For example, the annual contribution limit has been as high as £255,000 in 2010, but it was reduced to £50,000 in 2011, and further reduced to £40,000 in 2014. Likewise, the LTA was as high as £1,800,000 in 2011, but it was reduced to £1,500,000 in 2012, to £1,250,000 in 2014, and currently sits at just over £1,000,000.

Though grandfathering previous LTA levels was possible when they were lowered, asset price growth has caused pension fund balances to exceed the relevant LTAs. It is extremely difficult for investors to plan around the LTA. Not only has it changed historically, but future investment returns over long periods are very hard to predict.

As a consequence, there are significant amounts of money sitting in various pension vehicles in excess of the LTA. All funds in excess of the lifetime allowance are subject to an effective tax charge of 55% upon crystallisation. Crystallisation is defined as the withdrawal of funds in excess of the LTA, or the earlier of the beneficiary reaching age 75 and the beneficiary's death.

The high rate of taxation on excess pension funds leads to two potential behaviours on the part of holders that could cause the funds to become idle:

- The excess balances are not likely to be withdrawn (and therefore trigger tax receipts) until pension holders reach 75 or die because they will try to defer the surplus tax charge.
    - Unless the investor requires the funds, funds can be left in the pension benefitting from tax deferred income roll-up and passed on to estate beneficiaries.
    - A pension holder may avoid the 55% tax by withdrawing an amount less than or equal to the LTA, leaving the excess LTA remainder untaxed in the fund.
    - Therefore, the Treasury is not likely to see significant tax revenue from excess pension funds in the near-term.
- The high tax rates also create a disincentive to actively invest pension funds which approach or exceed the LTA. Investors over or approaching the threshold are likely to take a more conservative approach as they have more interest in the downside than the upside.

Instead of letting these excess pension funds continue to stagnate, the Government could help convert some of the money into current, socially impactful spending by allowing pension holders to transfer funds into UK registered charities.

Furthermore, if charitable donations from excess pension balances were allowed to be made *pari passu* with personal withdrawals at a reduced effective tax rate (e.g. 20%), the Government would, in addition to the benefits noted above, increase near-term tax revenues by encouraging pension withdrawals that would otherwise have been delayed as long as possible.

3.3.3 Charitable ISAs

If charitable giving from pensions is aimed at middle aged and older individuals, charitable ISAs could be targeted at young professionals whose scale of social consciousness is not yet matched by the scale of their charitable giving.

Enabling young workers to set aside a regular portion of their pay cheque and/or a portion of their annual bonus, that could be added to and invested on a tax-free basis over time, would enable them to build up a sizeable charitable reserve that could only be donated to UK registered charities. Such an initiative would benefit tremendously from the awareness of ISAs as a tax-efficient vehicle and help promote a new giving culture across the next generation.

The scheme would operate on the basis that the institutions that hold the charitable ISAs would confirm that gifts proposed by donors would be going to accredited charitable organisations before they were made. To achieve this, a list of approved entities would be developed in consultation with Government and the Charity Commission and could include all UK-registered charities and donor advised funds.

3.3.4 Hybrid Loan-Endowments

Another mechanism to encourage donors to build long-term financial relationships with charitable organisations could operate via a hybrid loan-endowment arrangement.

An individual (the donor) provides a long term (5 year) interest free loan (the "Endowment") to a charity. The Endowment is invested in a managed portfolio with an endowment investment philosophy and the charity draws or receives an annual return of 4% of the value of the original Endowment loan each year during the term:

- Any shortfall/loss at the end of the term is borne by the donor.
- Any increase in the value of the Endowment benefits the charity, but is only accessible at the end of the term (or the repayment date if earlier).

The donor retains flexibility and discretion to:

- Require repayment of the Endowment (subject to a minimum 2 years' notice requirement), for example if the money is required by the donor or if he or she becomes dissatisfied with the charity's use of the funds.
- Extend the loan for a further period.
- Donate a sum equivalent to the loan principal (the Endowment) or a proportion at the end of the term (or the repayment date if earlier).

Through this approach charities could enjoy the benefit and discipline of an endowment in that it cannot access (during the duration of the loan) greater than the annual return of 4% of the value of the original Endowment loan

The charity and the donor develop a relationship whereby:

- The donor can monitor the use of the funds and the performance of the charity and develop a relationship with the charity as an active participant.
- The charity may work over time to convert the benefactor into a donor and create the stability of a true long-term endowment.

The structure also allows charities to obtain a predictable cash flow from a source that may not have been prepared to make an outright donation at the outset.

It provides a catalyst to ensure charities allow all donors visibility regarding:

- How their money is being used.
- Measuring and reporting the level of impact.
- Allows a benefactor to seek repayment in the event that there is a structural change in the charity.
- Provides an opportunity for patrons and trustees to do more than advise and lend their name

- Provides an opportunity to create a more long lasting charity as opposed to a short-term temporary appeal.

3.4 Further consultation and evidence building

These innovations have been proposed by our members with the express aim of developing straightforward, tax efficient giving structures that are based on established mechanisms and financial instruments, thus, making them simple for advisory firms to roll out to their private clients via their adviser teams.

If existing tax reliefs were applied to these structures it would provide the basis for professional advisers to introduce these structures to their private clients as part of the normal tax planning discourse.

We recognise that any new structure would need to be tested through consultation and evidence-building on the costs and benefits to the Exchequer and the public purse. Our members would therefore welcome the opportunity for further consultation.

We are calling on the government to support these recommendations whilst acknowledging there is a need for further detailed investigation on:

i) The role of taxation policy to stimulate greater giving among individuals.
ii) The extent to which simplifying existing tax reliefs and innovation based on these reliefs would encourage professional advisers in the UK to introduce charitable giving schemes to their private clients as part of the normal tax planning activity.

4.0 Recommendations related to individual tax reliefs

The following are our comments on individual tax reliefs.

4.1 Value Added Tax (VAT)

While there is no general VAT relief for charities, a number of special reliefs, exemptions, zero ratings and concessions exist which cover many supplies to and made by charities. The current regime treats charities differently depending on the types of service they provide and whether or not they charge for their services. Those that do not charge are treated as the final consumer even when they are not. As a result, they are unable to recover VAT on purchases (input VAT) made to support their activities. Most of the charities that charge for their services are unable to recover input VAT because their services are exempt (estimated to cost £1.5bn a year). VAT relief was worth approximately £400m to charities in 2016-17.

Philanthropy Impact Recommendation

Charities which provide services for free rather than charging fees are unable to claim back VAT on their costs. This is unfair and needs to be simplified. We strongly recommend that charities should be exempted from VAT and be allowed to claim back all VAT on costs. For example charities currently pay VAT on discretionary investment management services which reduces the investment returns of their endowments. An exemption from VAT on management fees could allow trustees to distribute more of their annual investment income in grants.

With reference to current VAT rules:

- Charities suffer financially from the impact of VAT, both in terms of large amounts of irrecoverable VAT and in terms of applying its complexities to their activities, including the need to distinguish between 'business' and non-business activities. This needs simplification ideally by exempting charities from VAT.

- In the absence of a complete VAT exemption for charities, there are a number of issues which need to be addressed in order to simplify the VAT regime for charities. One issue is the subtle distinction between grants (non-VATable) and payments for services (VATable) which represents a trap for the unwary, especially as grant-makers make the conditions for their grants ever more sophisticated. There is no need for this distinction in the case of charities.
- Another area crying out for simplification is in the area of charities developing property, where charities are often forced to introduce SPV development subsidiaries into structuring their arrangements in order to avoid irrecoverable VAT on development costs. Charities should not need to enter into such complexities solely for VAT reasons.
- Incorporated charities can claim group relief from VAT in respect of intra-group payments for services but unincorporated charities cannot do so. Tax reliefs should be based on the underlying charitable purpose of entities, not on the way in which they happen to be structured. We recommend that group relief should be extended to unincorporated charities also.

4.2 Gift Aid

Gift Aid allows charities to claim tax relief – 25p in the pound – on gifts and donations made by UK taxpayers. If the donor is a 40 per cent taxpayer, further tax relief of 20 per cent (the difference between the current higher rate of income tax of 40 per cent and the current basic rate of tax of 20 per cent) can be claimed by the donor themselves (not by the charity). Gift Aid was worth approximately £1.28bn to charities in 2016-17. Higher Rate Relief was worth approximately £520m to individuals.

Philanthropy Impact Recommendation

In our experience most people - donors and professional advisors - simply do not know about most of the tax reliefs or even understand the principles of gift aid for higher rate tax payers.

Gift Aid is a hugely valuable tax relief but research indicates that an estimated £560m or 25% of all donations per year that would qualify for Gift Aid are not claimed. Gift aid is complex to understand and explain to those who pay higher and additional rate tax because of the concept of sharing the tax relief between the individual and the charity. There are a number of areas in which Gift Aid could be improved and simplified.

1. It is thought likely that the declaration which individual donors have to sign confirming, in effect, that they pay enough tax to claim Gift Aid and Gift Aid wording, may still be putting donors off.
2. There is a concern that charities and their staff or volunteers may not be encouraging the use of Gift Aid as they do not understand the rules sufficiently and are fearful of getting it wrong. There is a need for more education in this area at the very least and at best, more work needs to be done on simplifying the rules.
3. Corporate Gift Aid donations, where the corporate donor receives all the tax relief, still lead to claims being incorrectly made and it would be simpler to completely remove the reference to Gift Aid on corporate donations.
4. There needs to be a greater incentive for businesses to donate money to charity, whether by establishing "their own" corporate foundations or by donations to charities - they can either treat such payments as gift aid payments (and deductible for corporation tax purposes) or (within reason)

as CSR business expenses and again deductible as such for corporation tax purposes. If that analysis is broadly correct (and we stress that we are not corporate tax specialists) there seems no financial incentive to businesses to make pure charitable donations. At a time of little or no growth in corporate donations there would seem to us to be a strong argument to incentivise businesses to make charitable donations, perhaps especially to encourage them to establish corporate foundations, and thereby to enhance the social impact of their business.

5. Many charities are required to contact their supporters after the end of the tax year to let them know how much their goods have sold for before Gift Aid can be claimed. As most goods in charity shops are sold for very little, contacting supporters is costly (often also alienating them by sending them a letter that appears trivial and a waste). We recommend a de-minimus limit be raised to a level reflective of the cost of contacting supporters.
6. There is a clear need for their professional advisers to gain a greater understanding of the way in which these tax reliefs work.
7. There is also a need for clearer guidance from HMRC. It is very difficult to navigate www.gov.uk for guidance. It needs to be more accessible and 'user friendly'.
8. HMRC are increasingly reliant on tax payers doing their work for them and so the role of the charity helpline is crucial. Donor and charity education about Gift Aid is essential. The opening hours of the Charities Helpline are 8.00 am to 5.00 pm, Monday to Friday which is the time that most charity volunteers (including trustees) are at work. There is a need for the helpline to be more "customer focused" and properly resourced.

4.3 Gift Aid Small Donations Scheme

The Gift Aid Small Donations Scheme (GASDS) allows charities to claim a gift aid-style top-up on small donations, in situations where it wouldn't be feasible to collect Gift Aid declarations, for example where a collection tin or bucket is used. Charities can claim up to £2,000 a year under the scheme (on cash donations of up to £8,000). GASDS was worth approximately £29m to charities in 2016-17.

Philanthropy Impact Recommendation

GASDS is regarded as a useful resource for many charities and recent changes to include contactless donations is a good sign of changing with the times as more people donate on the street using contactless. However the £20 limit, should be reviewed on an ongoing basis and increased to bring this in-line with permitted sums for contactless payments.

4.4 Business Rates Relief

Business rates are a tax on occupancy, which any charity that owns or rents a property is liable to pay. Charities receive a mandatory relief of 80% of their business rates bill. Local authorities are able to grant discretionary relief on the remaining 20% that charities have to pay, although on average they only receive a further 2.5% relief. Business rates relief was worth approximately £1.87bn to charities in 2016-17.

Philanthropy Impact Recommendation

1. We recommend that Business Rate Relief should be 100% for charity related activities in order to simplify the operation of the relief.
2. There is discrepancy amongst the various local authorities on not only the 20% discretionary relief but what they consider qualifies for the 80% mandatory relief. Some local authorities are now challenging what is 'wholly or mainly used for charitable purposes' and there does not appear to be a universal policy on what they consider qualifies. It is often unclear, for example, whether fundraising activity qualifies.
3. Charity shops should qualify for business rate relief if a shop is mainly used by a subsidiary trading company for trading and fundraising purposes. The profits from those activities will almost invariability be gift-aided by the subsidiary to the charity and therefore the business rates charged to the trading company effectively acts as a tax on the charity.

4.5 Capital Gains Tax

Charities sometimes hold assets such as land, property or investments which when sold may be subject to Capital Gains Tax on any profit made. Charities are exempt from Capital Gains Tax if the gain accrued is both applicable and applied for charitable purposes, including the use of funds for the general administration of the charity.

Philanthropy Impact Recommendation

1. This is a valuable relief for charities provided that the gain is applied for charitable purposes. This aspect of the relief may not be understood by all.
2. There is a second aspect to capital gains tax relief which is the ability to transfer shares land, art etc. to a charity at no gain no loss. However we believe that this relief is not as widely known as it should be and this needs to be addressed. We recommend that both reliefs should remain available.
3. There is an issue when assigning life assurance contracts to a charity that should really be simplified. Currently these assignments cannot be claimed as tax relief for the individual and are a chargeable gain upon encashment for the charity (in broad terms). Consideration should be given to extending capital gains tax relief to assignments of life assurance contracts.

4.6 Inheritance Tax

Leaving a part or an entire estate to a charity can reduce or eliminate an Inheritance Tax liability as it will not count towards the total taxable value of an estate. An Inheritance Tax liability can also be reduced from 40% to 36%, if 10% of a 'net estate' is left to a charity in a will. Inheritance Tax relief totalled approximately £840m for individuals in 2016-17.

Philanthropy Impact Recommendation

Inheritances are a major source of funding for charities. However it encourages people to hang onto money and leave a legacy on their death rather than fund charities during their lifetime. Thought should be given to how we can tap into these legacies, such as the Charitable Remainder Gift proposed by Philanthropy Impact This could open up a significant amount of philanthropic capital to be used now rather than in a generation's time***.***

See section 3.3.1 for details of the Charitable Remainder Gift scheme.

4.7 Insurance Premium Tax

Insurance Premium Tax (IPT) is a tax on general insurance premiums. There are two rates: a standard rate of 10 per cent and a higher rate of 20 per cent for travel insurance and some insurance for vehicles and domestic/ electrical appliances. Charities are liable for Insurance Premium Tax, although lifeboats and lifeboat equipment, and block insurance policies held by Motability which covers disabled drivers who lease their cars through the scheme are exempt (the exemption does not cover disabled drivers generally).

Philanthropy Impact Recommendation

No recommendations

4.8 Climate Change Levy

The Climate Change Levy (CCL) is a tax on energy delivered to non-domestic users in the UK which aims to incentivise energy efficiency and reduce carbon emissions. Charities are exempt from the Climate Change Levy for premises where at least 60% of activities carried out are classified as non-business.

Philanthropy Impact Recommendation

No recommendations

4.9 Social Investment Tax Relief

Individuals that invest in charities can receive a reduction in their tax bill to provide an extra incentive to socially invest. Social Investment Tax Relief works by reducing the income tax bill of an investor by 30% on shares they buy in Community Interest Companies (CICs) or loans that they provide to charities, CICs or community benefit societies.

Philanthropy Impact Recommendation

1. This scheme aims to encourage investment in enterprises providing a social benefit by offering tax relief to investors in a similar way to the Enterprise Investment Scheme (EIS) which is designed to encourage investment in early stage companies. This tax relief is seldom used because it has significant

issues both from the investor's perspective and the investee. We have commented on both individually.

For the investor:

a. Consideration should be given to making tax relief immediately available upon investment into the fund, rather than generally waiting nearly two years. This delay in tax relief is stifling the market and is deterring investors from investing and advisers from recommending the product.
b. SITR should be aligned with EIS relief in order that an IHT exemption is available to those investing. Given the risk that investors are taking, the fact that the underlying capital is debt rather than equity based should be irrelevant.

For the investees:

a. Very few charities and social enterprises meet the strict criteria to be able to access social investment tax relievable capital.
b. Some SITR fund managers have found it so difficult to construct deals that they have been sitting on cash for over 18 months. This is having a significantly negative impact on the growth of the SITR market.
c. The restrictions on turnover, employees and other qualification criteria could be changed to be more relevant to the charitable sector and encourage more giving. For example a no interest SITR product with a lower upfront tax relief, but with the underlying lending being provided to larger charity could be attractive.

2. SITR has the potential to encourage individual investors, particularly high net worth investors to invest in social enterprises as part of their investment portfolio. The problems we have come across in practice are:
   a. Although the Government has increased the amount that can be invested, the cap is still prohibitive to achieving scale. This should be revised further or scrapped, especially once we are through Brexit as currently it is a form of state aid and operates within the boundaries set out under EU law.
   b. The excluded activities (which have essentially been copied across from EIS) have the effect of limiting the real effects which SITR could make. Government and society as a whole is struggling with social care- be it for the elderly or for children in care. Excluded activity rules mean that care homes of all varieties cannot benefit. We see this as counter-intuitive as the purpose of the relief is to channel money from the private sector to where it is needed in the third sector. In the case of care homes, for example, there is the added security to the investor of being able to secure the loan on property making it much more attractive. We recommend that the excluded activities need to be reconsidered and narrowed down.
   c. A more collaborative approach is needed by HMRC who approach this relief with great caution. It would be helpful if HMRC had a better understanding of what the relief is supposed to achieve in order to make the relief much more useful.
   d. Charities are often too nervous to consider taking a loan. Such a loan is useful if they are scaling, particularly when that scaling will bring increased revenue. Charities which do not have a free-

standing revenue stream (aside from grant-funding) do not feel confident in taking this stream of funding.

e. SITR funds such as Resonance have raised money but do not have enough mature social enterprises to invest in. This is a gap in the market. There are many start-ups but not enough developed social businesses. This makes SITR more risky which puts off IMs from suggesting it as an option to investors.

There is much opportunity, but many changes which need to be addressed as well.

3. The recommendations of the Corley Report should be taken into consideration for social enterprises in the middle ground (see societal investment continuum section 1.6 of that report) especially as they relate to their recommendations (summarised in the report[17] . In summary:
   a. Improve the deal flow and the ability to invest at scale.
   b. Strengthen the competence and confidence within the financial services industry (added by Philanthropy Impact: and the professional advisory marketplace.
   c. Develop better reporting on non-financial outcomes.
   d. Make it easier for people to invest.
   e. Maintain momentum and build cohesion across initiatives.

4.10 Stamp Duty Land Tax

Charities can get relief from Stamp Duty Land Tax (SDLT) when they buy land and property for charitable purposes. A charity can claim some relief when they buy land and property jointly with a non-charity buyer with the charity claiming relief on its share of the property. Based on the latest provisional data, SDLT Charities Relief was worth approximately £220m to charities in 2016-17.

Philanthropy Impact Recommendation

Incorporated charities can claim group relief from SDLT in respect of intra-group transfers but unincorporated charities cannot do so. Tax reliefs should be based on the underlying charitable purpose of entities, not on the way in which they happen to be structured. We recommend that group relief from SDLT should be extended to unincorporated charities also.

4.11 Lottery Duty

Lottery Duty is a 12 per cent duty on tickets in a lottery promoted in the UK. Exemptions from Lottery Duty include non-commercial lotteries, commonly held at charity fund raising events, and small society lotteries promoted wholly on behalf of a society established for charitable purposes.

[17] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664321/Full_Report_Growing_a_Culture_of_Social_Impact_Investing_in_the_UK.pdf summary pages 5-6, recommendations in detail pages 27-34.

Philanthropy Impact Recommendation

No comment

4.12 Community Infrastructure Levy

Community Infrastructure Levy (CIL) is a tax levied by a local authority on the carrying out of a qualifying development in England and Wales, charged at £X per square metre on the increase in gross internal area. Charitable relief is mandatory where a charity owns a material interest if the development is to be used wholly or mainly for charitable purposes.

Philanthropy Impact Recommendation

No comment

4.13 Cross-border giving

UK charitable tax reliefs are extended to certain organisations in the EU, Norway, Iceland and Liechtenstein that are equivalent to UK charities. To qualify, an organisation must meet the definition of a charity in England and Wales and must be established for charitable purposes as set out in the Charities Act 2011. They must also be registered with any charity regulator in their home country.

Philanthropy Impact Recommendation

1. The current rules are extremely unclear. For example, the free movement of capital ECJ case of Hein *Persche v Finanzamt Ludenscheid* mandates that the UK must grant the same tax relief to EU charities that are available to domestic charities, provided the EU charities would qualify as UK charities. Yet, technically, it is extremely difficult for an EU charity to meet the same requirements as a UK charity. Under the terms of the ECJ ruling this requirement is clearly in breach of Articles 56 and 58(3) of the EC treaty.
   Clarification on the *Hein Persche* case post-Brexit would also be helpful.
2. Moreover, consideration should be given to extending the UK IHT reliefs available to include more jurisdictions because many overseas jurisdictions (including a number of Swiss Cantons) offer 'reciprocal' tax relief. In these circumstances, currently, UK charities lose out on overseas reliefs. In one 2018 example given to us, the adviser confirmed to us that the tax relief that was "lost" was worth up to £7.5m. These are funds that would otherwise be available to the charity and which would find their way back to the UK. At the very least, studies should be conducted to assess the consequences of making UK IHT tax concessions available on gifts to charities in more overseas jurisdictions and, in particular, to assess the net gain/loss. A solution could be formulated which maximises funds to charities while ensuring that there is little or no loss to HMRC. Subject to the same qualifying criteria the relief should be extended worldwide.
3. We live in times of global families. Future generations of donors will further embrace living and working worldwide. We believe that giving, and, in relation to lifetime giving, seeing the benefits from giving encourages more giving, irrespective of the destination of the gift. That has to be a good thing. There

should be a reduction in national barriers to effective philanthropy. The European Foundation proposal, which seems now to have been kicked into the long grass, would have represented a start in the reduction of such barriers, and we would strongly advocate its revival.

4. Philanthropy Impact in partnership with the Philanthropy Collaborative is leading on issues relating to the competitiveness of the UK to attract philanthropic global foundations. As some of the world's newer economies grow rapidly, a new cohort of international philanthropists is emerging. In some cases these philanthropists and social investors are able to choose where to base their global foundations. The UK has a balanced, stable regulatory regime and a long history of international philanthropic giving, but will face competition from other countries to attract these organisations. One of the activities identified by the Philanthropy Collaborative is an analysis of the competitiveness of the UK, and London in particular. The study is likely to look at the demand for international philanthropic services, the comparative regulatory environments and the barriers or incentives that may sway philanthropists when deciding whether to base their foundations here. Once the study is completed, we would suggest that the Charity Tax Commission take the findings and recommendations into consideration as part of their work on charity tax reliefs.

4.14 Transparency

The UK regime of tax reliefs can seem out of step with the general trend towards greater transparency in other countries. For example, in the USA and Canada, the government publishes data about the extent and nature of charity tax reliefs. To what extent is the public benefit from UK tax reliefs plainly visible? How can the UK system be made more transparent without increasing burdens on charities?

Philanthropy Impact Recommendation

We support the value of transparency and recommend that there be regular publication of the extent, nature, implications and impact of the various tax reliefs. This should be presented as part of an extensive positive publicity and educational programme describing the reliefs and outlining the benefits of the reliefs.

4.15 Apprenticeship Levy

Philanthropy Impact Recommendation

Many large charities have to pay the apprenticeship levy (0.5% of payroll costs) but have limited opportunities to make use of apprentices. This is another cost, using up funds that could be better deployed increasing service delivery.

We recommend that the levy should not apply to Charites.

4.16 Payroll Giving

Philanthropy Impact Recommendation

A number of research reports have highlighted that Payroll Giving is not reaching its potential as a source of revenue for voluntary and community sector organisations in the UK. If the amount donated via Payroll Giving in the UK is compared to figures from the US and Canada, researchers have concluded that, even after taking account of cultural differences, the UK is significantly under-performing.

We recommend that past studies of payroll giving should be reviewed and the recommendations related to overcoming the inefficiency and ineffectiveness of the current model be implemented. One model the Commission should consider is the United Ways in North America – an efficient and cost effective way to raise funds, to involve the community, employers, employees and charities; and to help the general public better understand the societal issues needing to be addressed in each community.

4.17 Universal Basic Income

Philanthropy Impact Recommendation

When Facebook founder Mark Zuckerberg returned to his alma mater, Harvard University, in 2017 to deliver the commencement address to graduates, he urged the students to commit themselves to building a society in which everyone has opportunities to pursue meaning and purpose. “Now it’s time for our generation to define a new social contract,” he declared. “We should explore ideas like universal basic income to give everyone a cushion to try new things.” See http://www.philanthropy-impact.org/issue/16 for articles on this subject.

As there are numerous experiments taking place in a variety of countries we recommend the Charity Tax Commission seriously assess UBI as a means of eliminating poverty and addressing the significant social issues related to income disparity. This may have implications for current approaches to tax reliefs and should be examined as part of a comprehensive study of UBI.

5.0 Summary

This paper presents an overview of Philanthropy Impact and our work to increase philanthropic giving and social investment in the UK. .

We have included our suggestions as to how complex charity tax reliefs can be simplified for the benefit of donors and charities alike as well as a number of innovative ideas that we believe will lead to an increase in philanthropic giving and social investments.

We welcome the opportunity for dialogue to comment on existing charitable taxation.