

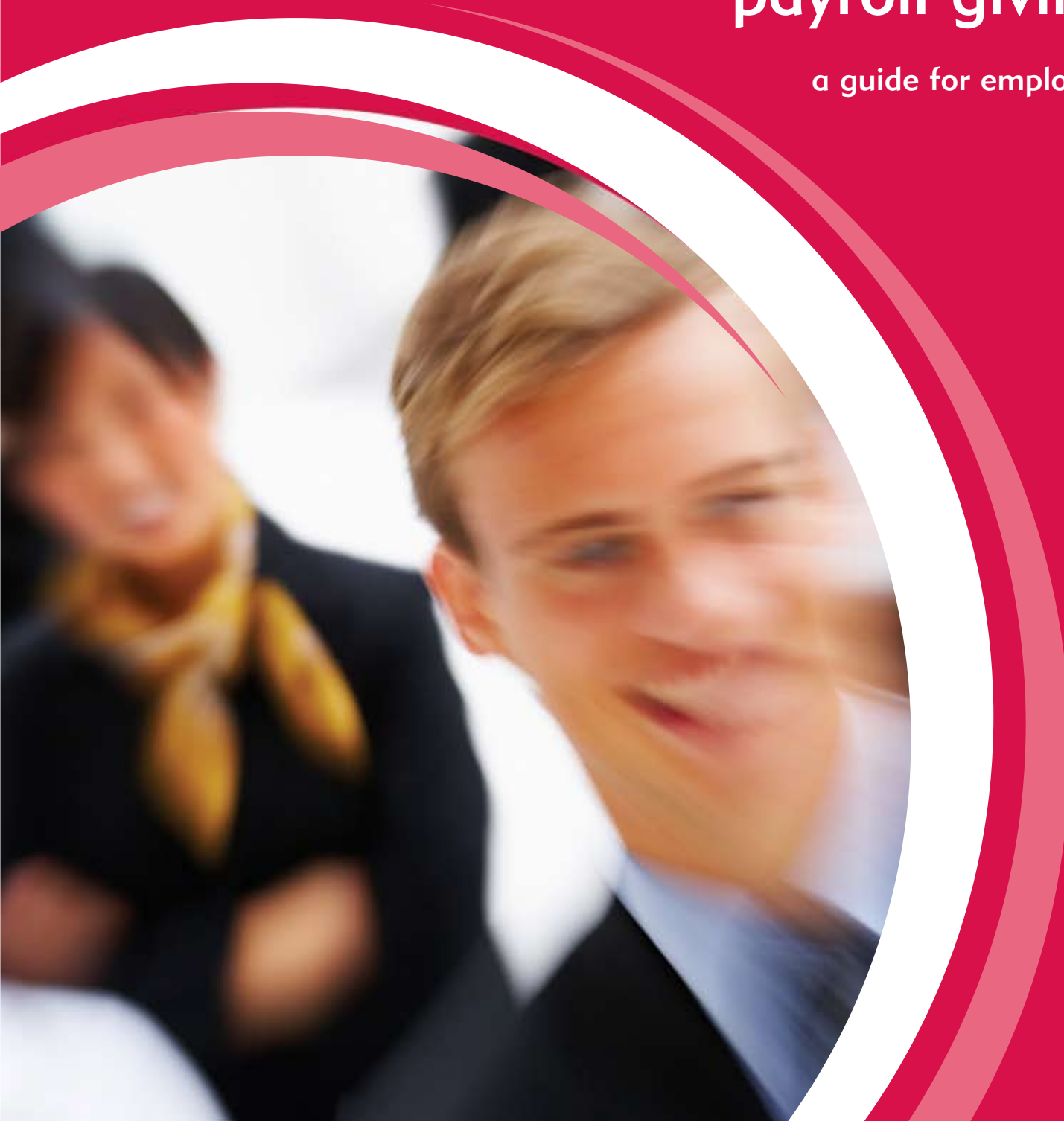
stewardship[®]

sovereign
account



payroll giving

a guide for employers



about Payroll Giving

Payroll Giving was first launched in 1987, and in the 20 years since its launch, has seen charities' income rise by over £83 million.

In 2007/08 almost £106 million was received and distributed by the Payroll Giving Agencies to UK charities from employees donating from their pre-tax pay. More than 779,986 employees donated through Payroll Giving between April 2007 and March 2008. In addition, over £13 million of employer-matched funding was received by UK charities.

Payroll Giving is a scheme that enables your employees to give to any UK charity straight from their gross salary. It is quick and easy to set-up and administer, and is a great way for you to demonstrate commitment to the causes that your employees care about.

You can also use the scheme to support your organisation's chosen charities.

about Sovereign Payroll Giving

Sovereign Payroll Giving is a service offered by Stewardship, the Christian financial support services charity. With over 50 years experience of managing charitable giving, we are now the second largest charitable giving organisation in the UK. We make over £48 million of gifts relating to more than 30,000 donors. We provide a professional service, while aiming to ensure costs are as low as possible. We are a registered charity no. 234714, and you can find out more at www.stewardship.org.uk

how does Payroll Giving work?

Your employee asks you to deduct regular charitable donations from their pay. You make the deductions from pre-tax pay, in other words, after calculation of National Insurance, but before deduction of Pay As You Earn tax. This way your employee gets tax relief straightaway at their highest rate of tax.

For example, giving £10 a month will only cost £8 for a basic rate taxpayer because they save £2 tax. For a higher rate taxpayer the cost is only £6.

employee	amount	actual cost
basic rate tax payer	£10 £40	£8 £32
higher rate tax payer	£10 £40	£6 £24

is there much administration?

No. Most of the administration is carried out by Sovereign Payroll Giving. Your payroll system should be able to handle Payroll Giving as a deduction from gross pay. There are no tax forms to complete and the records you need to keep are straightforward.

what records will I need to keep?

You will need to keep a copy of your contract with Sovereign Payroll Giving (which will be sent to you), copies of the forms completed by your employees authorising you to make deductions from their pay, and a record of the deduction made from each employee's pay.

who pays for the administration?

Sovereign Payroll Giving make a small charge which is deducted from the employee's donations before distributing them to the charities of their choice. The current charge is 2.5% which is one of the lowest charges of all the Payroll Giving agencies. Your administration costs should be very small and are likely to be absorbed in your existing payroll costs.





how can I get a payroll giving award?

By running regular promotions about your Payroll Giving scheme to maintain awareness and continuing to recruit new donors, you could be eligible for a Quality Mark Award. For more information visit www.payrollgivingcentre.org.uk.

To get more employees involved in your Payroll Giving scheme, inform existing employees of the benefits of the scheme and perhaps include a leaflet in new employee starter packs.

can I pay the fee on behalf of my employees?

Yes. Many employers like to do this so that the full amount of their employees' donations go to the charity. If you pay Sovereign Payroll Giving's charge, this will be allowed as a deduction against your profits.

can I match the donations made by my employees?

Yes. This is an excellent way of demonstrating your commitment to the community and building good relations with your employees, should you choose to do so.

how do I get started?

Read and complete the contract attached to this brochure and return this to our office. We will then send you a signed copy of your contract and a set of employee forms for any employees who may be interested in joining the scheme. These explain the benefits of Payroll Giving, provide authority for you to make deductions, and provide us with details of their nominated charities. If you have any questions about the completion of the contract, please feel free to contact us.

other useful points to note:

- Any costs you incur, or fees you may pay on behalf of your employees will be allowed as a deduction against your profits.
- An employer can operate with more than one agency - contracts are not exclusive.
- Any employee or pensioner from whose pay or pension you deduct PAYE tax may join the scheme.
- You do not need to know the name of the charities your employees are supporting.



For more information call our Sovereign Accounts Team on **020 8502 8566** or email giving@stewardship.org.uk

PAYROLL GIVING Scheme Definition

Agency

The agency

- a. will operate the scheme as provided in this scheme definition,
- b. appoints the employer as agent for the purpose of holding all deductions for participating employees,
- c. will within 30 days notify HM Revenue and Customs of every contract giving effect to the scheme,
- d. will within 30 days notify HM Revenue and Customs of the termination of any contract giving effect to the scheme,
- e. will, if it has not within 90 days of receiving any deduction from an employer paid the same (less the charge) to charities, and if HM Revenue and Customs so requires, furnish the HM Revenue and Customs with an explanation.
- f. may stipulate a minimum annual deduction from each participating employee,
- g. may stipulate a maximum number of charities (at present eight) to which an employee may direct distributions,
- h. will make available forms to the employer on which a participating employee
 - i. authorises the employer to make deductions,
 - ii. specifies to which charities distributions are to be made and the amount to be distributed to each,
 - iii. may elect to make payments by voucher,
 - iv. certifies that every distribution authorised by him is neither due to charity under deed of covenant nor in payment for services rendered or goods supplied by the charity,
- i. will receive from the employer all deductions made under the scheme and distribute the same (less the charge) to charities in accordance with the provisions of the scheme,
- j. may not return, either to the employer or to the employee, sums properly paid to the agency.
- k. will make payments only to charities recognised by United Kingdom laws or by HM Revenue and Customs,
- l. will, if requested, give written receipts to the employer for sums paid to the agency

- m. will, if requested by an employee at the end of the year; supply him with a certificate showing the amount the agency has paid during that year to each charity specified by him and the maximum time elapsing in any period specified by him between receipt by agency of monies and payment to the charities specified,
- n. may, if it is unable to pay any monies to the specified charity, pay such amounts to another charity which it considers to have aims similar to those of the specified charity and will, if it makes a payment to a charity under the provision, notify the employee (and it may not use the money for its own purposes),
- o. may, if it does not receive instructions for the payment of any monies to charities within six months after the end of the year in which the deductions were made, pay such amounts to other charities as it may think fit and will, if it makes payments to charities under this provision, notify the employee (and it may not use the money for its own purposes),
- p. will furnish the HM Revenue and Customs with the returns prescribed by the regulations and
- q. will keep and produce records and documents as are required by the regulations.

Employer

The Employer

- a. will hold all deductions as agent for the agency,
- b. will deduct from the emoluments of each participating employee such amounts as the employee may authorise and will pay the aggregate of such deductions to the agency within 14 days of the end of the income tax month in which deductions were made,
- c. may not recover any monies properly paid to the agency in accordance with this scheme
- d. will, if the employment of a participating employee ceases, supply him with a statement of total deductions made in the current year,
- e. may pay the charge on behalf of his participating employees and
- f. will keep and produce the records and documents required by the regulations.

Employee

1. Any employee of the employer may become a participating employee by authorising the employer to make deductions.
2. Any two or more employees may with the consent of their employer form a group and make sure such provisions for the administration of the group and for the authorisation of distributions as they may think fit provided that the right of every employee in the group to choose charities is preserved.
3. Participating employees (and groups who authorise deductions at or greater than such a rate as may be prescribed by the agency) may, in addition to charity choice forms, be supplied with vouchers for the authorisation of distributions if they so choose.
4. Vouchers will be in the form prescribed by the agency and will contain provision for the participating employee or group to nominate the charity to which payment will be made and the amount of each payment.
5. Deductions may not be used to satisfy any contractual obligation to a charity under deed of covenant or in payment for services rendered or goods supplied by the charity.
6. Deductions properly made and paid to the agency are not returnable to the employee.
7. After the end of any year, a participating employee may require the agency to supply a certificate showing the amounts paid in that year to his specified charities and the maximum time elapsing in any period specified by him by receipt and distribution of the money by the agency.
8. If the employment of a participating employee ceases, the employer will supply him with a statement of the total deductions made in the current year.

Variation termination and notices

1. Subject to approval by HM Revenue and Customs, the agency may vary the scheme upon giving the employer at least three months written notice,
2. The scheme will cease to operate if the contract is terminated,
3. On termination of the contract, all remaining monies deducted and paid to the agency will be distributed to charities within a reasonable time,
4. Notices required to be served on either party to the contract will be served by post at the address set out in the contract or such other address as may be notified by the party in question.



sovereign payroll giving

Employer Contract

This contract is made between Sovereign Payroll Giving* and

Company name:

Company address:

Postcode:

PAYE district & reference number:

- | | |
|---|---|
| <p>1. Sovereign Payroll Giving and the employer agree to operate an approved payroll giving scheme as defined in the Finance Act 1986 and the Charitable Deductions (Approved schemes) Regulations 1986.</p> <p>2. The scheme will be operated in accordance with the definition appended to this contract</p> <p>3. This contract will run initially for a period of one calendar year and will continue thereafter unless terminated:</p> | <p>(a) by either Sovereign Payroll Giving or the employer, giving notice of the termination in writing,</p> <p>(b) by Sovereign Payroll Giving, giving notice in writing of immediate termination if the employer at any time fails to give effect to the scheme</p> <p>(c) by the scheme ceasing to be an approved scheme, or</p> <p>(d) by Sovereign Payroll Giving ceasing to be a registered agency</p> |
|---|---|

Signed on behalf of the employer by

Signature:

Name:

In his/her capacity as:

Date:

Telephone:

Email:

Stewardship will communicate with you by email unless otherwise specified here. Please use post

Signed on behalf of Sovereign Payroll Giving by

Signature:

Name:

In his/her capacity as:

Date:

*Sovereign Payroll Giving is an operating name of Stewardship Services (UKET) Ltd, a registered charity no. 234714. Registered office: First Floor, Oakwood House, Oakwood Hill Industrial Estate, Loughton, Essex IG10 3TZ.

Please provide the following information:

Will you be paying the administration fee of 2.5% for your employees? Yes No

If so, please add 2.5% to the total deductions from employees before sending payment to us

Will you be matching your employee's giving? Yes No

If so, at what percentage?

Will you be making payments to Stewardship by cheque or standing order ?

If paying by standing order, we will send confirmation of our bank details once we have received and processed the completed contract

Office use only

RPG contract number

Account number

PO Box 99, Loughton, Essex IG10 3QJ
tel: 08452 26 26 27
tel: 020 8502 5600
fax: 020 8502 5333
email: enquiries@stewardship.org.uk
web: www.stewardship.org.uk

Other Sovereign Accounts:

We have a range of Sovereign Accounts which have been carefully created to cater for all your giving needs.

These include:

Sovereign Account – one tax effective account for all your charitable giving

Sovereign Gold Account – give £10,000 or more with enhanced benefits

Corporate Giving – give tax effectively from company profits

Legacy Giving – leave, or receive, a legacy for sustainable charitable giving

We also provide Sovereign Accounts to allow charities, churches and some individuals to benefit from tax effective giving:

Charity Account – a complete solution for your Gift Aid administration

Church Account – Gift Aid solutions for busy treasurers

Christian Workers – increase the value of personal gifts supporting your work through Gift Aid

Bible College Students – raise support for your study expenses tax effectively