



To members of the
Association of Guernsey Charities

10 October 2016

Dear friends

Tax relief on charitable giving

Following the decision of the Policy & Resources Committee not to commit to applying tax relief to charitable giving in its budget for 2017, I thought it might be helpful to provide you with further information. I know that this decision will disappoint many of you, but I want to explain:

- Why this decision was taken
- The process for communicating this decision to you
- What happens next

Why the decision was taken

After I was elected as the Policy & Resources Committee's lead on social policy in May 2016, I was advised by officers that one of the priority issues for the Association of Guernsey Charities was to fully explore the possibility applying tax relief to charitable donations. Very much aware that this was an issue that had been raised on a number of occasions previously, I asked officers supporting the Committee to ensure that adequate resource was put in place for this proposal to be considered as part of the planning process for the 2017 budget.

I met with the Association of Guernsey Charities and other charities and representatives of the charitable and voluntary sector as part of the Third Sector Liaison Group meeting on 14 June. At that meeting the work that would be undertaken in order to consider the proposal was discussed, and as agreed it was prioritised.

At the meeting of the Policy & Resources Committee on 20 September, it was unanimously agreed that while there were strong arguments in favour of some form of tax relief on charitable donations in the future, the financial constraints and reduction in tax revenue in the overall budget meant that it would not be possible to introduce tax relief in charitable donations for 2017.

In short, there will be no change to the current situation for 2017.

The process of communicating this decision to you

The decision of the Committee was communicated to the Chairman of the Association of Guernsey Charities on 29 September by e-mail. That was the earliest opportunity to do so which was in line with our understandably stringent budget confidentiality rules – ideally, we would have been able to advise the Chairman and many of you sooner, but that was not possible.

The plan had been to write to members of the Association of Guernsey Charities after the publication of the budget report on 4 October, to inform you why the decision had been taken and what the next steps would be. However given that a meeting of the (now renamed) Third Sector Development Group was planned for 6 October, I felt that it was better to write to you after that meeting, so I could also hear the views of the Association of Guernsey Charities direct from the Chairman, as well as the views of the other representatives of the charitable and voluntary sector at the meeting.

What happens next

Below is the exact wording of what appears in the 2017 budget report:

The voluntary and charitable sectors make a significant contribution to Guernsey's community, supporting the work of the States, as well as in some circumstances providing support for the community that the States does not or cannot provide. The Association of Guernsey Charities has highlighted this contribution in an effective way, and through the Third Sector Compact and subsequent partnership with government it has ensured that the contribution and needs of the voluntary and charitable sector are now far better understood by government.

The Policy and Resources Committee has considered the arguments of the Association of Guernsey Charities to provide tax relief on charitable donations. In the current fiscal environment, it was decided not to proceed with that idea for 2017. However a more wide-ranging and detailed review of potential measures to support the voluntary and charitable sector – including different levels of tax relief on charitable donations and payroll giving – will be undertaken in partnership with the Association of Guernsey Charities in time to be considered for 2018.

At the meeting of the Third Sector Development Group on 6 October it was agreed that the terms of reference for that review of potential measures would be agreed over the next few weeks; and that the review would then be undertaken in partnership with the Association of Guernsey Charities, through the Third Sector Development Group.

The Policy & Resources Committee fully understands that this falls short of what the Association of Guernsey Charities wanted to achieve for its members for 2017. However, on behalf of the Committee, I want to emphasise that we are absolutely committed to the principles that underpin the States of Guernsey-Third Sector Compact. We want to continue to work in partnership with the Association of Guernsey Charities and all of you in order to support the charitable and voluntary sector in the most effective and sustainable way that we can, including the provision of around £3 million of grant funding each year in order to support the valuable work that you do with and for our community.

If you have any concerns or questions on this or any other issue please do write to me at jane.stephens@deputies.gov.gg.

Yours sincerely

A handwritten signature in cursive script that reads "Jane Stephens".

Deputy Jane Stephens
Policy & Resources Committee

