



## **PAYROLL GIVING**

During November, employers throughout the country received information about the new voluntary payroll giving scheme, which they can offer in their workplaces from 7 January 2010.

Payroll giving is an easy way for employees to support good causes as it enables donations to go directly from a person's pay to a community organisation. Payroll giving will be administered through the PAYE tax system, so people whose employers sign up for the scheme will receive the tax benefits of their donations each payday, without having to present donations receipts or wait to claim at the end of a tax year.

Payroll giving is available only to employees whose employers file their employer monthly schedules and PAYE deduction forms electronically, using Inland Revenue's IR-File service, and who choose to offer payroll giving in their workplace.

As an individual employee you may have asked your company to direct a regular deduction from your salary to Cranford Hospice, or your company may have a staff foundation that directs a collective fund to Cranford Hospice.

### **For Employees**

- Employees who choose to make payroll donations will receive a tax credit on the amount of those donations each payday. The tax credit is calculated on a set rate of 33 $\frac{1}{3}$  percent of the donation made. The tax credit is offset against the PAYE amount calculated on the employee's gross pay, thereby reducing the amount of PAYE payable for that period. The maximum tax credit permitted is limited to the tax portion of the PAYE deduction on the employee's pay each pay period.
- Workplace giving makes donating to Cranford Hospice straight forward by eliminating the need to retain receipts each time or to have to request and file rebate claims.
- The donation is taken out of the salary before tax.

- Participation is completely voluntary.
- By way of encouragement, employers may match employee donations dollar for dollar with a cap.
- Overseas programmes report boosts in staff morale and benefits felt in the community.
- You can help Cranford Hospice by leading the initiative to get a workplace giving programme started at your place of work and by joining a payroll giving committee.

## **For Employers**

- Every employer received a letter and brochure explaining the basic changes. Employers with five or more staff also received a CD-Rom including the Payroll Giving Guide (IR617) from Inland Revenue and a selection of promotional posters. All this material is available on the [Inland Revenue Website](#) and from the Office for the [Community and Voluntary Sector website](#).
- How workplaces choose to set up payroll giving is very flexible – it is entirely voluntary for both employers and staff – and employers can limit the scheme to a few community organisations if they choose to.
- Workplace giving to Cranford Hospice is a low cost and administratively simple way to support employee morale and enable businesses to connect with their communities in ways that achieve tangible and mutual benefits for everyone involved.
- Businesses can encourage events that allow employees to interact with Cranford Hospice including the launch of the payroll giving programme and related media or public exercises.
- The company's involvement can be extended to supporting employee volunteering and fundraising opportunities.

The regular donation is taken out of the salary before tax and provides "real time, tax relief reflected in normal pay, based on the amount donated." 1

"New Zealanders gave \$1.27 billion to philanthropic causes in 2005." 2  
[Payroll Giving, providing a real time benefit for charitable giving](#),  
 Inland Revenue Department, New Zealand.

Cranford Hospice maintains strict confidentiality. The company and its staff can be acknowledged and kept up to date with the impact that donations make.

# How to Start up Workplace Giving

## Step 1

### *Signing a Pledge*

The employees complete and sign a pledge form to begin workplace giving specifying the amount they wish to give. The amount donated is taken out of the salary before the salary is taxed. The details are coded into the payroll system.

## Step 2

### *Funds Transfer*

Each pay period the employer remits the employee donation to Cranford Hospice. This will be remitted as a single amount, representing the combined donations from their employees. Employers retain a record of the donations made by each employee throughout the year. Cranford Hospice will be provided with the contact details of each employee, but will not contact individual employees except as agreed (see below).

## Step 3

### *Acknowledgement*

Cranford Hospice issues a single acknowledgement receipt to the employer for the funds received from that pay period.

## Step 4

### *Annual Receipt*

At the completion of the tax year Cranford Hospice provides each employee with a receipt detailing the donations made through the tax year, an acknowledgement and the details of what was achieved that year with the donations.

## **Cranford Hospice undertakes that:**

- The names of all of the participants shall remain confidential. Employees names will not be added to the Cranford Hospice mailing lists unless instructed.
- During the course of the year Cranford Hospice will thank the staff and the company by sending acknowledgements advising the impact that donations make.
- All communications for employees will be coordinated through the key contact, the Donor Manager.

- Information about a company programme is confidential between the Donor Manager, designated company representatives and Cranford Hospice representatives.
- Any material that is promotional in nature to either Cranford Hospice or to the company must be signed off prior to its release, subject to mutual agreement with Cranford Hospice.

**The company undertakes to:**

- Appoint a Donor Manager.
- To convene a committee of employee volunteers to maintain ideas and support to grow the programme.
- To help induct new employees and to provide content for related materials on websites or newsletters.

For more information on payroll giving read [Payroll Giving: providing a real time benefit for charitable giving written by the Policy Advice Division of Inland Revenue Department \(Nov 2007\) New Zealand.](#)

Contact Bronwyn Harman 06 877 8193 ext 724 or email [donations@supportec.org.nz](mailto:donations@supportec.org.nz)