

From: Greg Clark, M.P.



**HOUSE OF COMMONS
LONDON SW1A 0AA**

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Conservatives condemn Chancellor's hidden £70m Budget sting on charities

Greg Clark MP, the Shadow Charities Minister has highlighted the sting in yesterday's Budget that will rob charities of £70 million of funding.

Mr Clark intervened tonight (Thursday) in the Budget Debate in the House of Commons to expose another hidden feature of the Chancellor's Budget.

The loss is a result of the Chancellor's announcement to cut the basic rate of Income Tax from 22 percent to 20 percent. Because charities are currently able to claim Gift Aid back on donations given to them from the public, this means a huge shortfall in their resources – something which the Chancellor concealed in his Budget speech.

According to the Charities Aid Foundation in 2004/05 individuals donated £2.2 billion to charity through the Gift Aid scheme on which charities were able to claim back £620m from the Exchequer. From April 2008 the same level of donations will result in a tax refund of only £550m – a loss of £70 million.

The National Trust, which receives £20 million in Gift Aid, estimates that it will be hit to the tune of £2.5 million – all of which will have to come from its core work in conservation and heritage.

Greg Clark said;

“The Chancellor's Budget has conned Britain's charities. In his Budget speech he was cowardly enough to make no mention of the fact that his tax changes will hit hardest Britain's good causes.

“Gordon Brown must have known about this, but instead he kept quiet and hoped no-one would notice

“It is typical that in robbing Britain’s charities, the Chancellor made no provision to protect them from the impact of this sting”

Ends

Note to Editors

1. Currently, donations made under Gift Aid are grossed up by (100/78). From April 2008, as a result of the tax change, individuals’ donations will be grossed up by (100/80).
2. According to the Charities Aid Foundation in 2004/5 donations made by individuals under Gift Aid were £2.2 billion.<http://www.cafonline.org/pdf/GiftAidResearch2006.pdf>
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3. £2.2 billion grossed up by (100/78) gives actual income for charities of £2.82 billion. £2.2 billion grossed up by (100/80) produces an income of £2.75 billion – a shortfall of £70 million.
4. The Charities Tax Reform Group, representing over 400 charities and the leading body in the sector on tax, have been told that big charities, such as the National Trust could lose £2.5 million and Cancer Research £2 million.
5. For further information please call Greg Clark MP on 07753 904 551