



**The Furniture Makers' Company**  
the furnishing industry's charity

## An employer's guide to payroll giving

Help us to support the furnishing industry by educating for the future, driving excellence, and supporting those in need by setting up a simple payment system for your employees.

### What is payroll giving?

Payroll giving is a way for people to donate to charity through their salary.

Also known as give as you earn, payroll giving has been running since 1987 and thousands of companies large and small now offer it to their staff.

It's a very flexible system. People can give to the charity of their choice, and can give as much or as little as they wish. They can also cancel their donation at any time.

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It's an extra, no cost benefit to offer your employees as part of voluntary/flexible benefits package and it demonstrates your corporate social responsibility in the community.

Every donation counts. Large or small, it all adds up and can really make a big difference to those in need in the furnishing industry.

<b>Monthly employee's donation</b>	<b>Cost to employee</b>	<b>Cost to employee</b>
<b>What the charity gets</b>	<b>Standard rate tax payer 20%</b>	<b>Higher rate tax payer 40%</b>
£5	£4	£3
£10	£8	£6
£20	£16	£12
£50	£40	£30

## Why payroll giving works for employers

Payroll giving is easy to set up and a great way of enhancing your company's charitable giving and Corporate Social Responsibility activities.

- It allows your staff to donate to charity in a simple tax-efficient way
- It is good for staff morale. Offering payroll giving shows that you care about your staff
- It shows that you are committed to working in partnership with the community, something that is increasingly important to customers and staff
- It can help build better employee relations and attract the right people to come and work for you
- You will be able to use the Government's payroll giving quality mark, and if you promote your scheme you may qualify for a quality award mark too
- It is easy and inexpensive to run, and you get a deduction against your profits for your costs

## Why choose The Furniture Makers' Company?

The Furniture Makers' Company is the furnishing industry's charity, here to support everyone involved with this exciting vibrant world. Around 250,000 people are employed in this industry across every sector, from design, manufacturing, retail and education.

From students to business owners, textile designers to furniture makers, a vast array of people are involved. And from time to time, some of them will need our help.

We are already helping hundreds of people within the industry, and with support from your employees we could help hundreds more. We can make their money work hard for those in need.

## How far will your donation go?

- £25 will provide a child with a basic school uniform
- £40 can provide an inspiring book prize for a first year GCSE student
- £75 will help cover the weekly food bill for a family

## How do I set it up?

Setting up payroll giving is very simple.

The first step is to register your company with an HMRC registered Payroll Giving Agency (PGA). They will administer the scheme for you and distribute the donations to your employees' chosen charities.

Employees who want to take part need to fill in a form stating which charity they want to support and how much they want to give each payday.

Each payday, you will make a deduction from your staff's pay – after National Insurance but before tax has been deducted – and pass it on to the chosen PGA by cheque or BACS. This payment needs to be accompanied by a list of employees taking part and their total contribution.

You will need to inform the PGA of any changes, for example when someone leaves the company, changes their name or changes their donation.

The agency will look after the administration of the scheme and distribute the money to the charities your staff has chosen to support.

The Payroll Giving Agencies are charities that make a small charge – usually around four per cent – to cover their operational costs. This will normally be taken from the employees' donation. If you choose to pay the fee instead, then 100 per cent of your employees' donation will go to their chosen charity.

Modern payroll systems can support workplace giving and employees will be able to see their dedication on their payslip.

## What records will I need to keep?

You will need to keep the following documents

- A copy of your contract with the Payroll Giving Agency
- The forms that your participating employees fill in, authorising you to make the deductions from their pay
- A record of the deductions that you make from each employee's pay
- A record of all the money you pass on to the Payroll Giving Agency

## How to do it bigger and better

Once you've set up your scheme, be sure to tell your employees about it and encourage them to get involved. You've done something great, so don't keep quiet about it!

You can use all your usual communication channels – your intranet, email, staff bulletins and induction packs. But by far the most effective way to promote payroll giving is by talking to people face to face.

The Furniture Makers' Company will be pleased to help wherever we can, and we are happy to visit your workplace and talk about our work. We also have available a brochure, posters, a website and video that tell you what we do.

A strong launch and regular promotion are essential to ensure your staff participate.

- Obtain management support - organisations that are the most successful with payroll giving have almost always had buy-in from senior management.
- Set a target - aim for achievable employee participation rates and publicise this target internally
- Pay the PGA administration charge
- Highlight success – monitor payroll giving take-up against those targets and publicise success to your staff. They will want to hear how much has been raised and this can help reinforce the sense of working together towards a common goal
- Once the first batch of payroll givers are signed up continue to promote the scheme to new staff through the induction process. Having a bigger push once a year is a good way to keep awareness up and continue to recruit new donors
- Match employees' donations – staff like to see that employers are doing their bit too, so if you can afford to match or add to their donations this can be a powerful incentive for them to take part.

You can find lots of ideas on promoting payroll giving at [payrollgivingcentre.com](http://payrollgivingcentre.com)

## Frequently asked questions

### **How does payroll giving differ from gift aid?**

Payroll giving amounts are taken from pre-tax salary and therefore employees benefit from income tax relief, at the appropriate rate, on their donations.

Gift Aid is a system where charities can reclaim the tax that a donor has already paid on post-tax donations.

Many employees choose to give by both mechanisms – it largely depends upon how the money is being raised and in which environment.

### **I only employ a few people – is my organisation too small to offer a scheme?**

You only need to have one employee to offer a payroll giving scheme; no organisation is too small.

### **Why do I need to sign a payroll giving contract with a Payroll Giving Agency (PGA)?**

A contractual agreement is a legal requirement because your employees are benefitting from tax relief on their gifts. The contract will secure your working relationship with a PGA and provides HM Revenue & Customs (HMRC) with the necessary audit trail for pre-tax payroll deductions. Once it is signed and returned to the PGA you can commence deductions.

The contracts are very simple and contain all the relevant information to comply with the legislation surrounding the pre-tax deductions from pay and the role of the PGA.

By signing the contract, the employer commits to making deductions on behalf of employees who wish to participate in the scheme and to forward these monies to the PGA.

### **How much do PGAs charge?**

Most PGAs make a small administration charge (0-four per cent) to cover their costs, which is deducted from the employee's donation before they are sent on to the recipient charities.

A growing number of employers choose to pay the administration charge on behalf of their employees to ensure that their full donation is received by the charity.

All PGAs are registered charities, so any administration charges made remain in the not-for-profit sector.

### **Can the employer nominate a charity partner?**

The employer can certainly nominate a charity to promote to their employees, but employees must be notified that they can choose to support any UK charity, not only the one being promoted.

### **What is a Payroll Giving Mandate (sometimes called an Authority to Deduct or Charity Choice form)?**

This is a form that an employee must complete to authorise the employer to make deductions from pay. Employees simply complete one form, identifying the names of the charity or charities they want to support and how much they wish to give.

### **Can an employee keep their chosen charity private from their employer?**

Yes, if an employee wants to keep their choice of charity a private decision, they can simply forward the completed form to the PGA themselves. Employers can use their own forms or those supplied by the PGA or a charity.

### **What does an employer have to do each month?**

Employers forward employees' payroll deductions to the PGA, usually once a month, including a list of people who have donated and the amount they have had deducted during that period.

This list enables the PGA to distribute monies according to the wishes of each employee. If a new donor has started giving in the month the employer should forward any additional payroll giving forms completed at the same time.

### **How will the charity know who their payroll donors are?**

The PGAs can provide charities with disbursement statements upon request. The statements ensure that charities are given the names, addresses and in some cases the workplaces of their donors so that they can write and thank them. If the employee wants to remain anonymous all forms allow them to donate anonymously to the charity or charities chosen.

The Payroll Giving Agency we receive donations from most frequently is the Charities Aid Foundation (CAF)

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West Malling  
Kent ME19 4TA

03000 123 000  
[enquiries@cafonline.org](mailto:enquiries@cafonline.org)  
[cafonline.org](http://cafonline.org)

## Other useful links

HM Revenue and Customs – Payroll Giving  
[hmrc.gov.uk/payrollgiving](https://hmrc.gov.uk/payrollgiving)

For more information on The Furniture Makers' Company, the furnishing industry's charity, please contact our Head of Fundraising, [amy.gibson@furnituremakers.org.uk](mailto:amy.gibson@furnituremakers.org.uk) or 020 7562 8527.

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The Worshipful Company of Furniture Makers is incorporated by Royal Charter

The Worshipful Company of Furniture Makers' Charitable Funds incorporating the Furnishing Trades Benevolent Association is a registered charity in England and Wales (no. 1015519) and a registered company (no. 02759359) in England and Wales