



# Library Note

## Small Charitable Donations and Childcare Payments Bill (HL Bill 71 of 2016–17)

The [Small Charitable Donations and Childcare Payments Bill](#) is a government bill, which completed report stage and third reading in the House of Commons on 15 November 2016. It is scheduled for second reading in the House of Lords on 12 December 2016. The Bill contains nine clauses, which principally focus on making changes to the gift aid small donations scheme (GASDS).

The GASDS is a scheme enabling charities and ‘Community Amateur Sports Clubs’ (CASCs) to claim ‘gift aid style’ top-up payments on small donations of up to £20 in circumstances where it is not practical or feasible to obtain a gift aid declaration (such as cash donations collected in a charity bucket). Unlike gift aid, which is a tax relief, the gift aid small donations scheme does not require individual donors to complete gift aid declarations. Subject to certain restrictions, eligible bodies can claim 25p in top-up payments for every £1 received. There is currently an annual claims limit of £8,000, which would result in a maximum of £2,000 in top-up payments for that year. The scheme came into force on 6 April 2013.

The Bill would make a number of amendments aimed at strengthening and simplifying the operation of the scheme. For example, it would remove a requirement whereby charities and CASCs had to be in existence for the prior two tax years to benefit under the scheme, and would extend the eligible payment methods to include contactless payments as well as cash. It would also make changes to the schemes’ rules regarding community buildings and groups of connected charities. In addition, the Bill contains a small number of technical amendments to the [tax-free childcare scheme](#) which is scheduled to be rolled out across the UK in early 2017.

During its passage through the House of Commons, the Bill received broad support from Labour and the Scottish National Party. However, although both welcomed the Bill, they did propose a number of amendments that would have extended the eligible payment methods to include payments by cheque and electronic communications and to end (or limit) the current ‘matching requirement’ whereby bodies can only claim under the GASDS if they also make gift aid exemption claims in the same tax year (valuing at least 10 percent of the body’s total GASDS claims). The Bill proceeded through the House of Commons without amendment.

This briefing provides a short background to the Bill and the changes proposed, and includes a summary of the report stage and third reading debates in the House of Commons. Further information and details about earlier stages can be found in the House of Commons Library briefing, [Small Charitable Donations and Childcare Payments Bill 2016–17](#) (4 November 2016).

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## I. Introduction

The [Small Charitable Donations and Childcare Payments Bill](#) is a government bill which was introduced in the House of Commons on 14 September 2016. The Bill completed report stage and third reading in the House of Commons on 15 November 2016 and is scheduled for second reading in the House of Lords on 12 December 2016. The Bill contains nine clauses, which principally focus on making changes to the gift aid small donations scheme (GASDS).

### I.1 Gift Aid Small Donations Scheme

The GASDS is a scheme enabling charities and ‘Community Amateur Sports Clubs’ (CASCs) to:

[C]laim a gift aid style top-up payment on small donations up to £20 in circumstances where it is not practical or feasible to obtain a gift aid declaration [such as cash donations collected in a charity bucket]. Unlike gift aid, which is a tax relief, the gift aid Small Donations Scheme does not require individual donors to complete gift aid declarations. However, the scheme is designed to broadly mirror gift aid and charities and CASCs submit claims in a similar way.<sup>1</sup>

As with gift aid, the GASDS allows charities and CASCs to claim 25p on each £1 of cash they earn, subject to certain restrictions. This represents the basic rate tax that donors would have already paid on the donation. The scheme was announced by the then Chancellor of the Exchequer, George Osborne, during the 2011 Budget, and came into force on 6 April 2013 following the enactment of the Small Charitable Donations Act 2012.<sup>2</sup> Claims under the scheme are currently subject to a number of rules and restrictions, as set out in the Act, most of which are aimed to protect against fraudulent activity. These rules and restrictions include:<sup>3</sup>

- **Maximum limits:** In general, charities and CASCs can only claim against donations up to £8,000 in each tax year (this was initially set at £5,000, but was raised in April 2016 following the passing of the Small Charitable Donations Act (Amendment) Order 2015); therefore, charities and CASCs can currently claim a top-up of up to £2,000.
- **Eligibility criteria:** Currently, charities and CASCs can only claim top-ups under the scheme in a given tax year if they have been in existence for at least the previous two tax years, and have successfully made gift aid exemption claims in two of the last four years.
- **Matching rule:** In order to claim under the scheme, charities and CASCs must also make gift aid exemption claims in the same tax year. The total gift aid donations must be at least 10 percent of the donations being claimed against under the GASDS (for example, to claim for top-ups against the full £8,000 under the scheme, the body must also make claims against at least £800 of gift aid donations).

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<sup>1</sup> [Explanatory Notes](#), p 2.

<sup>2</sup> *ibid.*

<sup>3</sup> HM Revenue and Customs, [‘Chapter 8: The Gift Aid Small Donations Scheme’](#), 27 April 2016.

There are also a number of rules focused on the structures of the charities, which are set out in the Explanatory Notes to the Bill as follows:

There are special rules in certain circumstances that increase the maximum amount of small donations on which top-up payments can be claimed. If a charity runs charitable activities in a community building, the maximum limit is increased from £8,000 of small donations by up to a further £8,000 for small donations collected in each community building. The “community building” provisions do not apply to CASCs [...]

The GASDS rules were designed to ensure, as far as possible, that charities operating in a similar way but structured differently have the same entitlement to top-up payments. For example, a charity may have several branches but registered as one charity or, alternatively, another charity may have the same structure but each branch may be registered as a separate charity.

The connected charity rules ensure that where two or more charities are connected they share one £8,000 top-up limit between them (so they are in the same position as a single charity with several branches which are not separately registered). However, where a charity—or ‘group’ of connected charities—carry out charitable activities in one or more community buildings they are entitled to claim in respect of further donations up to a maximum of £8,000 made in each community building [as set out above].<sup>4</sup>

## 1.2 Tax Free Childcare

The Bill would make a number of minor amendments to the operation of the tax free childcare scheme when it is implemented. This was initially legislated for through the Childcare Payments Act 2014 and the Government has indicated that it intends for the scheme to be introduced in early 2017.<sup>5</sup> Once the scheme is implemented, for every £8 a person pays towards childcare costs, they will receive a top-up payment of £2. This support is capped at £2,000 per child per year (or £4,000 for disabled children). The amount of support available reflects the basic rate tax contributions made on the income used by the individual to fund the childcare costs.

## 2. Changes Proposed by the Bill

The main changes proposed by the Bill would affect the gift aid small donations scheme. The Explanatory Notes to the Bill state that these “changes seek to ensure that the gift aid Small Donations Scheme operates effectively and flexibly for the greatest number of charities and Community Amateur Sports Clubs (CASCs)”.<sup>6</sup> A similar point was made by the Financial Secretary to the Treasury, Jane Ellison, who stated that “although the Bill proposes relatively minor changes, they are really important none the less, because they can further the practical support that we give to our outstanding charities sector in this country”.<sup>7</sup> She also noted that the proposed changes had come following “months of consultation and constructive discussion with the charity sector”. Details on the Government’s consultation and the final summary of responses can be found on the [‘Gift Aid Small Donations Scheme’ consultation outcome webpage](#).

<sup>4</sup> [Explanatory Notes](#), pp 2–3.

<sup>5</sup> *ibid*, p 4.

<sup>6</sup> *ibid*, p 2.

<sup>7</sup> [HC Hansard, 11 October 2016, cols 213–4](#).

The first four clauses of the Bill specifically relate to the GASDS. The main changes proposed by the first two clauses are as follows:

- Clause 1: This would remove the eligibility requirements mentioned above, so that charities and CASCs would no longer have to have been in existence for the prior two tax years and would not have had to claim any gift aid exemptions previously. Therefore, new charities would be able to immediately apply under the scheme.
- Clause 2: Would amend the meaning of “small donation” under the Act, so that it would also extend to contactless payments made in the UK which are under £20 (in addition to cash donations). Contactless payments would be defined as those made at a contactless payment facility using cards, mobile telephones or other devices.

Clauses 3 and 4 relate to the group and community buildings rules. The Explanatory Notes set out the interlinked changes as follows:

From 6 April 2017 a charity—or group of charities—will be able to claim in respect of either (i) the total of the community building amounts: up to £8,000 small donations made in the local authority area in which each community building is located or (ii) a total of up to £8,000 small donations made anywhere in the UK. The charity will be entitled to claim whichever is more beneficial.

Where a ‘group’ of connected charities carries out activities in community buildings it will generally be more beneficial to claim community building amounts so this is the default position. However, if this is not the case, connected charities may opt to claim in respect of £8,000 small donations made anywhere in the UK instead by writing to HMRC.

The effect of the changes is that a charity—or group of connected charities—will only be able to claim in respect of small donations totalling more than £8,000 where they have more than one community building. A charity with one community building will be able to claim a top-up payment on a maximum of £8,000 donations.

This Bill amends the definition of a ‘community building amount’ so that donations no longer have to be made in the community building itself while charitable activities are being carried out. From 6 April 2017 small donations made in the local authority area in which the community building is located may qualify as part of the community building amount.<sup>8</sup>

Clause 5 would make some technical amendments to the tax-free childcare payments scheme (for example, it would make modifications to the variation of entitlement periods and how applications for a review of HMRC decisions should be made). Clause 6 sets out the territorial extent of the Bill as applying to England and Wales, Scotland and Northern Ireland. Clauses 7 to 9 contain miscellaneous provisions (for example, the commencement provisions).

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<sup>8</sup> [Explanatory Notes](#), p 3.

### 3. Statistics and Projections

The government webpage, '[Charitable Donations and Tax Reliefs Statistics](#)', contains a number of publications featuring statistics on charitable giving, including the value of repayments made to charities on gift aid donations and the value of GASDS top-ups over a number of tax years. Provisional estimates for 2015/16 found that around 70,820 charities benefited from gift aid repayments totalling around £1.26 billion (including income received with tax deducted, this figure rose to around £1.3 billion).<sup>9</sup> Regarding GASDS, it was estimated that top-up payments totalled around £26 million in 2015/16, up from £21 million in 2014/15 and £6 million in 2013/14.<sup>10</sup> Speaking at the Bill's second reading, the Parliamentary Under Secretary of State for Culture, Media and Sport, Rob Wilson, stated that approximately 21,300 charities had applied for relief under the GASDS in 2015/6.<sup>11</sup>

The Bill's impact assessment has estimated that 3,000 charities will be affected by the Bill's proposals to restrict charities' claims to either the main allowance or the community buildings allowance.<sup>12</sup> However, it estimates that 71,000 bodies could benefit from the relaxation of the eligibility criteria proposed. In all, the impact assessment estimates that the scheme could cost the Government around £15 million in receipts.

### 4. External Reaction

The National Council for Voluntary Organisations (NCVO) has welcomed many of the proposals in the Bill, but stressed its belief that the proposed changes should have gone further.<sup>13</sup> The NCVO describes itself as a group which "champions the voluntary sector" and which is made up of "12,000 member organisations—a third of the voluntary sector workforce in England".<sup>14</sup> The group specifically praised the changes to the eligibility requirements and the introduction of contactless payments into the scheme. However, it stated that its "key concern", the 'matching requirement', had not been addressed:

[T]he matching requirement will remain entirely unchanged and continue to prevent smaller organisations from accessing the scheme. This is disappointing news for small charities—50 percent of respondents to our survey with an income under £10,000 wanted the matching required reduced or removed [...]

Charities can only access the GASDS if they have made a certain volume of gift aid claims. In practice, this means a charity needs to claim £1 of gift aid through the traditional system (ie with a declaration) to claim £10 via the small donations scheme. This 'matching requirement' makes it more difficult for smaller charities to access the scheme, as they often have fewer resources to collect or process gift aid declarations, and many struggle to meet the requirement.

Removing the matching requirement is the key way to enable more charities to access the scheme. Now, more than ever, there is great uncertainty throughout the funding

<sup>9</sup> HM Revenue and Customs, [UK Charity Tax Relief Statistics: 1990–91 to 2015–16](#), June 2016, pp 11–13 and 23.

<sup>10</sup> HM Revenue and Customs, [Cost of Tax Relief](#), 30 June 2016.

<sup>11</sup> [HC Hansard, 11 October 2016, cols 249](#).

<sup>12</sup> [Small Charitable Donations and Childcare Payments Bill: Impact Assessment](#), p 2 and p 6.

<sup>13</sup> Kimberly McIntosh, '[Gift Aid Small Donations Scheme: An Opportunity Lost](#)', National Council for Voluntary Organisations blog, 19 September 2016.

<sup>14</sup> National Council for Voluntary Organisations, '[About Us](#)', accessed 17 November 2016.

landscape. And with the Small Donations Bill on the table, now is the time to enable all charities to diversify their funding using the scheme.<sup>15</sup>

The survey mentioned by the NCVO was carried out jointly with the Charity Finance Group (CFG) and the Institute of Fundraising (IoF), and informed their [joint response](#) to the Government's call for evidence.<sup>16</sup> Further details of the survey findings can be found in that [joint response](#). Both the CFG and the IoF expressed similar sentiments about the Bill as the NCVO; welcoming it, but expressing their belief that it should have gone further, particularly in relation to the 'matching requirement'. In addition, Andrew O'Brien, head of policy and engagement at the CFG, believed that the meaning of 'small donations' should have been extended even further, so as to cover donations made by cheque or online.<sup>17</sup>

## 5. Proceedings in the House of Commons

The Bill received its second reading in the House of Commons on 11 October 2016 and was considered by a public bill committee on 18 October 2016. The Bill progressed to report stage without amendment, although proposed amendments were discussed relating to the 'matching requirement' and extending eligible donations to include those made using text, cheque or via the internet. Full details of these stages can be found in the House of Commons Library briefing, [Small Charitable Donations and Childcare Payments Bill 2016–17](#) (4 November 2016).

Report stage and third reading in the House of Commons took place on 15 November 2016.<sup>18</sup>

### 5.1 Report Stage

A number of amendments from opposition parties were tabled and discussed at report stage, with three of these moved to a division. Each of these amendments were defeated on division. The first of these (new clause 3) related to a proposed new clause which would have required HM Treasury to make regulations prescribing certain organisations for which local or regional branches or groups would not be considered to be connected under the Act. It would have required HM Treasury to consult the Scout Association, the Guide Association, the Combined Cadet Force Association, and any other groups it considered relevant before making the regulations. Speaking to the proposed clause, the Shadow Chief Secretary to the Treasury, Rebecca Long Bailey stated:

Members and the Minister will remember that we made the case in committee that certain groups—the Girl Guides, the Scouts, and the Army, Navy and Air Force cadet groups—were not able to get the full benefit of the small donations scheme. That was after feedback from the respective charities' representatives that, because of the structure of the groups, they were able to make only one claim for the entirety of the group, even though individual groups within them fund themselves [...]

The Minister said she would reflect on the points raised in committee, so I hope that she will accept the new clause today. It would not carve out a few selected charities, but give the Government the power to consult organisations that are mistakenly affected by

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<sup>15</sup> *ibid.*

<sup>16</sup> Charity Finance Group, Institute of Fundraising, National Council for Voluntary Organisations and Small Charities Coalition, [Gift Aid Small Donations Scheme Consultation Response](#), July 2016.

<sup>17</sup> Third Sector, ['Government Launches Bill to Reform Gift Aid Small Donations Scheme'](#), 15 September 2016.

<sup>18</sup> [HC Hansard, 15 November 2016, cols 174–207.](#)



the connected charities rules. It would, therefore, make the scheme run more smoothly, which is, after all, the point of the Bill.<sup>19</sup>

Speaking for the Scottish National Party, Kirsty Blackman indicated that she would also be backing the proposed amendment.<sup>20</sup> In response, the Financial Secretary to the Treasury, Jane Ellison, defended the provisions and described the clause as unnecessary. She then stated that the Government had already heard from some of the groups listed and had drafted the Bill accordingly to meet their needs:

[T]he connected charities rules are intended to protect the gift aid small donations scheme from abuse. They work in conjunction with the community buildings rules to deliver fair and broadly equal outcomes for charities structured in different ways. Without the connected charities rules, larger charities would be faced with a perverse incentive to splinter into artificial groups of smaller charities to increase their entitlement to small donations allowances.

The new clause is unnecessary. As we have heard, the Government have just concluded a full and open review of all aspects of the gift aid small donations scheme [...] In that very open consultation, many representations included the Scouts and other uniformed groups. The Government listened to the representations from the uniformed groups. They told us that they welcomed the gift aid small donations scheme, but were unable to benefit fully from the current community buildings rules because most of their fundraising, as Members will know, takes place outside in their local community. The Bill will therefore relax the community buildings rules to allow donations collected outside the building to be counted for community buildings purposes.<sup>21</sup>

The proposed new clause was defeated by 287 votes to 254.<sup>22</sup>

The second division related to another proposed new clause (new clause 4). This would have required the Chancellor of Exchequer to assess the impact of abolishing the ‘matching requirement’. Speaking to the proposed clause, Kirsty Blackman spoke of the external support for changing or removing the requirement:

[T]he National Council for Voluntary Organisations, the Charity Finance Group, the Institute of Fundraising and the Small Charities Coalition produced a paper saying that it was vital that the matching requirement was changed or removed. That is why we have brought the proposal before the House [...] If the Government do not accept the new clause, I would very much appreciate it if they considered the proposal in the future. This is not just about the SNP; our proposal is widely supported, including by the Labour party and by charities across the UK such as the Churches Legislation Advisory Service and the Charity Tax Group. If fears can be allayed about fraud, in particular, it would be reasonable for the Government to take some steps towards change.

The proposal was supported by Rebecca Long Bailey, who spoke about the ‘matching requirement’ extensively in connection to a number of proposed amendments.<sup>23</sup> She questioned whether the requirement was necessary or effective in tackling fraud, and argued

<sup>19</sup> *ibid*, [col 177](#).

<sup>20</sup> *ibid*, [col 179](#).

<sup>21</sup> *ibid*, [cols 184–5](#).

<sup>22</sup> *ibid*, [cols 187–9](#).

<sup>23</sup> *ibid*, [cols 175–8](#).



that “charities claiming gift aid can still be, and indeed have been, fraudulent organisations”.<sup>24</sup> She claimed that the “Government have presented no evidence to demonstrate the extent to which the matching requirement is a necessary mechanism to prevent fraud and error, or that the matching ratio of 1:10 is the minimum necessary to achieve this objective”. She also stated that:

[A] consultation with members of the National Council for Voluntary Organisations showed that it is the most significant barrier to access for smaller organisations. The survey found that 50 percent of respondents with an income under £10,000 wanted the removal or reduction of the matching requirement.<sup>25</sup>

In response, Jane Ellison described the ‘matching requirement’ as the one remaining condition on the scheme that the Government believed combated possible fraud and that “opening up the scheme to abuse would be irresponsible, could waste a large amount of public money and—probably most importantly—could cause untold damage to the reputation of our fantastic charity sector”.<sup>26</sup> With reference to HMRC and external data, she also argued that the data did not support the view that the ‘matching requirement’ was a “significant barrier” to accessing scheme:

[T]he data showed that 92 percent of charities claiming gift aid for the tax year 2014/15 claimed on donations of £500 or more, entitling them to the maximum small donations allowance at that time of £5,000. HMRC’s analysis also showed that 98 percent of charities claiming gift aid in 2014/15 claimed sufficient amounts to receive a small donations allowance of at least £1,000.

The Government also considered data produced by the charity sector. A survey carried out by the National Council for Voluntary Organisations, the Charity Finance Group, the Institute of Fundraising, the Small Charities Coalition and the Association of Independent Museums found that just 5 percent of respondents claimed no gift aid at all, and only 10 percent did not feel that their charity claimed enough gift aid to make the small donations scheme worthwhile [...] Quite simply, none of the available data, whether produced by the Government or the sector itself, support the assertion that the gift aid matching rule is a significant barrier to accessing the small donations scheme.<sup>27</sup>

In relation to the proposed new clause 4 specifically, Ms Ellison stated that the available data would not enable proper analysis of the “differential impact that abolishing the matching rule would have on charities of different sizes”.<sup>28</sup> As such, she suggested the amendment was “not appropriate”, but did state that the Government would keep the area under review and would continue to look at measures to encourage take-up of the scheme.<sup>29</sup>

New clause 4 was defeated by 287 votes to 256.<sup>30</sup>

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<sup>24</sup> *ibid*, [cols 176–7](#).

<sup>25</sup> *ibid*, [col 176](#).

<sup>26</sup> *ibid*, [cols 181–2](#).

<sup>27</sup> *ibid*, [col 183](#).

<sup>28</sup> *ibid*, [col 184](#).

<sup>29</sup> *ibid*.

<sup>30</sup> *ibid*, [cols 191–4](#).

The final division related to an amendment which would have extended the range of payment methods for donations so as to include cheques and “electronic communications” (eg text messages). Introducing the amendment, Rebecca Long Bailey indicated Labour’s strong support for the provision to extend payment methods to cover contactless payments, but stated that the charity sector had said that it would be more beneficial to extend the scheme to also cover cheques and text messages.<sup>31</sup> Expanding upon this, she stated:

The intention of the scheme is to allow charities to get a gift aid-style top-up on donations made in situations where it is infeasible, but not impossible, to get a gift aid declaration. I would argue that donations made by text are a prime example of such a situation. The Minister has said that receiving gift aid declarations on donations via SMS is a straightforward process: the donor simply needs to reply to a follow-up text message giving their name and address and confirming that they are a taxpayer. It might be straightforward, but people tend to be wary of disclosing personal information [...]

Similar situations can arise with cheques [...] Elderly people in particular often send cheques in the post, making it impossible for charities to track them down and get a gift aid declaration—it is probably not worth it if it is a small amount. Amendment 1 would simply allow such donations to be eligible for the scheme. I hope the Minister will offer some movement on this area as I simply cannot see the logic in saying that extending payments in that way would somehow encourage charities to move away from traditional gift aid claims.<sup>32</sup>

In response, Jane Ellison rejected the arguments for the change, suggesting that other methods should instead be used to simplify the process of claiming gift aid and that the Government were soon to lay regulations to simplify the process of gift aiding donations through digital means:

Instead of completing a gift aid declaration for every donation made, donors will be able to sign a one-off authorisation allowing the intermediary to create gift aid declarations and claim gift aid on the donor’s behalf for all subsequent donations made in that tax year.<sup>33</sup>

Ms Ellison also reiterated the importance of encouraging as many people as possible to use the gift aid scheme, rather than the GASDS scheme, due to the increased advantages of the former:

It is worth reflecting on that because during the Bill’s passage through the House we have quite rightly focused on the gift aid small donations scheme, but the scheme—important though it is—forms just one part of the package of generous tax reliefs the Government use to support our charity sector. Gift aid was worth over £1.3 billion to the charity sector last year—a significant amount—but we want to see gift aid claimed on even more eligible donations, and we want charities to claim gift aid because it is a much more beneficial scheme and has many advantages for charities over the longer term [...]

One reason is that gift aid is not capped—relief can be claimed on individual donations worth hundreds or thousands of pounds. There is no annual limit—charities can claim

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<sup>31</sup> *ibid*, [col 195](#).

<sup>32</sup> *ibid*.

<sup>33</sup> *ibid*, [col 197](#).

on as many eligible donations as they are able to solicit. The act of obtaining a gift aid declaration provides charities with the opportunity to build a relationship with their donors, leading to a more sustainable and resilient funding stream.<sup>34</sup>

The amendment was defeated by 279 votes to 248.<sup>35</sup>

## 5.2 Third Reading

Speaking at third reading, Jane Ellison welcomed the cross-party support the Bill had received during its passage through the House of Commons:

It is a short and technical Bill, but it is nevertheless important and it delivers real benefits to our vibrant charity sector and for working families. I am very pleased that during its passage through this House, the Bill has received broad cross-party support and provided an opportunity for Members on both sides of the House to highlight and champion the wonderful work that local charities do right across the country.<sup>36</sup>

She hoped the Bill would simplify and clarify the process of claiming top-up payments under the GASDS.<sup>37</sup> In addition, Ms Ellison spoke briefly about the minor amendments to the tax-free childcare scheme, and the rolling out of scheme over the coming months:

Let me say a quick word about the tax-free childcare portion of the Bill, which makes a small number of minor and technical, but important, amendments to the tax-free childcare scheme. That fact has not limited the interest shown in the scheme during the debates, and tax-free childcare continues to enjoy cross-party support. A number of speakers have looked forward to being able to use the scheme for their own children, and such a prospect draws ever closer as the scheme is set to commence next year.

For many, this will be the first time they will be able to access government support with childcare costs as tax-free childcare will be available to all working parents, regardless of whether they are employed or self-employed. HMRC is about to begin inviting parents to test the new service in trials. As in bringing forward these changes, HMRC will again listen to parents to ensure that it provides the best possible service.<sup>38</sup>

Rebecca Long Bailey indicated Labour's support for the Bill, and hoped it would improve the effectiveness of the GASDS:

The Opposition have welcomed the Government's aim throughout the passage of the Bill to make sure that the gift aid small donations scheme is more accessible and to encourage charities to take part. The scheme has not been as successful as the Government had hoped, and the Bill certainly makes changes to improve that situation. In particular, the abolition of the two-year eligibility rule and the two-in-four years claims rule will open up the scheme to new charities, while bringing contactless payments into the definition of a small payment will bring the scheme into line with how donations can be made in the modern day.<sup>39</sup>

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<sup>34</sup> *ibid.*, [col 196](#).

<sup>35</sup> *ibid.*, [cols 200–3](#).

<sup>36</sup> *ibid.*, [col 203](#).

<sup>37</sup> *ibid.*, [col 204](#).

<sup>38</sup> *ibid.*, [col 205](#).

<sup>39</sup> *ibid.*, [cols 205–6](#).

However, she reiterated her belief that the Bill should have gone further, particularly along the lines of the amendments tabled on the ‘matching requirement’, extending the choice of payment methods and allowing certain groups to be excluded from the group rules. She stated that “perhaps once the Government have reviewed the scheme’s effectiveness in the light of the changes the Bill makes we may have an opportunity to come back to some of those changes”.

This support was echoed by Kirsty Blackman of the SNP. However, she also believed the Bill should have gone further, and again raised the issue of the ‘matching requirement’.<sup>40</sup>

Ms Blackman then drew attention to the proposed changes to tax-free childcare, stating:

The changes to the way that people will access childcare payments are sensible and seem more accessible than the current system. Having used the current system and struggled with some of its administrative impacts, I think the new scheme will iron out some of those flaws, and am pleased that even before the new scheme comes in the Government are re-evaluating it and looking to make it as accessible and as easy for parents to navigate as possible. I understand that a pilot will take place and that, by the end of next year, pretty much everyone should have moved over to the new scheme. I hope the Government will commit to re-evaluating the scheme as it goes forward, to ensure that it is as accessible as possible.<sup>41</sup>

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<sup>40</sup> *ibid*, [col 207](#).

<sup>41</sup> *ibid*.

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