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Charities are paying price of this error

BREWIN Dolphin manages more than £25 billion on behalf of private investors, including £1.7 billion for registered charities.

We have become increasingly aware of the difficulties building for Sussex charities over recent years.

The pressure began with the removal of dividend tax credits in 1997 by the then Labour government, which drastically reduced charities' income.

Since then the burden has increased with negligible interest rates and yet rising demands from beneficiaries, as Government spending cuts have built up.

As one of the largest independent investment managers for private investors in the UK, many of Brewin Dolphin's 130,000 clients give away millions of pounds in charitable donations.

We are particularly concerned that many clients will not be able to give as much as hitherto, if tax relief is restricted as proposed.

The Government plans to cap tax relief on donations to 25% of a donor's income if they are giving more than £50,000.

Claiming that philanthropists were generally giving money to good causes as a way of dodging tax is an outrageous slur

For centuries the foundations and bedrock of the charitable sector has been the generosity of those who see needs in society that charities are very well placed to address.

The promotion of a Big Society and citizenships is counter to the financial disincentives announced in the Budget.

Just considering the generosity of our own clients, we expect this measure to reduce charitable giving by many millions of pounds each year.

We would urge the Government to consider ways to block the loopholes they perceive in order to erase any abuse, rather than impose a blanket cap.

There are Government departments well placed to investigate and deal with anyone they believe to be exploiting them.

The announcement is possibly a tax sledgehammer to crack the nut of a few.

The tax framework to encourage generous philanthropy is one put in place by the Government to address societal concerns and in recognition that the charitable sector is vital to the needs in British society, so both the financial worry and the orientation of the proposal are counter to everything that framework was set up to address.

We agree with many charities and other bodies that the Government has simply got it wrong and welcome the Chancellor's announcement that he will consult on the impact before the measure is implemented in 2013.