

Minutes of the Charity Tax Forum – 2 September 2016

Attendees:

Richard Baldwin	Sports and Recreation Alliance
Paul Bater	Charity Law Association
Graham Batty	Chartered Institute of Taxation
Richard Bray	Cancer Research UK
Susan Cattell	Institute of Chartered Accountants in Scotland
Ian Clark	Charity Representative
Alan Hough	Stewardship
Trevor James	Association of Church Accountants and Treasurers
Chris Lane	Charity Tax Group
Gillian McKay	Institute of Chartered Accountants in England & Wales
Gabrielle Melvin	Office for Civil Society
Andrew O'Brien	Charity Finance Group
Robin Osterley	Charity Retail Association
John Pepin	Philanthropy Impact
Stephanie Siddall	Institute of Fundraising
Philip Spedding	London Library
Rachel Nixon	HMRC (Chair)
Anthony Bottone	HMRC
Petr Simecek	HMRC
Simon Manclark	HMRC
Jeff Worrell	HMRC
Jan Stephens	HMRC
Paul Davies	HMRC
Daniel Pease	HMT
Helen McHardy	HMT

Introduction and Apologies

1. The Chair welcomed attendees and noted apologies for absence.

AP21: The item Simon Jackson (HMT) was due to present on VAT issues to be carried over to the next meeting on 5 January 2017.

Charity Tax Statistics and Data

2. Petr Simecek delivered a presentation on charity tax statistics and the data HMRC holds. This was well received, with several of the attendees calling for extra information to be provided. HMRC reported on the parameters within which it was able to collect data on businesses and charities, and how this affected the availability of up-to-date statistics.

Making Tax Digital

3. Jeff Worrell gave an overview of the Making Tax Digital (MTD) for Businesses programme which was currently conducting a live consultation (which would close on 7 November 2016).
4. As the consultation states that Ministers are minded to exempt charities from the requirements to keep digital records, the changes should have a limited impact on charities, but the position as regards trading subsidiaries of charities was still under consideration and attendees were asked for their views on exempting these entities.
5. A variety of views were expressed by CTF members. The transition to digital record keeping and reporting would be particularly hard for smaller charities, whose affairs can still be quite complex. Large charities on the other hand, were already using accounting software, although there could still be some costs to upgrade to MTD-compatible products. Some members were concerned that by treating charities and their trading subsidiaries differently from other businesses, they would be excluded from the benefits of going digital, because software developers would not bother to develop products that met the particular needs of charities.
6. An alternative approach might be to consider an exemption based on the size of the entity. HMRC confirmed that the Government had separately indicated that digital record keeping would be voluntary for any business with an annual turnover below £10,000. In any event, there was a need for education about the opportunities offered by MTD, as much of the sector still believed that charities did not pay tax.

Apprentice Levy

7. Simon Manclark delivered an overview of the assessment and collection of the Apprenticeship Levy. The wider policy on the spending of the Levy is owned by the Department of Education (DfE). This presentation focused solely on HMRC's remit (the collection of the Levy), the types of employers likely to be affected and how the Levy would be paid through the PAYE process. The Levy will commence in April 2017 and training funded through Levy money from the digital accounts would be exempt from VAT.
8. Attendees raised concerns about how this would affect volunteers/donors and advised that very few charities actually had apprentices. Concerns were also raised about whether charities would have enough time to implement any software changes.

AP21.1: Links relating to how the Levy will work and DfE's proposals for how the apprenticeships support package for employers in England will work to be circulated, and are below:

<https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>

<https://www.gov.uk/government/publications/apprenticeships-proposals-for-funding-from-may-2017>

Common reporting standard

9. Rachel Nixon gave an update on the common reporting standard from which attendees asked for more clarity on the policy. The Forum was advised that there would be a post implementation workshop in due course.

AOB

10. Attendees were advised that Michelle Stokell had left the Charities Policy Team, and that her replacement Phil Sears would attend the next meeting in January.

AP21.2: Circulate Phil Sears's details to attendees: Phil.sears@hmrc.gsi.gov.uk; telephone 03000 585502.

11. Updates were given on donor benefits and tax to cover. Attendees were concerned about what HMRC was doing with the policy on tax to cover. HMRC was reviewing this and would make a statement in due course.

AP21.3: Clarification on tax to cover to be included in the agenda for the next Forum in January.

12. The Charities Outreach Team provided a handout on statistics and the top errors made by charities when making claims. Attendees asked whether it was ok to circulate the handout to their members and HMRC agreed to find out and confirm.

AP21.4: If possible, HMRC to provide Forum members with an electronic copy of Charities Outreach Team handout.

13. Daniel Pease informed CTF of HMT's consideration of the potential implications of income tax devolution for Gift Aid. This followed a number of events that HMT and HMRC had attended on this subject, as well as discussion of this issue at earlier meetings of the CTF.

14. HMT informed CTF that, having listened to the views of charity representatives, the Government had decided not to make any changes to the operation of Gift Aid as a direct result of the devolution of further income tax powers to Devolved Administrations.

15. HMT also reported that the Government remained committed to the continued effective operation of Gift Aid in all parts of the UK. Consequently, it stood ready to reconsider this issue, in consultation with the charity sector, at the appropriate time in the future.

16. The date of the next meeting was reported as **Thursday, 5 January 2017 between 2.00-4.00 pm.**

HMRC

11 November 2016