

## **Minutes of the Charity Tax Forum meeting on 9 October 2017**

Held at HM Revenue and Customs (HMRC), 100 Parliament Street, London

### **List of attendees**

R Baldwin	Sport & Recreation Alliance
P Bater	Charity Law Association
R Bray	Cancer Research
S Cattell	Institute of Chartered Accountants in Scotland
G McKay	Institute of Chartered Accountants, England & Wales
K Russell	Stewardship
J Hemming	Wellcome Trust
T James	Ass of Church Accountants and Treasurers
C Lane	Charity Tax Group
A O'Brien	Charity Finance Group
D Fluskey	Institute of Fundraising
D Warrelow	National Trust
P Winyard	National Council for Voluntary Organisations
J Pepin	Philanthropy Impact
J Gibson	HMRC (Chair)
A Coates	HMRC
A Bottone	HMRC
D Pease	HM Treasury
P Sears	HMRC
N Brassington	HMRC
H Dodia	HMRC
J Vambe	HMRC
M Grant-Rogers	HMRC

### **Welcome and introductions**

1. The Chair welcomed the Forum. There were no open actions.

### **Trust Register**

2. HMRC reported that guidance was due to be published on registering a charitable trust and would be made available to the Forum (available below). The policy lead was unable to attend the Forum to give an overview of the content but attendees were invited to contact Adrian Coates in the first instance if they had any questions.

Link to guidance: <http://www.step.org/news/uk-comprehensive-guidance-new-online-register-express-trusts>

## **Working Groups update**

3. HMRC gave an update on the Gift Aid and Donor Benefits Working Groups, and thanked those present for volunteering to take part. The Gift Aid Working Group had agreed Terms of Reference and, due to the 20 volunteers, would be split into two groups. Due to the forthcoming communications embargo the first meetings for this Group might be delayed. [These meetings have since been scheduled for the 10 November and 15 November and the members of the Groups have been contacted.]
4. The first meeting of the Donor Benefits Working Group was scheduled for 25 October 2017. A note would soon be going out to the 8/9 volunteers confirming this along with Terms of Reference.
5. A number of issues regarding the Working Groups were raised, ranging from their memberships, items for consideration, whether they would be amalgamated at some point, or whether specialists would be invited for particular subjects. HMRC would welcome any suggestions for issues to include in the working groups.

## **Round-up of open issues**

6. HMRC gave updates on a number of issues raised at the Forum held on 21 June 2017:
  - Making Tax Digital (MTD): HMRC confirmed that charities will be in MTD for VAT, but that no decision had yet been made on Corporation Tax. Before any decisions were made, HMRC would consult. A number of issues were raised by the Forum in response to the former, including the desire for free software and clarity on MTD's integration with charities' existing IT systems.
  - Penalties – it was agreed that this would be covered separately offline – Richard Bray to contact Adrian Coates.
  - General Data Protection Regulation: HMRC was working up its positions around GDPR and its many nuances and reported that at that point in time, it did not envisage changing its retention policies as a response to the Regulation or the expected Act that will drop it into UK legislation. In terms of right to be forgotten, it was reported that HMRC was a tax gathering authority, which included all tax schemes such as Gift Aid. HMRC would not be in a position to forget individuals as the collection of tax would be seen as the wider benefit. HMRC had to retain it legal purpose. In application to Gift Aid, where a citizen asked a charity to withdraw from that scheme, charities would need to retain the paperwork relating to the Gift Aid claim made until the

end of normal retention period to allow HMRC to ensure proper administration of the scheme.

- VAT Guidance: HMRC reported that the policy for charities' VAT had transferred to the Indirect Tax Directorate but that if Forum members or representative organisations had any issues with HMRC then they could continue to involve the Charities Policy Team.
- Employer provided living accommodation: HMRC reported that no update was currently available.

### **Future of the Charity Tax Forum**

7. HMRC reported that it wanted to make sure the Forum continued to operate effectively for stakeholders and for Government; and reiterated the importance of effective communication and the positive role this played in delivering good policy. Forum members were asked for their views on whether the Forum should still be held on a quarterly basis particularly given the regular lack of agenda items offered by members.
8. It was agreed that the Forum would continue to be held on a quarterly basis but that this was dependent on having substantive agenda items for discussion. Members were therefore strongly encouraged to suggest agenda items well in advance. In turn, HMRC agreed to continue to send reminder requests to members in good time ahead of each meeting. Finally, it was agreed that if not enough agenda items were received for any future meetings then they would be postponed until the following quarter.
9. A request was made for someone from the Indirect Tax VAT Directorate to regularly attend the Forum.
10. HMRC also agreed to circulate the minutes of the previous meeting alongside the agenda for the next one.

### **AOB**

11. There was a request for a working group to be established that considered the effect of tax proposals on the charity sector. HMRC was concerned that this might not be possible or appropriate because such proposals cannot always be discussed with external organisations in advance of announcement. However, HMRC would consider the best way to continue its efforts to ensure that direct or indirect impacts on charities are consistently explored as part of the policy development process.

### **Date of next meeting**

12. The next meeting will be held on 5 February at HM Treasury.

**Charities Policy Team**

**HMRC**

**2 November 2017**

