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## The Charity Tax Group Newsletter

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### February 2025

Welcome to our February newsletter. This month, we are excited to bring you updates, including new legislation (DMCCA) coming into effect in Spring 2026, HMRC's latest guidance on low value invoices, our monthly top tip and our popular events including our expert insight and charity member sessions.

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As we say goodbye to January, the toughest month of the year for personal finances, we welcome in February and know that many of you will have now received, or will shortly receive, your invoices/requests for membership donations. Whilst we know that many organisations, and particularly charities are facing a very difficult time financially, we hope that you will continue to support CTG, which is of course itself a charity.

We can only do what we do with your support, and we hope that you will agree that we continue to provide great value for money with our program of educational events – such as the annual conference last year and our programme of expert insight sessions which enables you to get best value and guidance from our observer members (professional firms) and others. Our unique relationships with HMRC and government enable us to make sure that the impact of taxes on charities is understood and where possible negative impacts are managed. Good examples of this relationship in action are covered below.

## **Digital Markets, Competition and Consumers Act 2024 (DMCCA)**

We know that DMCCA, which comes into force in Spring 2026, is a cause of some concern to charities who offer annual membership subscriptions. One of the most significant issues arising is around the continuing availability of Gift Aid on these annual subscriptions. The CTG attended a roundtable discussion hosted by HMRC on the impact of the changes. HMRC are working hard to find a legislative solution to put to ministers to fix the issue.

Whilst we await confirmation from HMRC of the ministers' direction of travel, we are aware that Stuart Andrews, Shadow Secretary of State for Culture Media and Sport put a question to the Chancellor on this matter. The Exchequer Secretary to the Treasury, James Murray, responded positively on behalf of the Chancellor as follows:

***The government is pleased to confirm its plans to legislate to amend the rules concerning Gift Aid due to implications of the Digital Markets, Competition and Consumers Act 2024. This Act introduces new protections for consumers who take out subscription contracts. The government will amend existing Gift Aid legislation so that charities can continue to claim Gift Aid while complying with these new consumer protections when they come into force.***

Mr Andrews put a second more general question about whether the government had any plans to make changes to Gift Aid. The response to this question was less specific but seems to indicate a positive relationship with the sector:

***In relation to the other general question related to Gift Aid reform, the government keeps all rules under review and will continue to work closely with the sector with a view to improving processes.***

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### **Business Rates Consultation**

In October 2024, the Government published a discussion paper on [‘Transforming Business Rates’](#). The purpose of the paper is to invite business and other stakeholders to a conversation about how the government can deliver its ambitions. However, it seems like the government's ambitions for rates are more evolution than transformation, but as rates relief is worth more to charities than Gift Aid, it is essential that CTG and charities engage on any changes that do emerge. CTG were invited to a roundtable discussion with HM Treasury in January. We are very grateful to Zoe Bushell from the National Trust who attended on our behalf.

At that meeting, HMT responded to our main concern which was that the consultation is silent on charities by confirming that there was no intention to disrupt the current charity reliefs.

The majority of the meeting focused on the detail of multipliers and valuation frequencies, and achieving the delicate balance of meeting the [conflicting] needs of businesses for responsiveness to changes in market conditions and a desire for certainty.

The consultation also gives a timeline of 2028 for digitalisation of business rates (DBR). Charities which operate nationally have a heavy administrative burden dealing with local authorities each of which has

its own processes for validating claims, frequency of renewal, and evidence required to demonstrate charitable status. DBR offers a one-off opportunity to homogenise the processes of individual local authorities for administering charitable reliefs and having a simpler process to verify eligibility. Doing this would bring about savings for councils and charities, and so we are hopeful that the government will implement this improvement.

CTG has drafted a response to the consultation which closes in March and would encourage our members to do so too.

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### **Yorkshire Agricultural Society - Upper Tribunal Decision**

In our last Bulletin, we reported on the Upper Tribunal's (UT) decision on whether the Great Yorkshire show was a fundraising event for the Yorkshire Agricultural Society. Whilst the UT's decision was good news for the taxpayer taking the case, the decision falls into something of a no man's land when determining whether it can be applied more widely.

Part of the decision turned on whether the UK had correctly adopted EU law or whether, in particular, the requirement to promote an event as being primarily for fundraising went beyond the requirements set out in the EU legislation which makes no mention of how the event should be promoted.

Although the UT's decision falls after the [Retained EU Law \(Revocation and Reform\) Act](#) took effect on 1 January 2024, the decision relates to a claim made by the taxpayer for repayment of VAT from 2016, when the UK was in the EU. [HMRC's interpretation](#) of the Retained EU Law (Revocation and Reform) Act is that UK VAT and excise legislation will continue to be interpreted in the same way as it was before 1 January 2024 but businesses will no longer be able to rely on the 'direct effect' of EU law, "and it will no longer be possible for any part of UK legislation to be quashed or disapplied on the basis that it's incompatible with EU law, as UK law is now supreme".

Because of this uncertainty, CTG is asking HMRC to clarify whether in the light of the UT decision they will update their guidance and/or legislation on fund raising events and to what extent charities may be able to rely on the UT decision for current and future events. In the meantime, as always, charities will be wise to ensure that when, they have an event which potentially falls within the exemption for fund raising, they do all that they can to follow HMRC's

current guidance. For example, making the clear the fundraising nature of the event.

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### **HMRC update on Less detailed VAT invoices**

HMRC has made some minor updates to its [guidance on 'Less detailed VAT invoices'](#) where the value of the supply, including tax, is £250 or less. This may be of particular interest to charities with shops.

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### **Chartered Institute of Fundraising - Payroll Giving Conference**

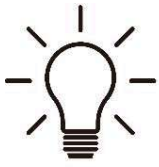
The CIOF are hosting their annual Payroll Giving Conference at the fabulous Francis Crick Institute on 25 March from 2pm - 6pm.

Meet and network with others working within Payroll Giving across the sector, get an update on what's happening in the sector, hear from employers about why they promote and support this form of giving and have your questions and problems discussed by our panel of experts.

We have already announced that the Henderson Group Northern Ireland will be joining us to talk through their scheme. Henderson's offer Payroll Giving and have a unique matching scheme which they will share more about at the conference.

We will also be running the very popular Q&A session to have your questions answered by an expert panel alongside an interactive "What's On Your Plate" session to real problems you are currently experiencing and solutions to support you in what you are trying to achieve.

You can find out more details and book [here](#)



### Tip of the Month

This month's top tip comes from Siobhan Waters of BDO who is running our next expert insight session on National Minimum Wage on 26<sup>th</sup> February. Her tip is:

Ahead of the increases to the National Living (over 21 rate) and National Minimum Wage rates from 1 April, a key focus for employers is on ensuring applicable workers' pay is increased to the new rates. However, an area which can often be overlooked is to review workers who are in existing Salary Sacrifice schemes to ensure they remain eligible for the scheme with their effective pay not being brought below the new rates. Often these workers are paid above the minimum rates, but if the amount sacrificed is significant, or they have multiple arrangements then it is recommended that employers review the impact of the rate increases for these workers too, ahead of 1 April.



### Could you be one of the Charity Tax Group's next trustees?

The Charity Tax Group (CTG) is looking to appoint new Trustees to its proactive, forward thinking, ambitious board.

## Who are we looking for?

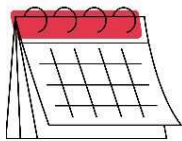
We are looking to diversify our board in terms of the background and skills of trustees as well as their life experience and personal attributes. Previous board experience is not essential.

We are looking for up to three new trustees to join us and are particularly interested to hear from applicants who have any of the following:

- Technical experience, skills and knowledge in the charity tax arena
- Experience, skills and knowledge in monitoring and evaluation of activities and projects – particularly in a not-for-profit arena
- Experience, skills and knowledge in fundraising
- Experience, skills and a background in policy within the voluntary sector

Trustees are required to represent a charity that makes a financial contribution towards CTG's work.

You can find out all you need to know by visiting our [website](#).



### Future Events

Don't miss out on our upcoming events, we have a number of informative sessions planned for February and March.

#### Expert Insight Sessions

Our next expert insight session will be on the wider implications of the increase in NMW at **4pm on Wednesday 26th February**. The presenter will be Siobhan Waters from BDO. Some of you will have seen Siobhan at our conference in December. In this session, Siobhan will explain what employers need to do to comply with the increases to National Living and NMW coming into force this April, and in particular the wider implications and additional risks that come with the increased rates, including whether they could frustrate some salary sacrifice arrangements implemented by many charities to benefit employees. . You may want to share details of this event with your HR colleagues. You can book your complimentary attendance by clicking this [link](#)

In March we have a double bill of Expert sessions with the first session "Unlocking Withholding Tax: Essential Knowledge for Charities" at **4pm on Thursday 6th March**. The presenter will be Tom Daffern, Asset & Wealth

Management Tax Director at PwC. This promises to be a straightforward seminar for all charities who hold investments and will help you to understand what withholding tax is, and how you mitigate or reclaim withholding tax deducted by overseas authorities and retain more of your charity's income. Tom will also explain how you can work effectively with fund managers and advisors like PwC to manage this aspect of your charity's finances without adding to your workload. You can book your ticket by clicking this [link](#)

The second session planned for March will cover some topical VAT issues around land and property at **4pm on Wednesday 26 March**. The presenter will be Karen Regan from S3 Tax and CTG's representative on the HMRC Land & Property Liaison Group. [Click here to book your space](#)

Videos of the last two expert insight sessions are now available to view on our events page along with information about the next couple of months' events; [Events - Charity Tax Group](#)

### **Charity Member Only events**

Save the dates in your diary and look out for booking links which will be sent direct to your inbox.

VAT Practical Issues Working Group on **Thursday 27th February at 4pm.**

Gift Aid Practical Issues Working Group on **Tuesday 25th March at 4pm.**

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