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charity tax group

The Charity Tax Group Newsletter

March 2025 Edition

Welcome to our monthly newsletter. Here you will find our latest insights, news and training opportunities.

Welcoming the new tax year…

As I flipped my pancakes last week, I was reflecting that we will shortly be flipping over into the new tax year. Some of you will have already seen the HMRC February employers' bulletin. This month's edition includes useful guidance on preparing for the uplift in Employers' National Insurance from April. It also includes information on registering for payrolling of expenses and benefits. Although this will be compulsory for most benefits from April 2026, employers can voluntarily register before the start of the new tax year if they want to implement this from April 2025. Some organisations certainly say that payrolling expenses and benefits is much easier for the employer and employees and so is something worth exploring.

Best Wishes,
Richard Bray, Chair CTG

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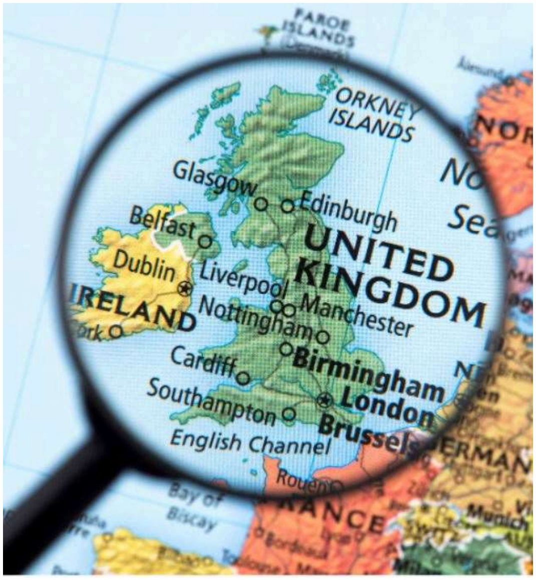
Latest News

Government impact review of NIC changes on certain sectors including charities

Whilst many of you will be grappling with the impact of the NIC changes, one of our sharp eyed directors has reviewed the **bill implementing the changes**. She has noted that this bill includes a provision which requires The Chancellor of the Exchequer to review the impact of the measures on a number of organisations including but not limited to charities and Universities. The time limit for this review is a startlingly short window [for the behemoth that is the machinery of the UK Government] of just six months from the **date that the bill will receive Royal Assent**.

Now you see it…

We issued a bulletin in February alerting you to a change in HMRC's guidance around '**authorised signatory**'. We raised this with HMRC and explained that the guidance is confusing and raises a number of practical challenges in its application. Following our intervention, HMRC responded very quickly and have now updated the guidance to confirm that this only relates to charity trust and estates tax returns. As many charities are constituted as trusts we intend to ensure that the new wording has no further complications.



A Royal Challenge
The Windsor Framework
UK Internal Market Scheme (UKIMS)

The simplified processes for moving goods from Great Britain into Northern Ireland will be introduced when the full Windsor Framework is implemented from 31 March 2025. The UK Internal Market Scheme (UKIMS) authorisation gives you access to the simplified processes. Having a UKIMS number means goods moving from Great Britain into Northern Ireland will be classified as 'not at risk' and will not be charged duty if entering Northern Ireland from free circulation in Great Britain.

Without a UKIMS number, goods will be treated as being 'at risk', which means duty may be charged and they may take longer to get through customs.

You can apply for a UKIMS number via the government gateway. The application is quite complex and requires a lot of data gathering, so it is recommended that charities start the application process as soon as possible.

If anyone would like to discuss this further, or has any helpful insights into the process, please [get in touch with CTG.]

Trouble at t'mill
[with new PE Special Methods]

We have received reports that HMRC have been taking a very long time to respond to taxpayers' applications for new PE Special methods, and that in many cases, the proposals are rejected, sometimes with a comment that "any special method must guarantee a more fair and reasonable result than the standard method" and concluding that any uptick in recovery means that this condition is not met.

Clearly this is problematic for charities and their advisers who want to ensure that they are able to recover the right amount of VAT in line with the VAT legislation and regulations. A possible consequence of HMRC's approach is that charities are not able to recover the correct amount of VAT, and that they incur excessive professional fees. It is also unlikely that charities will resort to taking their case to the VAT Tribunals, even where the case is strong, because of the necessary investment in more professional fees and inevitable impact on management time.

CTG would like to discuss this position with HMRC policy. However, our past experience of doing this indicates that we can achieve change where we have specific examples to share with HMRC. If you are interested in sharing your experience, whether as an adviser or a charity, please [get in touch with CTG.] You can either put your example(s) into the email, or you can express an interest in joining a call sometime in the next month which will be hosted by CTG.

Dealing with Gift Aid on the death of a donor – adjustments required

HMRC have provided confirmation to Cancer Research UK about claims for Gift Aid which clarifies when Gift Aid can be claimed when someone dies. This is relevant as bank accounts are often not closed immediately when someone dies and so gifts from deceased persons can continue after the date of death.

HMRC confirmed that, as expected, a Gift Aid declaration effectively ceases to be valid upon the date of death, the reason being is that for the purposes of Gift Aid donations a person ceases to be an individual from the date of death as all assets become that of the estate with any tax relief afforded to the estate in the form of Inheritance Tax relief.

However, in practice, HMRC understand that charities continue to claim Gift Aid on donations in good faith until such time as they receive notification from the estate of the deceased. In such circumstances there is an expectation that the charity would make an adjustment to refund the monies to HMRC on any donations they have claimed Gift Aid against once informed of the date of death of the donor.

The HMRC position is logical but not spelt out in HMRC guidance as far as we are aware. It can be contrasted with the date of Gift Aid not being eligible to claim from a person becoming a non-taxpayer being the date of notification to the Charity and not the date when that person ceases to be a taxpayer.

When is a bar not a bar?

The Anglia Ruskin Students Union, which is a registered charity, seems to have reached the end of the road with its appeals that its '92 café bar' is not a bar. The ARSU wanted to make use of the concession VAT Notice 709/1, and so treat its supplies of catering as exempt from VAT. Unfortunately the concession is not available to catering provided to bars. Whilst not widely applicable, this case does remind us that when relying on a concession, taxpayers must adhere to the precise requirements, otherwise the concession is not available, even if the more favourable VAT treatment it seemingly available to other taxpayers.

E-invoicing Consultation

HMRC and the Department for Business and Trade (DBT) have published a joint **consultation** seeking views on standardising electronic invoicing and increasing its adoption across UK businesses and the public sector. E-invoicing is more than just sending invoices by emails. If implemented, it could bring productivity savings to businesses and also give visibility of individual taxpayers' transactions. With many charities relying on volunteers and in many cases not using accounting software this may pose a challenge. CTG will respond to the consultation, and you may also want to do so. The consultation runs until 7 May.

Business Rates Reform Timetable

Staying with the consultation theme, further to the discussion paper on **Transformation of Business Rates**, which is still open for responses until the end of March, the Government has now published an **expected timeline for the Business Rates reforms**. The title of this publication which uses the word reform rather than transformation, disappointingly seems more aligned with the Government's intended changes.

Next Expert insight Session - Wednesday 26 March

Karen Regan is our next Expert Insight speaker on Wednesday 26 March. She will be talking about topical VAT issues around land and property, including option to tax. **Click here to book your space**.

Karen has significant experience in VAT advisory roles, starting her career in the 'big 4' before a move into local government and in-house tax roles for over 30 years providing advice on wide range of complex issues including those related to local community-driven projects before moving to the team at S3TAX. Karen is a Chartered Tax Adviser and has been a member the CIPFA VAT Committee, and the CIPFA representative at HMRC's Land and Property Liaison Group for over 10 years and now represents CTG on this group.

Tip of the Month

Proof of option to tax

Karen’s tip is around the practicalities of filing the ‘option to tax paperwork’ with HMRC. Taxpayers are then required to email their notification to HMRC's option to tax unit. When submitting the notification, most Taxpayers will usually complete form VAT1614A online, save it as a PDF, sign it and send it as an email attachment. The submitted email generates an automatic response from HMRC which provides evidence that HMRC received the option to tax notification and gives the date of the notification.

HMRC advise in Notice 742A, para 4.2.3, that the email subject line includes:

- The address of the property, including any postcode
- The effective date of the ‘option to tax notification

Our tip of the month is to also include the opter’s name and VAT registration number in the subject line. A copy of the notification may be required in the future to demonstrate that an option to tax has been made, in particular to satisfy a potential buyer or tenant that VAT is due on the transaction, therefore, sufficient detail of both the property and the opter should be shown in the subject line. It is also best practice to send the email from a generic email address, rather than from an individual, where the auto-response will be retained in the long-term. You may wish to copy in colleagues however, the auto-response will come only to the sender’s email address.

Future Events

Don't miss out on our upcoming events, we have a number of informative sessions planned in the coming months.

Expert Insight Sessions

- Wednesday 26th March at 4pm – VAT issues around land and property with Karen Regan of s3tax. You can book your space **here**
- Tuesday 8th April at 4pm - Approved Charitable Investments, presented by Nathan Maguire, a Senior Tax Manager with BDO. You can book your space **here**

PS: To register for our Expert Insight Sessions, **remember to complete your details on the webinar registration page (register button will be on the right of your screen).** Once complete, you will receive a confirmation message indicating that registration was successful followed by an email with event details and a link to join the webinar.

Charity Member Only events

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

- **Gift Aid Practical Issues Working group meetings:**
  - Tuesday 25th March at 4pm
  - Thursday 29th May at 4pm
- **VAT Practical Issues Working group meetings:**
  - Tuesday 27th May at 4pm

Observer Member Meetings

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

- Thursday 27th March at 3pm and 4pm
- Thursday 26th June at 3pm and 4pm

Our previous Expert Insight Sessions are recorded and can be viewed by clicking the button below:

Expert Insight Recordings

You can find copies of previous newsletters by clicking the button below:

Previous newsletters

If you have any questions, feedback or need assistance, please do not hesitate to get in touch. info@charitytaxgroup.org.uk

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