



The Charity Tax Group - Newsletter November 2024

The dust settles....

Shortly after the budget last week, we sent you our [initial thoughts](#) on the main points and changes that were relevant to charities and what in practice it might mean for our sector. Clearly the big cost for the sector to absorb from the budget is the increased cost of employment through increases in the National Living Wage and National Insurance Contribution (NIC) rates, although as we explained in the bulletin many smaller charities may benefit from the NIC changes. There has been significant press coverage about the impact of the NIC changes on the sector. CTG will take every opportunity to highlight the financial plight this is likely to cause and will argue for any realistic measures that may help to mitigate this pain.

One key part of the budget for charities was the Government's response to the consultation on compliance in the sector. As much of this is targeted on countering abuse, you may be inclined to skip over the detail, but there are some very important points in the response which all charities would do well to think about carefully.

There is a general focus in CTG on Corporation Tax this month. Apart from a brief foray into VAT on school fees, it occupies much of this newsletter and will also be the subject of our [Expert Insight Session](#) later this month which is on 20th November.

We are also looking to recruit new CTG directors. Could that be you? You will find details later in this newsletter of how you can apply and make a difference to our work.

Finally if you haven't already booked a place on our [annual conference](#), just a quick reminder that there are only a few places remaining – so I would get in there quickly whilst you still can.

Richard Bray, Chair, CTG



VAT on school fees

To the disappointment of some, the Government is pressing ahead with the introduction of VAT on private school fees from 1 January 2025. More than half of the private schools in the UK are charities. This is quite a tight timetable and appeals for a delayed start fell on deaf ears. However, many other points that CTG made in its response to the Government's consultation have been adopted and the draft legislation has been clarified. This includes for example, the exclusion of English as a foreign language and clarity that FE Colleges and academy schools will not accidentally be brought within the scope of the tax.

With some of our observer members, we also had a very positive call with the HMRC team responsible for this policy where we were able to

provide feedback on the draft guidance and highlight concerns and areas that needed further clarification.

Details of the VAT measures and proposals to withdraw business rates relief can be found [here](#).

Improving charity compliance - Fit & proper persons test

In our budget bulletin we included details of HMRC's plans to extend the definition of 'fit & proper persons' to include a person who persistently fails to comply with tax obligations such as 'timely filing of returns'.

Tax reliefs for charities are dependent on the charity falling into the statutory definition of charity found in [Schedule 6 of FA2010](#). One of the requirements in Schedule 6 is the 'management condition' which requires that "managers are fit and proper persons to be managers of the body or trust". The term 'fit and proper' is not defined anywhere in tax legislation, but HMRC publish [guidance](#), which was last updated in 2017, on their approach to interpreting this term.

A failure to meet the management condition would mean that the charity was no longer entitled to the generous tax reliefs claimed. The most significant of which are probably gift aid and corporation tax.

We understand the challenges of completing corporation tax returns for charities, including what seems like pointless expenditure, resourcing and complexity. Tax returns can easily fall to the bottom of the pile of priorities, but this measure means that failure to submit the return could result in a huge financial problem for your charity.

Cultural sector tax reliefs – updated guidance

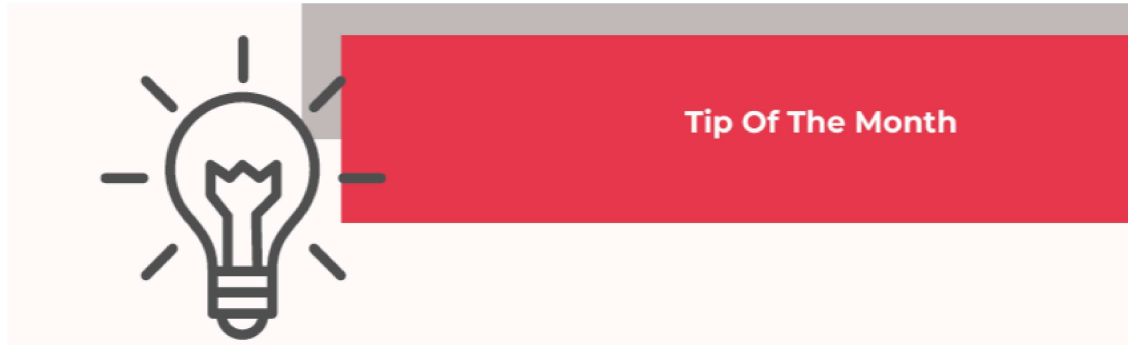
Some charities claim tax credits on theatre productions, museums and galleries and orchestras. If this is you, you might be interested to see that HMRC made substantial changes to their internal guidance manuals at the start of October. The new guidance includes further information on making a claim and the conditions for qualifying expenditure.

The manuals can be found here:

[Theatre Tax Relief; Museums and Galleries Exhibition Tax Relief; Orchestra Tax Relief](#)

If you are a charity involved in this sector and have not yet made a

claim for tax relief, then perhaps now is the time to think about it to offset some of those additional payroll costs. HMRC provide some general guidance on this [here](#).



Tip of the month

Our top tip this month is provided by Andrie Kazamias of RSM UK who will be leading our expert insight session on Corporation Tax returns at the end of this month.

Check in advance on the HMRC Gateway whether or not HMRC require a corporation tax return to be filed by the charity or whether it is exempt in advance of the filing deadline.

If the charity is not registered on the HMRC Gateway, getting registered promotes good governance as it will be possible to check filing obligations in advance of any tax filing deadlines. In some cases where charities are required to file corporation tax returns annually, it may be possible to seek confirmation and agreement from HMRC that the charity can be put on ad-hoc tax filings to reduce the administrative burden.

Meet your CTG Director - Trudi Amy

We have a very enthusiastic, committed board of directors at Charity Tax Group and thought it was about time we introduced them to you all! We're kicking off this month with Trudi Amy.

Trudi trained as a Chartered Certified Accountant with a big 4 accountancy practice, and then specialised in tax, completing the Chartered Institute of Tax exams in 1991. After nearly 40 years in practice, she joined the finance team at

Macmillan Cancer Support as their in-house tax accountant. Having been involved with the CTG as an observer member, and then as a charity member, applying for the role of a Board Member for CTG seemed a natural next step, enabling Trudi to bring experience from all her previous roles to the Board, as well as having a "tax technical" background to draw on.

When we asked Trudi what she thought was special about charity Tax Group she said: "The breadth of experience of the Board and its advisors- who all work within the charity sector - bring together a unique skill set, helping the CTG see things from a charity perspective, as well as an academic, technical viewpoint. The estimated tax savings that have been available to charities because of the CTG's work over its 40 years I think speaks volumes for the dedication and tenacity of the CTG since its inception."

Trudi has a particular interest in the technical work of the CTG and participates in member and HMRC meetings. Like all the directors though, she helps with different projects as needed – all board members are volunteers and work together to pool resources as necessary.

Trudi's ambition for Charity Tax Group is for it "To continue to support charities to navigate the tax system. It is increasingly complex, and unfortunately there are no signs of that changing in the immediate future. I would love to see awareness of the work the CTG does increased across the charity sector, and for more members to join and contribute to the success, whether that be observer members or charity members."

When we asked Trudi to tell us something about herself unrelated to work, she told me "One of my best, but scariest, experiences was doing a tandem skydive in aid of the hospice that supported me and my late husband. It was truly amazing, but not something I am going to take up as a hobby."

We are delighted that Trudi is one of CTG's directors and has her feet firmly on the ground in the role!

Could you be one of the Charity Tax Group's next Board Members?

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

CTG's core principles are to:

Strive for technical excellence in all aspects of tax that impacts on charities

- Provide practical support to charities by mitigating their tax burden and providing informed and relevant guidance.
- Work with others to maximise our impact.
- Develop a sustainable funding structure that matches our ambition
- Be brave and innovative

Why should you get involved?

CTG gets things done. Our focus is on action and delivering results. We have a strong track record of policy success. This is only possible because of the commitment of our volunteer board members.

In a rapidly changing world CTG needs to change to equip itself for continued success in the future. 2024 is a significant year for CTG, we have developed a different operating model, are looking to register as a charity, are updating our website and are holding our first in person annual conference since before the pandemic. So, it's an exciting time to join us! We're looking for new directors who share our vision and will rise to our challenges with us.

Who are we looking for?

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

We are looking for up to three new board members 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

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

The deadline for applications is 29th November 2024. You can find more information about applying [here](#).

November Expert Insight Session - Everything you wanted to know (and were afraid to ask) about corporation tax returns for charities

Corporation tax return forms weren't really designed with charities in mind, so are even less intuitive when completing them for a charity than for a regular company. And with the proposed compliance changes announced alongside

the budget, it is imperative that charities do comply with requests from HMRC to file corporation tax returns.

So, in this very timely session, Andrie Kazamias will aim to demystify what should go into the forms CT600 and CT600E (and any other forms you may need to file as part of your corporation tax return). She will also be able to take individual questions at the end of the session if you want to share any of the challenges you are facing with corporation tax return forms.

Andrie Kazamias is a Director at RSM and a corporation tax specialist with over 20 years of experience and is a member of ICAEW and CTA. She co-leads RSM's national charities sector and her clients include, educational organisations, wide ranging charities and membership organisations.

You can book your complimentary attendance [here](#).

Future events - Dates for your diary

We have a number of events planned to the end of the year. Please pencil them in your diary and look out for the invitation coming your way.

Members will receive their invites to their respective events shortly. Keep an eye on your inbox.

Gift Aid Practical Issues working Group

- **Tuesday 26th November at 4pm**

VAT Practical Issues Working Group

- **Thursday 28th November at 4pm**

Expert Insight Sessions

- **Wednesday 20th November at 4pm** with Andrie Kazamias looking at completing Charity Corporation Tax forms.

Observer Member Meetings (Observer members only)

- **Thursday 12th December at 4pm**

Annual Conference

- **Thursday 5th December** - There are a few [tickets](#) available, so you will need to be quick
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