

Minutes of the Charity Tax Forum meeting on 15 October 2018

Held at HM Treasury, 1 Horse Guards Road, London SW1A 2HQ

List of attendees

R Baldwin	Sport & Recreation Alliance
P Bater	Charity Law Association
G Batty	Chartered Institute of Taxation
S Boyle	Institute of Fundraising
R Bray	Cancer Research UK
R Cassell	Philanthropy Impact
S Cattell	Institute of Chartered Accountants of Scotland
I Clark	Charity Consultant
E Deane	Society of Trust and Estate Practitioners
E Hutchins	Association of Charitable Foundations
T James	Association of Church Accountants and Treasurers
M Kelcher	Charity Retail Association
C Lane	Charity Tax Group
J Pepin	Philanthropy Impact
B Russell	Charities Aid Foundation
K Russell	Stewardship
R Sagar	Charity Finance Group
D Warrellow	National Trust
S Weil	Philanthropy Impact
J Gibson	HMRC (Chair)
D Hook	HMRC
P Sears	HMRC
J Vambe	HMRC
H Dodia	HMRC
G Beane	HMRC
G Jones	HMRC
C Williams	HMRC
G Cobbett	HMRC
O Price	HMRC

Welcome and introductions

1. The Chair welcomed attendees and reported that due to the forthcoming Budget, there were restrictions on communications that would last until after the Budget was delivered.

Matters arising

2. HMRC clarified a point that was raised on the minutes of the Charity Tax Forum held on 7 June 2018, regarding the use of full names in Gift

Aid declarations (GADs). It was reported that the guidance would be changed to require from April 2019 all GADs to include the donor's full first name, surname and postcode and that this would not apply retrospectively. HMRC explained the importance of providing the donor's full name, rather than just a first initial but reiterated that only one forename, and not two, would be required.

3. Forum members raised several concerns ranging from small charities lacking the digital capability to cope with the change, the costs associated with even very small changes to charities' databases, the time required to implement changes, fraud implications and GDPR requirements. HMRC reported that it was open to further representations on when the publication of the guidance would occur and when it would come into effect.
4. Chris Lane and Richard Bray requested that the minutes of future Charity Tax Forums be shared with external attendees prior to publication. Chris Lane also asked for papers of meetings to be circulated to members who did not attend the Forum. HMRC reported that it would take these points away for consideration.

Making Tax Digital (MTD)

5. HMRC gave an update on recent MTD products relating to digital records, links and soft landing requirements; and reported that over 150 companies had expressed an interest in providing MTD compatible products.
6. A private beta pilot for businesses and agents, was launched in April and was progressing well. Later in October the public beta phase of the pilot would be launched. HMRC reported that it hoped to publish the timelines of the public beta soon. Forum members were assured that as the April 2019 implementation date drew near, communications from HMRC would increase. HMRC was reviewing guidance for charities in the public notice and invited Forum members to notify the Charity Policy team if they wish to be consulted.
7. Forum members reported a number of concerns regarding the introduction of MTD VAT for charities including the costs of the software, charities' general lack of knowledge; the treatment of CIOs and SCIOs, and a request for how many VAT registered charities existed. A call was made for the implementation date of April 2019 to be reconsidered to allow charities the necessary time to implement changes to their software.
8. HMRC stressed that communications on MTD would be heavily increased in the run up to April 2019, and all charities that were registered for VAT would be included in these. Forum members were urged to use the published Communications Pack to support communications within the charity sector. *(On 16 October 2018 HMRC*

published an update to its MTD guidance announcing an exception to the 1 April 2019 commencement date which will delay mandate for a small minority of VAT-registered entities until 1 October 2019. Details can be found at: www.gov.uk/government/publications/making-tax-digital/overview-of-making-tax-digital.)

An overview of Publication of tax strategies (PoTS)

9. HMRC delivered an overview of PoTS which was introduced through the Finance Act 2016 to increase the transparency of businesses' approach to tax, making it public and open to challenge. Its provisions mainly affected large businesses, but would equally apply to any organisation or body where the qualifying criteria were met. HMRC held responsibility for ensuring compliance and would issue penalties to those who fail to publish, as there were no exemptions.
10. PoTS requires large businesses to publish a tax strategy online and the qualifying criteria were designed to be similar to the familiar Senior Accounting Officer (SAO) criteria. HMRC confirmed that when considering whether they were in scope of the rules, charities did not have to include income from donations and grants when calculating their turnover. If charities did not qualify under the SAO criteria then it was unlikely that they would qualify under the PoTS provisions.
11. It was reported that there was guidance on PoTS on www.gov.uk/guidance/large-businesses-publish-your-tax-strategy and that more detailed guidance in the form of a manual would also soon be available. Graham Batty reported that the number of charities falling within the scope of PoTS was likely to be in single figures.

Living legacies (charitable remainder trusts)

12. Richard Cassell, John Pepin and Simon Weil gave an overview of living legacies, their principles, benefits to donors and how they could be implemented in the UK.
13. A "living legacy" (also known as a charitable remainder trust) would enable a donor to place an asset or other property into a non-revocable trust. After a specified event, for example the death of the donor, spouse or descendants, or on a specified date, the assets in the trust at that time are transferred to the charity. Before this date, the donor is entitled to any income arising from the trust, and pays tax on this income.

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14. Following the presentation on corporate criminal offences given at the Charity Tax Forum on 7 June 2018, Richard Bray asked how sector specific guidance could be taken forward. Trevor James and Richard Baldwin agreed to present an item on this at the next Forum.

15. Susan Cattell asked whether future Charity Tax Forum agendas could be sent out earlier to allow attendees more time for consideration ahead of the meeting. HMRC acknowledged that the agenda for this Forum had been circulated later than usual but it always endeavoured to send agendas and papers as quickly as possible. In return, HMRC asked Forum members to provide any suggested agenda items or papers for circulation to the Forum secretariat in good time to allow the agenda to be finalised promptly.
16. Paul Bater requested that a future presentation at the Charity Tax Forum should be the EU's Fifth Money Laundering Directive requiring all trusts to be registered with HMRC. HMRC reported that it was working with the policy owners and would look into this.
17. There was a brief discussion about the press release that Just Giving had issued in which it agreed to remove all platform fees charged on campaigns in response to major incidents. This move was welcomed by the Forum.
18. Jo Gibson reported that this was her last Forum, and that her successor would be announced shortly.

Date of next meeting

19. The next meeting will be held on Monday 18 February 2019 from 10.45-12.45 at HM Treasury, 1 Horse Guards Road, London.

**Charities Policy Team
HMRC
20 November 2018**