

## **Minutes of the Charity Tax Forum meeting on 14 October 2019**

Held at HMRC, 100 Parliament Street, London SW1A 2BQ

### **List of attendees**

R Baldwin	Sport & Recreation Alliance
P Bater	Charity Law Association
J Mail	Charity Retail Association
R Bray	Cancer Research UK
E Hutchins	Association of Charitable Foundations
J Pepin	Philanthropy Impact
C Lane	Charity Tax Group
K Russell	Stewardship
D Nesbitt	Society of Trust & Estate Practitioners
D Warrellow	National Trust
G McKay	Institute of Chartered Accounts in England and Wales
J Hemming	Wellcome Trust
I Clark	Consultant
S Boyle	Institute of Fundraising
P Spedding	London Library
G Hooper	HMRC (Chair)
D Hook	HMRC
P Sears	HMRC
S Cuthbertson	HMRC
P Shingler	HMRC
J Vambe	HMRC
H Dodia	HMRC
W Poyser	Office for Civil Society (OCS)
J Giles	HMRC
C Williams	HMRC
G Jones	HMRC
R Shah	HMRC

### **Welcome and introductions**

1. The Chair welcomed members of the Forum.

### **Making Tax Digital (MTD) update**

2. HMRC provided a quick update on MTD which included information on the percentage of the population that had signed-up and the number of submissions made. Timing issues with sign-up for customers paying by direct debit were acknowledged. The Forum was advised that a tool had been introduced to help customers with the timing of sign-up. Guidance had also been published on the digital record keeping requirements for charity fundraising events.

3. Forum members raised an enquiry about reverse charges and the digital record keeping requirements. HMRC would provide a written response to the enquiry. Forum members also enquired about support for any MTD issues encountered. Support was available from software providers, Gov.uk and the 'Get help with this page' option, and the VAT Helpline.

### **Brexit and charities**

4. An overview was provided on the steps that charities could take in preparation for Brexit, particularly in the case of a no deal. The Forum was advised of the abundance of information that was available and where to find it, the types of activity that had already been undertaken with the sector and information on roadshows still taking place.
5. The Forum was also advised of the key areas that would be affected by Brexit – immigration, personal data, customs/VAT, and the importing and exporting of goods. Points of note were that it was important for organisations' foreign workers to sign-up for settled status in time; and for organisations to ensure that they correctly handled personal data coming from the EU. The Information Commissioner's Office (ICO) was the best contact for charities to get in touch with regarding the receiving of personal data.
6. Forum members were advised that there were no updates on the MHCLG-run UK Shared Prosperity Fund consultation. OCS took away a point raised on how charities could move goods into or out of the EU as well as simplifying procedures – an EORI number was required and information on obtaining one could be found [here](#).
7. It was stressed that it was really important for charities to be aware of the need to prepare for a no deal.

### **Off-Payroll Working Rules (IR35) update**

8. IR35 was as agenda item at the Forum held in February and therefore an update was given on the progress that had been made with the legislation. A brief history of the measure was given, including why it was necessary and the increased compliance it had brought since being introduced in the public sector.
9. Defining turnover for IR35 purposes was confirmed as the same definition as that set out in the Companies Act. Since the draft legislation came out, HMRC had worked with organisations likely to be affected by the new rules in order to help them prepare. To build on this, technical guidance would also be put in place to further support organisations. It was confirmed that the new rules would come into effect from 6 April 2020.

10. The Forum was grateful for the clarification on definition of turnover and requested this in writing to further help charities prepare for the new rules. A number of additional points were raised including the risk of a lot of charities incorrectly believing they were in scope, software support, exemption for companies, apprenticeships, taking reasonable care, and whether a soft landing would be introduced.
11. HMRC understood that software companies were working on solutions to support their customers. HMRC confirmed there were currently no plans for a soft landing for the reform to the off-payroll working rules.
12. HMRC was asked whether a paper setting out the challenges faced by the sector would be helpful, and replied in the affirmative.

### **Charity Tax Statistics**

13. This item was supported by a seven-page handout. HMRC gave an overview of the Charity Tax Statistics that are published annually. This included discussion of the efforts made to improve the commentary, and the new experimental statistics on the distribution of Gift Aid. HMRC also reported on the restraints that determine what cannot be published.
14. Forum members were asked for feedback and views on what would be useful. They responded with a wide range of thoughts from the inclusion of CASCs, more detailed GASDS statistics, further breakdowns of the top end in tables, including more reliefs for example VAT and theatres, whether tax reliefs could be recorded by the size of the charity, statistics on the Apprenticeship Levy, and how much business rates had gone up. It was agreed that a proposal to develop statistics on Gift Aid claimed based on regions should not be prioritised given the limited data held – there were concerns about the potential for statistics of this nature to promote unhelpful debate. The Forum asked for clarity on the motivation for new statistics to be included in releases.
15. HMRC asked the Forum to send any further questions on this item to the Charities Policy Team and it was agreed that Richard Baldwin would send an email following up his point on the inclusion of CASCs in statistics.

### **AOB**

16. J Pepin gave an overview of the All Party Parliamentary Group on Philanthropy and Social Investment whose chair is Rushanara Ali and whose secretariat is run by Philanthropy Impact. The Group had already had its first meeting, and had separately hosted an event with 90 people in attendance. Planning for 2020 was underway, and a publication giving further information was available which J Pepin would be happy to issue to Forum members if requested.

- 17.R Baldwin gave an update on the Criminal Corporate Offences guidance that he and T James were producing specifically for charities. It was reported that although the Charity Commission had issued some information on failing to prevent tax facilitation in their News Issue 63, more needed to be done as there was not enough information out there for charities.
- 18.R Baldwin reported that although some information had been issued to sports clubs, the sector could only do so much about informing their own charities, and that he would draft a note to the Charity Commission and HMRC to this effect.
- 19.The Forum asked whether there was any further information to be reported on the recent round of charity tax return requests. Concerns were expressed over the lack of clarity about what benefit HMRC got from these returns and whether the increased number of returns would continue in future years. HMRC reported that although there was nothing further to report, it would see if there was anything that could be shared with the Forum.
- 20.R Bray reported that his charity had received a letter from Ipsos MORI and asked HMRC why this had occurred. HMRC explained that it formed part of independent research that involved a number of charities. It would be taking place over the next few months and all the information received from charities would be completely anonymous. HMRC agreed to feed back on the misleading impression given in the letter that the survey only covered Scottish charities.
- 21.C Lane asked whether it was worth resubmitting the Charity Tax Group's (CTG) representations to the new Minister now that the date of the Budget had been announced. HMRC advised that it was up to CTG to determine whether it wished to do this.
- 22.R Baldwin enquired about the timetable for the Gift Aid guidance in Chapter 3 to be updated. HMRC reported that updating any non-Brexit guidance was not a current priority.
- 23.K Russell expressed his disappointment that their detailed input to the guidance on donor benefits had largely been ignored, and questioned whether it was worth the effort; and C Lane asked whether the Donor Benefits Working Group had finished. HMRC reported that donor benefits guidance was now subject to the "business as usual" processes for stakeholder comments on guidance, and that a note would be issued shortly (this was issued on 1 November 2019) to confirm the closure of the Donor Benefits Working Group. C Lane suggested he could collect evidence of the number and type of queries relating to the donor benefits 'in consequence' rule received from his members and asked whether this would be helpful to HMRC to determine whether the guidance needed to be changed. The Chair

agreed that any comments submitted would be considered by the technical advisers to inform whether a change was needed to the guidance.

**Date of next meeting**

24. The next meeting would be held on 13 February 2020 at HMRC, 100 Parliament Street, London SW1.

**Charities Policy Team**  
**HMRC**  
**2 January 2020**