
Charity Tax Group

Annual Review
2013/14

2013 Conference



Government ponders changes to VAT burden on service-providing charities Treasury minister Sajid Javid tells the Charity Tax Group annual conference
 “He is looking at a recommendation by the healthcare regulator Monitor”
 (as reported in *Third Sector*)

‘Major tax-avoidance scheme’ has received no tax repayments, says HM Revenue & Customs – Cathy Wilson, an official from HMRC, told the Charity Tax Group’s annual conference that
 “a circular Gift Aid tax-avoidance scheme had been reported to the revenue under Disclosure Of Tax Avoidance Schemes rules, introduced to prevent major tax-avoidance schemes from operating”.
 (as reported in *Third Sector*)



Chairman's introduction



Every year the Management Committee asks itself what role CTG should be playing and what it has achieved over the last year. Well, this has been quite a year!

The challenges for the sector have been unusually complex and I am proud of how CTG has balanced the need to respond to and shape high-level tax policy development; iron out the devils in the tax-policy detail; improve the experience of charities as new reporting regimes are rolled out; and – in this year of negative headlines for the sector – provide a rallying point for good practice and integrity within a sector that so crucially depends upon public trust.

While the Annual Review gives you a true flavour of our work, it can't do justice to all CTG has achieved during the year, not least day-to-day advice, exchanging information, or building constructive working relationships. It has been valuable to meet so many members outside London. As the case studies in the Review show, last year's highlights include CTG's work on Charities Online and GASDS, Gift Aid and digital giving, and work on VAT at EU and UK levels, and in countering tax abuse and regulating charity tax reliefs. We continue to work closely with officials at HMRC and HM Treasury and have already had the opportunity to meet Nicky Morgan MP, the Treasury Minister responsible for charity taxation, on four occasions, highlighting the topical issues causing most difficulties for Member charities.

This year, CTG will continue to work with HMRC to increase levels of take-up of the GASDS and ensure all relevant charities make the transition to Charities Online. We will also work with Government in taking forward proposals on Gift Aid and intermediaries and the Gift Aid declaration. CTG will continue to lobby hard to extend VAT rebates for UK charities providing certain activities for the public good, building on positive statements from the European Commission. Later this year, CTG will launch a new interactive website with a searchable Charity Tax Map portal.

CTG depends on your support. It is only by honestly reflecting members' experience that CTG can communicate effectively with officials and Ministers. I am grateful for the willingness of Charity and Observer members to share their expertise – you always enliven CTG's meetings and respond to calls for evidence and help. But without our members' financial support, CTG simply could not continue its important work. If you have not yet made a contribution for 2014, I urge you to do so.

As ever, huge thanks are due to CTG's technical adviser Peter Jenkins and to Nick Kavanagh and David Warrellow who continue to give active support and advice. Thank you to my colleagues on the CTG Management Committee, who give their time and expertise. Thank you also to CLC for co-ordinating our policy updates, events and campaigns over the last year. On behalf of all CTG members, I pay tribute to Mike Parkinson, who has retired from the Management Committee after 16 years of expert support, including five successful years as Chairman. We wish Mike all the best and are very pleased that his colleague Justin Bevan has agreed to replace him on the Committee.

I look forward to working with you during the year. I am confident that together we can achieve a fairer and simpler tax system for charities.

John Hemming
 Chairman

Activities during the year

“The information sessions and seminars have been an excellent way of keeping up to date with Gift Aid issues”
Eva Martinez
Macmillan Cancer Support

“Our CTG membership gives us real benefits, including insights into the latest developments, improved knowledge for our team and excellent updates by email. We are happy to contribute time and our subscription to CTG as we get so much back.”
Kate Sayer
Sayer Vincent

“This is terrific, thank you! Much appreciated, especially as we are currently struggling with our first submission, very timely.”
Tom Crean
Coram

Inevitably this year’s focus has been on HMRC’s work to promote and improve Gift Aid processes while tackling the abuse of these charitable endeavours. In addition, the European Commission’s review of charity VAT continues. These initiatives have meant a very busy year for CTG, so we can only scratch the surface of the detail in this review but by talking through the highlights and summarising the rest we hope you will appreciate the extent of work undertaken.

Charities Online and the Gift Aid Small Donations Scheme (GASDS)

Members raised concerns about the rushed implementation, difficulties and costs relating to the transition to Charities Online. Members also told us that they were uncertain about how GASDS would work in practice and raised concerns about its complexity.

What did CTG do?

- Held 8 dedicated Charities Online seminars in London with HMRC
- Publicised and explained the transition to Charities Online, at 8 regional events
- Took the lead in securing a six month transition period
- Helped to gain extensions for Member charities which were unable to meet the transition deadline
- Devised and conducted a Charities Online survey that received over 1000 responses
- Played a leading role in HMRC’s Communications Working Group, helping to develop and improve HMRC guidance
- Worked with HMRC and large charities to clarify crucial data quality issues
- Resolved Members’ Charities Online queries and successfully chased unpaid Gift Aid claims
- Played a key role in HMRC’s GASDS working group to improve and simplify the guidance

Gift Aid and digital giving

Following representations from CTG and other charity sector bodies, HM Treasury consulted on proposals to make it easier for charities to claim Gift Aid through various digital giving channels.

What did CTG do?

- Raised Members’ concerns about the length and content of the Gift Aid Declaration
- Contributed to 4 HM Treasury Digital Giving working group meetings and ran a dedicated CTG consultation seminar for charities with HM Treasury officials present
- Highlighted concerns about proposals with unintended negative effects on charities, in its consultation response
- Attended meetings with the Minister responsible for charity taxation and HM Treasury officials to assess reform proposals relating to Gift Aid and intermediaries
- Participated in the HMRC working group tasked with reform of the Gift Aid Declaration and promotion of Gift Aid

“CTG is invaluable to charities and advisors alike, keeping us updated with important charity tax developments”
Neil Cohen
Trowers & Hamlins LLP

“I particularly welcomed the insight from HMRC at the meeting and hearing other charity’s experiences”
Steve Pullinger
Canal and River Trust

“Membership of CTG makes me connected with VAT and tax developments in the charity world, mainly through being able to work with CTG and its members to make a real impact on the charity tax landscape”
Graham Elliott
Withers LLP

VAT and charities

The present system massively disadvantages charities as it favours the provision of these services by public bodies that are entitled to a refund of VAT while charities cannot recover VAT costs.

What did CTG do at a UK level?

- Worked with UK Search and Rescue charities and hospices to push for VAT rebate schemes
- Produced guidance for charities on whether an agreement is a grant or a contract for services
- Supported litigation challenging HMRC’s VAT treatment of temporary workers and e-books
- Secured important transitional rules following the withdrawal of the VAT exemption for research

What did CTG do at a European level?

- Secured confirmation for the first time from the Commission that there is no EU legal obstacle to a national VAT refund scheme
- Gave presentations at the European Commission’s VAT Conference in Mestre, achieving wider recognition of the inequalities and distortions charities face in the VAT system
- Appointed as the Charity Observer Member to the European Commission’s VAT Expert Group
- Led the UK charity sector’s response to Commission consultation on the VAT treatment of public bodies
- Discussed the position of charities with senior European Commission officials

Countering tax abuse and regulating charity tax reliefs

The National Audit Office (NAO) has questioned the value of tax reliefs on donations, while also criticising the regulatory effectiveness of both HMRC and the Charity Commission and the latter’s treatment of the Cup Trust case. This has resulted in negative press for charities and increased pressure for wider and stronger anti-avoidance tax measures.

What did CTG do?

- Identified difficulties with the changed guidance on the Fit and Proper Person Test
- Challenged HMRC’s new definition of charity for tax purposes that could adversely impact the interests of legitimate charities and donors and their right to tax relief
- Worked with the NAO on its report on Gift Aid and reliefs on donations
- Co-ordinated a technical working group for charities and advisers
- Met the Minister responsible for charity taxation to press concerns about the scope of anti-avoidance legislation stressing that it must be proportionate and target donors as well as charities

2013 CTG Meeting Planner

January

- 9 Management Committee
- 18 Ctg working group (temp workers)
- 22 Regional Meeting (Host: Mills & Reeve Cambridge)
- 23 ECCVAT meeting
- 24 Charity member consultation (vat)
- 25 CTG represents charities at Commission expert group
- 28 HMRC - Charities Online Working Group
- 28 HMT - Digital Giving Working Group
- 31 sector body liaison meeting

March

- 5 RTI Seminar (Host: Grant Thornton)
- 6 Charities Online seminar (Host: Crowe Clark Whitehill)
- 11 HMRC VAT Director meeting
- 14 Charities Online seminar (Host Buzzacott)
- 13 Regional Meeting (Host: BDO Birmingham)
- 18 HMRC - Charities Online Working Group
- 19 Charities Online seminar (Host Withers)
- 20 2013 Budget
- 21 Management Committee
- 27 sector body liaison meeting

May

- 8 HMRC - Grants vs. Contracts meeting
- 8 HMT - irrecoverable VAT meeting
- 8 Queen's speech
- 10 Observer Meeting (temp workers)
- 17 Charity Tax Forum
- 21 Regional Meeting (Host: Grant Thornton Glasgow)
- 22 ECCVAT meeting
- 24 Member consultation (exempt services)
- 28 HMRC - Charities Online Working Group
- 31 Management Committee

February

- 6 speaking - Finance Investment Management Group
- 7 Charities Online seminar (Host BDO)
- 7 ECCVAT meeting
- 11 Member Consultation (Business rates)
- 11 Charity Tax Forum
- 14 Sector Body Liaison meeting
- 21 Observer consultation (Cultural exemption)
- 21 CTG Working Group (Temp workers)
- 26 Observers Meeting
- 26 HMRC - Charity Online Working Group
- 26 sector body liaison meeting

April

- 9 Management Committee
- 9 HMRC - Charities Online - special modified claims
- 10 ECCVAT meeting
- 10 Member consultation (GASDs)
- 15 HMRC - Charities Online Working Group
- 17 European Commission Conference (Mestre)
- 24 CTG Annual Conference

June

- 10 speaking - ICAEW Conference
- 11 National Audit Office (Gift Aid)
- 11 Observer Meeting
- 12 speaking - BUFDG Tax Conference
- 18 CTG Publishes results of Charities Online survey
- 19 HMRC - Charities Online Working Group
- 20 Members Consultation (TCGA Section 13)
- 20 Management Committee
- 21 Charities Online Seminar (Host KPMG)
- 24 HMT - Payroll Giving
- 24 HMRC - TCGA Section 13
- 26 spending Review

2013 CTG Meeting Planner

July

- 1 speaking - Charity Retail Association Conference
- 3 speaking - Institute of Fundraising Conference
- 3 Regional Meeting (Host: Wrigleys Leeds)
- 4 Management Committee
- 15 HMRC - Charities Online
- 18 HMRC Annual stakeholder Conference
- 19 HMRC - GASDS
- 25 Members consultation (VAT)
- 26 Charity Tax Forum
- 29 HMT/HMRC - Digital Giving Working Group
- 8/15/25 HMT social Investment Working Group

September

- 2 Member consultation (Disability VAT reliefs)
- 4 Management Committee
- 10 Charities Online seminar (Host: DLA Piper)
- 11 HMRC - Digital Giving Working Group
- 12 Regional Meeting (Host: Deloitte Bristol)
- 6 & 12 HMRC/HMT - Digital Giving
- 18 Charity Tax Forum
- 19 GASDS seminar (Host: Buzzacott)
- 19 ECCVAT meeting
- 24 HMRC/HMT - VAT update
- 25 CTG Working Group (Temp workers)

November

- 5 Regional Meeting (Host: Crowe Clark Whitehill Manchester)
- 6 Member Consultation (VAT lobbying)
- 7 HMRC - stakeholder Conference
- 8 HMRC - JVCC meeting
- 12 Member Consultation (ESC 3.35)
- 12 HMT -- Payroll Giving
- 14 European Commission - DG Taxud
- 14 speaking - Member Conference
- 21 Gift Aid Benefit - CTG Working Group
- 25 Management Committee
- 27 speaking - CRA Gift Aid Workshop
- 28 HMRC - Charities Online Working Group
- 28 Management Committee

August

- 6 HMT - Digital Giving Working Group
- 10 sector body meeting (Giving Policy)
- 15 ECCVAT meeting
- 19 HMRC - Charities Online
- 22 sector body meeting (Business Rates)

October

- 3 speaker - Wrigley's York Conference
- 8 Observer meeting
- 15 ECCVAT meeting
- 16 Management Committee
- 17 HMRC - DataLab
- 21 Member Consultation (VAT)
- 21 HMRC - Charities Online Working Group
- 24 Office of Tax simplification - employee benefits
- 25 HMRC - VAT on Hospices
- 29 Chaired - Charity Finance VAT and Tax Conference

December

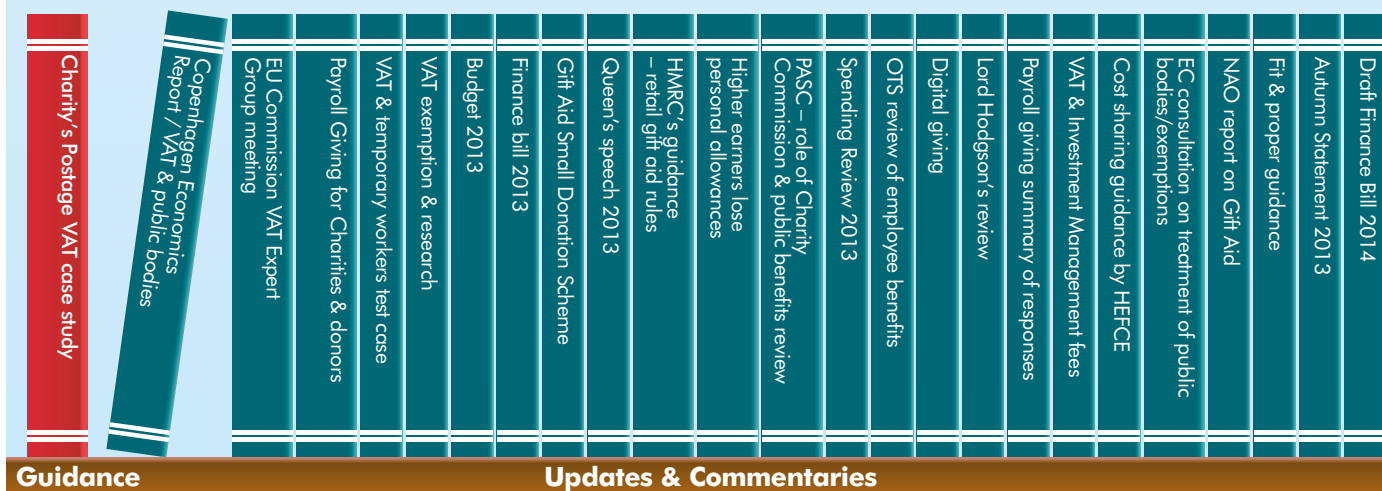
- 5 Autumn Statement
- 5 CTG seminar on the Autumn statement and philanthropy
- 11 Meeting with Economic Secretary to Treasury

CTG's Communications during the year

"I am always impressed by the scale of activity and productivity from CTG – particularly given your largely volunteer resource. I hope the charity sector appreciates what you do!"

Keith Lawson
PwC

To keep you fully up-to date on the issues and on the lobbying work that CTG undertakes on your behalf, we have published more email updates and commentaries than ever before.



Guidance

Updates & Commentaries



Consultation Responses

VAT Case Reviews

Charities Online - Guidance

What will CTG do for charities and advisors in 2014

"CTG is a fantastic resource for charities trying to negotiate an increasingly complex tax environment. We've found the helpline invaluable on a number of occasions, and appreciate the detailed and prompt response we have received each time."

Adam Pentelow
Plan UK

"Membership of CTG gives me a voice in the charity tax world, valuable access to online resources and the wider network of like-minded tax professionals in the charity sector."

Steve Pullinger
Canal and River Trust

"We were pleased to host a number of tax update sessions in Manchester, as part of CTG's regional meeting programme. Charities have really welcomed CTG's efforts to ensure that stakeholders in the North are actively involved in the policy process."

Vicky Szulist
Crowe Clark Whitehill

Representing charities on tax

CTG has regular discussions with Ministers and officials responsible for charity taxation and can make representations on your behalf. CTG's Committee Members are all volunteers with day-to-day practical experience of tax issues. Through CTG's Charity and Observer members, we bring together leading voices in the world of charity tax.

CTG is well represented on HMRC's Charity Tax Forum and its technical subgroups. Through the Charities Online Communications Working Group CTG worked with HMRC to ease the transition to Charities Online by helping to improve guidance and to clarify how the system would work. CTG has been the leading voice in HMRC working groups on Gift Aid Donor Benefits, the retail Gift Aid rules, GASDS and the charity tax return.

The EU is taking forward fundamental reform of the VAT system. CTG is the only UK charity umbrella body taking an active role in shaping its future. By working closely with European partners through the ECCVAT network, CTG voices the interests of UK charities in these discussions.

Meetings

Topical events – CTG has increased the number of seminars and events for members on practical issues relevant to charities, including on Charities Online, GASDS, RTI and the implication of the Budget for charities. All seminars and conferences, including the Annual Tax Conference, are free for charities and CTG Observer members.

Technical Working Groups – CTG organises sector-wide Technical Working Groups on topical direct and indirect tax issues. These groups are crucial in shaping CTG's campaign strategy and consultation responses.

Regional Meetings

By the end of 2014 CTG will have provided practical tax updates for charities in Birmingham, Bristol, Glasgow, Manchester, Leeds, Cambridge, Ipswich, Cheltenham, York and Edinburgh. The meetings in 2013 on tax developments, proved a great success with over 200 charities involved, providing valuable feedback and evidence to CTG.



Management Committee



John Hemming
(Chairman)
Charity: Wellcome Trust



Richard Bray
(Vice Chairman)
Charity: Cancer Research UK



Kevin Russell
(Vice Chairman)
Charity: Stewardship

Committee members



Karen Atkinson
Charity: National Gallery



Claire Brown
Charity: Esmée Fairbairn Foundation



John Crowther
Charity: Action for Blind People



John Huke
Charity: University of Oxford



Paul Johnson
Charity: Royal Society for the Protection of Birds



Ruchir Shah
Charity: Scottish Council for Voluntary Organisations



Philip Spedding
Charity: Arts & Business



Darren Spivey
Charity: Royal National Lifeboat Institution



Justin Bevan
Charity: Oxfam

From the press

Civil Society

HMRC may toughen gift aid declaration, not simplify it

HM Revenue & Customs may toughen up the gift aid declaration rather than simplify it, delegates heard last week at a Charity Tax Group briefing on the Budget.

Proposals for a definition of charity for tax purposes are an attack on charities

Proposals to create a definition of a charity for tax avoidance purposes "attack charities, not tax avoiders", a Charity Tax Group briefing on the Budget heard earlier this week.

Charities and intermediaries 'disagree over gift aid reform'

Charities and the intermediaries which collect donations on their behalf disagree over how to reform gift aid, delegates at a Charity Tax Group event heard this week.

Budget 2014: Treasury to review rules on benefits for charitable donors

Charity Tax Group (CTG) has outlined a number of uncertainties in the current rules which need clarification.

CTG concerned over proposed laws to prevent 'tax-avoidance charities'

Proposed legislation to prevent charities being set up to avoid tax could have "unintended negative implications" for the wider charity sector, the Charity Tax Group warned today.

CTG: HMRC should provide better Charities Online advice

Charity Tax Group is urging HMRC to provide more detailed advice for large charities about claiming gift aid online using their databases, to clear up areas of confusion.

Third Sector

Local authorities are unfairly challenging charities' rights to business rate relief, Charity Tax Group says

The membership body calls on the Treasury to tell councils the importance of maintaining the relief, expected to be worth £1.3bn to charities in 2014. The Charity Tax Group has raised concerns that local authorities are challenging charities' right to mandatory business rate relief.

Ministers will legislate to prevent tax relief for charities being used for tax avoidance

John Hemming, chair of the Charity Tax Group, said that the sector must support any measures to make it more difficult to set up a charity for tax-avoidance purposes. But he said it should also ensure that it did not make it more difficult to operate a legitimate charity.

HMRC update to fit and proper persons declaration 'is too vague'

the new declaration, which must be signed by managers and trustees of any charity wanting to claim tax relief, has been criticised by the Charity Tax Group, which said the test was so vague that many law-abiding individuals would not be able to sign it.

Switchover to online system for claiming Gift Aid arrives

The Charity Tax Group, the umbrella body that lobbies for a better deal for charities on tax, said that it had received positive feedback from many charities about the new service, but some charities had also encountered problems.

Charities Online is a big challenge for the sector

The transition to the new way of claiming Gift Aid is fraught with time pressures and potential problems, writes Richard Bray, vice-chair of the Charity Tax Group

HMRC fit-and-proper persons test used 'about 200 times' to prevent charity fraud

Senior HMRC official Cathy Wilson told the Charity Tax Group annual conference that the test, introduced in 2010, had been controversial when it was introduced, but it was "an essential tool" for preventing charity fraud.

From Twitter



Retweeted by Charity Tax Group

Anna @a_bloch · Feb 4

Fascinating morning learning about EU VAT reform and how this will impact on charities thanks @CharityTaxGroup for hosting!

Expand

Reply Retweeted Favorite More

Retweeted by Charity Tax Group

Graham Elliott @VatDaddy · Nov 21

Good debate about gift aid at @CharityTaxGroup meeting this pm, kindly hosted by CCW

Expand

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The Charity Tax Group (CTG) is dedicated to improving the tax position of charities and campaigns on the key issues affecting the sector.

CTG is the only organisation to work exclusively on tax issues and is funded entirely by donations from charities and support from charity advisers.

CTG continues to persuade the Government to introduce new tax reliefs as well as successfully campaigning to protect existing concessions, saving charities many millions of pounds.

For more information about CTG please contact us at info@charitytax.info or on 020 7222 1265

Alternatively, visit our website www.charitytax.info or follow us @CharityTaxGroup

