

Tax Update for the Small Charities Coalition

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Charity Tax Group

- Leading representative body for charities on tax issues
- Key stakeholder for HMRC and other Government departments
- Over 800 Charity and “Observer” members
- Register for our weekly tax newsletter and monthly “What you need to know” charity tax bulletin
- COVID-19 Hub & charity taxopedia at www.charitytaxgroup.org.uk
- Active Gift Aid practical issues working group
- Monthly Expert Insight Training Sessions

Today's session

- The tax landscape
- Gift Aid
- COVID-19 funding/support
- VAT and charities
- Making Tax Digital
- Business rates
- Resources
- Questions and feedback

The tax landscape

- Charities facing significant income pressures – tax reliefs as important as ever to help with cashflow
- COVID-19: Significant support available but how will it be paid for in the long-term?
- Brexit: presents potential complexities and risks but also opportunities for VAT reform
- Budget (3 March): CTG has called for a simpler tax system for charities



Gift Aid & Gift Aid Small Donations Scheme

- Very important tax relief for charities worth £1.35bn to the sector
- Excellent way to boost the value of fundraised income or goods donated to a charity shop
- Donor must be a UK taxpayer
- Claim yourself or use an intermediary
- GASDS – Gift Aid style relief on small cash/contactless donations

Gift Aid explained...

If you make a donation and you tell us that you pay tax in the UK we can claim back 25% from the Government. **That's 25p for every £1 you give.**



Gift Aid updates

- Campaign for temporary increase due to COVID-19
- Facebook donations
- Gift Aid and cancelled events/loan waivers
- GASDS during lockdown
- Project to automate Gift Aid



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Charity
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JustGiving

LibertyPay

National Trust

nisyst

Pennies!

STREEVA



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COVID-19 funding/support updates

- Job Retention Scheme: Closes on 30 April 2021. Increased HMRC scrutiny of payments likely.
- Charity sector support package: grants must be spent by 31 March
- Loans: Available but not practical for most charities?
- Retail/Local Authority Discretionary/Lockdown Grants: Valuable funding available - check deadlines and speak to LAs!



VAT and charities

- No general exclusion for charities but some charity purchases are 0% and some charity services are exempt from VAT
- Charities can face significant “irrecoverable VAT” burden, costing £2bn a year
- New research tells us the real value of VAT reliefs & exemptions for the first time – important post-Brexit
- Proposal to introduce a special VAT rate for charity purchases – helpful for small charities with limited budgets
- CTG working to calculate socio-economic value of reliefs



Making Tax Digital (MTD)

- VAT registered charities required to make digital submissions to HMRC
- Requirement to implement digital links from April 2021. Plan ahead
- CTG webinar with HMRC available
- Consultation on extending MTD to Corporation Tax in 2026

- All charities could be required to submit tax returns this way – concerns about admin burden and relevance of data provided



Other VAT issues to note

- Advertising: VAT still applies to social media advertising but CTG is challenging this
- VAT deferral: Opt-in to stagger repayments over 12 months



Business Rates

- Charities and CASCs are eligible for 80% mandatory relief if building used for charity purposes [England]
- Devolved policy but similar approach in Scotland, Wales and NI
- HM Treasury review of business rates, including questions on rates reliefs and exemptions, valuation, and administration
- Charity rates relief are worth £2bn to the sector so vitally important
- Outcomes of the Review due in the Spring



Resources

- **Website:** www.charitytaxgroup.org.uk **Twitter:** [@CharityTaxGroup](https://twitter.com/CharityTaxGroup)
- **Weekly newsletter:** www.charitytaxgroup.org.uk/join-us/
- **Monthly update:** www.charitytaxgroup.org.uk/news-post/2021/new-monthly-bulletin-charity-tax-need-know/
- **COVID-19 Hub:** www.charitytaxgroup.org.uk/news-post/2020/coronavirus-information-hub-charity-tax-finance-professionals/
- **Training Sessions:** www.charitytaxgroup.org.uk/news-post/2021/charity-tax-group-expert-insight-training-sessions-implications/
- **HMRC guidance:** www.gov.uk/government/publications/charities-detailed-guidance-notes
- **HMRC recognition of charity:** www.gov.uk/charity-recognition-hmrc

Questions and feedback

For more information please contact
info@charitytaxgroup.org.uk or visit our
website www.charitytaxgroup.org.uk