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The Charity Tax Group Newsletter

November 2025

Now that the clocks have been turned back and the dark nights are upon us, it feels as though the world of tax is holding its breath in anticipation of what fireworks might explode from the Chancellor's budget at the end of this month.

Unlike many others we are keeping our powder dry in terms of speculating what might happen. We have submitted our response to the [budget consultation](#) - a measured response which recognises the reality of the economic pressures facing the country, whilst strongly making the case for preservation of our current reliefs and modest extension of reliefs where we believe the cost is nil or very low.

Whilst you wait expectantly for the first budget firework to light the sky, you might want to catch up on things we do know about including a further update from HMRC on their plans to mitigate against the impact of the Digital Markets and Consumer Credit Act (DMCCA) on Gift Aid on annual memberships.

Richard Bray,
Chair, CTG



Latest News

DMCCA

Further to our update last month, we have been made aware that the Department for Business and Trade (DBT) have confirmed by email that the implementation of Digital Markets and Consumer Credit Act (DMCCA) will be delayed until autumn 2026 at the earliest. They recognise that all stakeholders need time to prepare for implementation. This will be good news for those charities who have annual membership arrangements with their supporters and are grappling with the significant changes that might be required to their customer relationship systems (CRMs). HMRC have also now confirmed that no legislation will be published to deal with the impact [of the DMCCA] on Gift Aid in the Autumn budget. At the same time, they have confirmed that they will publish guidance which should enable maintenance of the current position. We are expecting to see this before the end of 2025 and we will of course keep you updated on the progress of the legislation.

VAT relief for Dummies

No, it's not a new publication that will enlighten you on all matters VAT, but good news that following a multiyear collaboration with the university sector (BUFDG), and Kerry Sykes digging out a very ancient tribunal case in which the judge also saw common sense, HMRC have updated their [VAT Notice 701/6](#), Charity funded equipment for medical and veterinary use. Until recently, HMRC considered that equipment could only be zero rated if it was capable of being used in medical practice. This meant that the replica items and models which are increasingly being used in training situations did not qualify for relief. Section 4.2.2 has been helpfully updated to make clear that 'Medical equipment' includes equipment which is designed for 'the training of medical or veterinary professionals'...Section 4.9 has been updated to describe when 'training models', which can now be *part or whole* of the human or animal body, can be zero-rated if they are to be used in medical or veterinary, or first aid training.

A binary question?

Agreeing a partial exemption special method is a challenge for many charities who make a mixture of taxable and exempt supplies. The default or standard method to calculate the percentage of reclaimable overhead VAT compares taxable and total income. Hippodrome Casino Ltd, which as you may know, runs a large casino in Leicester Square in London, wanted to agree a special method for its casino and restaurant using space rather than income as the

driver for VAT recovery but HMRC disagreed. After early success for the taxpayer in the First Tier Tribunal (FTT), HMRC have taken the last 2 rounds in the Upper Tier Tribunal and Court of Appeal. The court ruled that the taxpayer's preferred method of using space did not give a more accurate result than the standard method, and so the standard method should be applied. This is apparently a binary question, and so no room for Hippodrome to have another bite at the cherry and suggest alternate special methods. It is certainly worth thinking about some of the points in here before applying to HMRC for a special partial exemption method. You can find the full judgement [here](#).

A bad work [wo]man blames his [or her] tools...

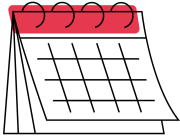
The second case we are reporting on this week is one where a taxpayer who had fallen foul of the new VAT penalty regime tried to blame the software they were using, citing the number of 1 star reviews the software had received on Trustpilot. As you might expect, the FTT was having none of it. A salutary lesson for anyone starting to file VAT returns that you need good software and people to comply. You can find the full judgement [here](#).



Tip of the Month

We recently published a [paper](#) by Cara Turtington and David Humphrys from Saffery on 'Green finance' and biodiversity net gains (BNG). Cara and David are also delivering our next expert session. The top tip from their paper was: "Because the corporation tax charge for BNG transactions will be driven by the accounting treatment, it is important to understand the accounting treatment and tax costs, including any corporation tax and the potential costs of using a trading subsidiary to generate BNG income, before they enter into such contracts. Failure to do so may result in the charity (and potentially a trading subsidiary) sustaining an economic loss on such contracts."

You can hear more about **Dealing with biodiversity net gains (BNG)** in our Expert session covering all things BNG on Monday 10th November. [Click here to book.](#)



Future Events

CTG Annual Conference

We are pleased to see that tickets for our CTG annual conference on 5th December 2025 are almost sold out. If you would like to book, then please get your skates on. The event will be held at the beautiful Royal Society, 6-9 Carlton House Terrace, London SW1Y 5AG. [Book now to avoid disappointment.](#)

CTG Autumn programme

Our training sessions will help charities get to grips with some of the more fundamental tax issues. They are suitable for any level of experience and will increase or refresh knowledge. The courses are suitable for those working or volunteering in small or medium sized charities as well as larger charities. The courses can be booked online using the links below and cost £35+VAT.

[How do I get my Gift Aid claims right?](#)

13/11/2025 at 3.30pm

Gift Aid is a valuable source of funding for many charities. But claiming Gift Aid is complicated and the HMRC guidance can be a resemble a Labyrinth, so it's important that charities get it right. In this session we will cover: When is charity income eligible for Gift Aid? How do you collect and store Gift Aid declarations? How do you submit Gift Aid claims to HMRC so they go through first time? What other rules should you be aware of? And how do you navigate the HMRC guidance?

[Do I need to submit a corporation tax return?](#)

26/11/2025 at 10am

Charities don't pay corporation tax...this statement is mainly but not totally true and that may be why this is one of the most popular questions we receive at Charity Tax Group. All charities need to consider whether their income streams fall into the charitable tax exemptions, and whether they need to file a tax return with HMRC. in this session we will cover: What are the charity exemptions for corporation taxes? How do they work in practice? What types of charity income could be taxable? What do you do if you have taxable income to report to HMRC or you get a request to submit a corporation tax return?

[What is employment status for tax? And when is a volunteer not a volunteer for tax?](#)

03/12/2025 at 3.30pm

If you have a contract of employment the tax position is quite simple. But if you engage someone to do something for you and they are not an employee, the landscape is a lot more complicated. Whilst the courts spend their time looking at the contracts of highly paid TV presenters, charities have to ask the same question about whether they can pay their 'volunteers' or other service providers without deducting any payroll taxes, or if in fact they should treat these payments as salaries. In this session we will cover: What is employment status and why does it matter? How do you determine employment status? How does employment status apply to volunteers? What can you do to reduce your tax risk in this area?

Our popular **Expert Insight Sessions**, are run as webinars, with expert speakers focused on issues and subjects with wide relevance.

Last chance to book:

- Monday 10th November – Dealing with biodiversity net gains (BNG) – Cara Turlington and David Humphrys – Saffery - [Book here](#)

Date for your diary:

- Thursday 15th January 2026 – Rates update – John Webber Colliers
-

Our **Gift Aid** and **VAT** practical issues working groups give charitable organisations the opportunity to discuss the details of these two important areas of tax. Meeting links will be sent out direct to your inbox however please [get in touch](#) if you have any questions.

Gift Aid Practical Issues Working group meetings: Date for your diary:

- Tuesday 2nd December at 4pm

VAT Practical Issues Working group meetings: Date for your diary:

- Thursday 11th December at 4pm

Our **Customs** practical issues working group meetings give charitable organisations the opportunity to discuss customs duties which arise on importing and exporting goods.

Customs Practical Working group meeting:

- TBC
-

We run regular sessions for our **Observer members** to share their experiences and the latest news and developments in charity tax. Meeting links will be sent out direct to your inbox however please [get in touch](#) if you have any questions.

Observer Member Meetings: Date for your diary

- Thursday 27th November at 3pm and 4pm

*registration links will be sent out direct to your mailbox

Our previous Expert Insight Sessions recordings and Newsletters can be viewed by clicking the buttons below:

[Expert Insight Recordings](#)

[Previous Newsletters](#)

We are pleased to feature our current Observer members on our website. To see the current list of members and learn more about their organisation please visit the [Observer section](#) on our website.

[OUR WEBSITE](#) / [CHARITY TAX INFORMATION](#) / [SUPPORT US](#)

If you have any questions, feedback or need assistance, please do not hesitate to get in touch. info@charitytaxgroup.org.uk

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