

[View this email in your browser](#)



Charity Tax Group Newsletter

February 2026

The longest month comes to an end...

January often feels quite long, with a substantial gap between pay periods, and a return to work after the festive season break. It has been a fairly quiet month in the world of tax. We are sharing another call for evidence on business rates launched in November, a reminder of the increase in the rate of interest on late payments of VAT, and successes in the Upper Tier Tax Tribunal (UTT) and First Tier Tribunal for taxpayers who want to take advantage of zero rating relief for supplies to people with disabilities..

But behind the scenes at CTG, things have been anything but quiet. We've been meeting policy makers, supporting members, and gearing up for a busy year of events, insight and advocacy, and we want you to stay close to it all.

To find the latest resources and keep up to date with charity tax news, follow us on [LinkedIn](#): It's the quickest way to stay connected!

Richard Bray, Chair, CTG



Latest News

CTG Hits the Road: Tax Insights Delivered Live in Oxford & Cambridge

We kicked off 2026 by taking CTG on the road, delivering two lively regional tax

update events with Mills & Reeve, first in Cambridge on 21 January, then Oxford on 29 January. Both sessions brought charity finance leaders together for practical briefings on the latest developments shaping the charity tax landscape.

From HMRC compliance updates to lessons from recent VAT recovery case law, the discussions were packed with insight. Our Charity Members also heard the latest on Gift Aid compliance, strategies for maximising value from real estate, and the tax and commercial considerations around large donations, with expert speakers from CTG and Mills & Reeve sharing best practice.

These events are a key part of our commitment to supporting members across the UK with accessible, high-quality updates.

We'll be running events throughout 2026 and hope to see you at our Expert Insight session on 12 February, [Booking is now open](#).



CTG Chair, Richard Bray, taking questions from Charity Members in Cambridge

Driving Charity Tax Reform: CTG in Westminster

CTG has been ramping up its Westminster engagement to ensure charity tax issues are firmly on the political agenda. Our new CEO, Luke Hall, has hit the ground running with a series of meetings with MPs and Parliamentary Spokespeople to champion a fair, modern tax system that reflects how charities operate today.

Gift Aid reform has been front and centre, protecting the £1.7bn relief while pushing for a digital, streamlined system that cuts errors and admin. We're also calling for modernised Charity Advertising Relief so social-media advertising is treated like other channels, removing unnecessary VAT costs. Alongside this, we're highlighting long-overdue updates to disability VAT reliefs, which as the two VAT cases we discuss below highlight, currently fail to reflect modern assistive technology. For charities delivering care, we're pressing the case to fix irrecoverable VAT on essential care-related costs that restrict capacity and frontline delivery.

This marks the beginning of a much more visible CTG presence in Westminster, and we'll continue making sure the sector's voice is heard loud and clear. If you'd like to feed into our policy work, do get in touch.



Matt Vickers MP meeting with our CEO Luke Hall to discuss the charity tax burden

How should we define 'disability'?

The decision in the case of [Mark Glenn Ltd \[2026\] UKUT 00034 \(TCC\)](#) about zero rating relief for people with disabilities was released towards the end of January. Although the case itself is about a very specific form of hair replacement, it is most interesting for the approach which the judges took to defining disability. HMRC had argued that hair loss was not a disability (notwithstanding the fact that they allow wigs to be zero rated) because it did not physically prevent everyday activities being carried out and that a matter of physical appearance was incapable of being a disability. The judges rejected this narrow interpretation and ruled that social context is also critical in understanding the impact of a disability. The full extract from the judgement is below:

'It is impossible to ignore that every day activity does not take place in the abstract but within a social context. The question is the nature and impact of the condition and that will depend on the particular facts and circumstances. The question of whether a condition amounts to a disability should in our view recognise that the impact of the condition may arise from the background social reality of how people with the condition are treated. We accordingly consider HMRC's purely physically based approach as too narrow when considering the impact of the condition. The assessment of the impact of disability should take full account of any real-world social context. To ignore the very real impacts a disfiguring condition might have on the everyday activity of someone seeking to go about the daily business of life, which will inevitably involve activity where one is visible to and required to interact with others, is to deny social reality.'

As this is an Upper Tribunal decision then it does set precedent which others may rely on.

Disability access card does qualify for zero rating

In this second case which was also released in January, the VAT Tribunal considered whether the [Nimbus Access Card](#) can benefit from zero rating [\[2026\] UKFTT 38 \(TC\)](#). Nimbus Disability Ltd is a company which provides a card which people with disabilities can use to evidence and communicate their needs to event providers. HMRC rejected a request that the card should be zero rated as goods designed solely for use by people with disabilities, because, they said, either that the card itself did not aid access and then on review that the card could not qualify as its ownership remained with Nimbus.

By the time of the Tribunal hearing, it appears that HMRC did concede that the card would qualify for zero rating if the Tribunal decided that the supply consisted of a supply of the card rather than any services associated with the card. The Tribunal chair does not appear to have been overly impressed with the quality of documents or arguments put in front of him and somewhat

enterprisingly turned to the 'landmark case' of Coggs v Bernard (a judgement from 1703!) to understand if the access card was effectively hired to the users.

The Tribunal decided that the card was hired to users and therefore did qualify for relief as goods which were solely designed for people with disabilities.

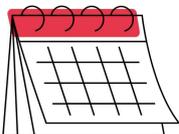
Although this is a First Tier Tribunal Case which is only binding on the parties to the case, it is persuasive if other taxpayers are having similar discussions with HMRC.

Business rates transformation from 'slab' to slice'?

Further to the consultation on [transforming business rates](#) (Oct 24) and [interim report](#) Sept 2025, the Government published a new [call for evidence](#) on how business rates can be reformed in England to incentivise investment. As well as looking at small business rates relief, empty property relief, and improvement relief, one of the core considerations of the paper is a move from 'slab' to 'slice' approach to calculating liability. This change which was proposed by the [CBI](#), and moves away from an 'all or nothing' ('slab') system to a banded ('slice') one, removing cliff edges and barriers to expansion is likely to be a popular proposal (many will remember the perils of stamp duty land 'slabs' tax before its reform to a 'slice' system). Although the consultation does not include any charity specific proposals, and most charities benefit from business rates relief, some charities will be liable for some or all of the business rates on their properties and may wish to respond directly, or [get in touch](#). The [consultation](#) is open until 18 February 2026.

Late payment interest on VAT is more expensive than you think

HMRC have [updated their guidance](#) to remind taxpayers that from April 2025, HMRC charges late payment interest on overdue VAT at the Bank of England base rate plus 4%, replacing the previous rate of BoE base rate +2.5%. Interest accrues daily from the first day the payment is overdue until paid in full, and Interest applies to late payments on account, VAT Returns, assessments by HMRC and error corrections by taxpayers. We seem to be moving more towards a situation where the interest charged by HMRC is more than compensation for late payment of tax.



Future Events

CTG Expert Insight Sessions

Our next Expert Insight session will be a session on Section 33 bodies and reclaiming VAT. Section 33 bodies include approved museums and galleries, academy schools, charities providing palliative care, medical couriers, search and rescue and air ambulances. This will be hosted by Kieran Smith and Hayley Hillfrom, Crowe UK on 12th February. [Booking is now open](#).

CTG Charity member Gift Aid and VAT working groups

Our very popular Gift Aid and VAT working groups are scheduled for 24th and 26th February. These sessions offer the opportunity for our charity members to share issues with peers working in other charities to get some practical support and ideas, and CTG are able to feed common themes of difficulties back to HMRC through our liaison meetings.

Registration 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 meeting dates:

- Tuesday 24th February at 4pm
- Tuesday 21st April at 4pm
- Tuesday 16th June at 4pm
- Tuesday 15th September at 4pm
- Tuesday 17th November at 4pm

VAT Practical Issues Working group meeting dates:

- Thursday 11th December at 4pm
 - Thursday 26th February at 4pm
 - Thursday 23rd April at 4pm
 - Thursday 18th June at 4pm
 - Thursday 17th September at 4pm
 - Thursday 19th November at 4pm
-

CTG Observer member sessions

Our very popular Observer member sessions are scheduled for 25th February. These sessions offer the opportunity for our observer members to hear about the latest charity tax changes, and to share practical tax issues they are facing when working with charities. CTG are able to feed common themes of difficulties back to HMRC through our liaison meetings.

Registration links will be sent out direct to your inbox however please [get in touch](#) if you have any questions

Stay connected! Follow us on



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

[Expert Insight Recordings](#)

[Previous Newsletters](#)

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

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.

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

Copyright © 2026 Charity Tax Group, All rights reserved.

You are receiving this email as you opted in.

Our mailing address is:

Charity Tax Group | 7/8 Avon Reach | Monkton Hill | Chippenham | SN15 1EE

Charity Tax Group (known as CTG), Registered as a limited company by guarantee in England - 08028281,
Registered charity No: 1211253

Want to change how you receive these emails?

You can **update your preferences** or **unsubscribe from this list**.