



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

John Hemming
Chairman
Charity Tax Group
Church House
Great Smith Street
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19 May 2016

Dear John

Thank you for your letter of 10 May, following my attendance at your annual conference.

It was a pleasure to speak at your conference and to hear your members' views on charity tax policy and their wider experiences of the UK tax system. It is always useful for me, and for my officials, to be able to hear directly from representatives of a wide range of charities. I would like to thank you for having welcomed me and my officials to your conference for the second successive year.

As I emphasised in my remarks to your members, this Government places a very high value on having an ongoing and constructive dialogue with the charity sector. Your letter highlights various areas of recent and ongoing engagement between the charity sector and the Government, including the development of the Apprenticeship Levy, charities' interaction with the Common Reporting Standard, and charities' exemption from the 45% tax on restitutorial interest. I would like to take this opportunity to thank the Charity Tax Group, in particular, for your insightful and valuable input into such discussions.

Your letter asked for specific reassurances, in the context of the EU VAT Action Plan, regarding the existing VAT zero rates from which many charities benefit. I would like to take this opportunity to reassure you that both of the options put forward by the Commission would preserve the UK's derogations and existing zero rates.

I hope that the existing dialogue between the Government and the Charity Tax Group will continue – and indeed strengthen – over the remainder of this Parliament, and I would encourage you to continue to share your views and concerns with me and my officials. For example, given your interest in the possible implications of the Common Reporting Standard for the charity sector, I hope that you – or a suitable representative of the Charity Tax Group – will be able to join the next charity sector meetings on this topic that

are being held at HM Treasury on 21 and 29 June. I would also welcome your continued and active engagement with my officials through the Charity Tax Forum, which is next due to meet on 24 June. Such meetings are important for ensuring that policy is designed and maintained effectively, and your ongoing assistance in these respects is therefore much appreciated.

Thank you once again for inviting me to speak at your conference and for your subsequent letter.

Sincerely
Damian Hinds

Damian Hinds
Exchequer Secretary to the Treasury