



charity
tax
group

Helen Whately MP
Exchequer Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London, SW1A 2HQ

28 September 2021

Dear Minister

Congratulations on your appointment as Exchequer Secretary to the Treasury.

We write to you as the leaders of sector organisations interested in the taxation of charities and Gift Aid. We look forward to working with you and building on the strong relationship we have enjoyed with previous Ministers responsible for charity taxation, and your officials via the HMRC Charity Tax Forum.

We recognise that there will be a need for HM Treasury to review all aspects of the economy in light of the pandemic. We encourage you to consult the charity sector as plans to reform the tax system are progressed. Charities can play a leading role in the COVID recovery and support the levelling up agenda, but it is important that the tax system facilitates this and does not act as an obstacle to service delivery. Charities benefit from important and valuable tax reliefs, and it is important that any reforms to the tax system do not have any inadvertent adverse financial impacts on charities. Charities already face a cumulative burden of taxation, both in terms of tax payable (particularly irrecoverable VAT and employment taxes) and the administrative burden associated with compliance, so steps to simplify the tax system would be very welcome.

As a minimum, existing charity tax reliefs (particularly mandatory business rates and VAT zero rates) should be protected. It is also crucially important that the tax system is future-proofed so that tax reliefs and tax compliance is appropriate for the digital age. The cross-sector "Future of Gift Aid" project is an excellent example of collaboration between charities, HMRC and businesses to use technology to maximise tax reliefs and minimise the tax gap and we would welcome your endorsement of this project.

We will be submitting more detailed comments in our forthcoming Budget submission and would welcome the opportunity to meet you soon.

Yours sincerely.

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Chair
Charity Tax Group

Caron Bradshaw OBE
Chief Executive
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The voice of charities on Tax

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