

# Charity Tax Group Annual Tax Conference 2019

4 April 2019

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# Charity Tax Group business

4 April 2019

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# Charity Tax Group Annual Tax Conference 2019

Chairman's welcome – John Hemming

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# Influencing the future of charity taxation





## Highlights from 2018

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- Important successes in the Autumn Budget on GASDS, Retail Gift Aid, Small Trading Exemption following representations to the Minister
- Gift Aid working group grown to over 80 charities enabling it to act as:
  - A vehicle to share best practice and maximise eligible Gift Aid claims
  - A vital sounding board for HMRC and HMT officials on emerging issues including proposed changes to fundraising materials and Gift Aid declarations
- Close work with HMRC to clarify the implications of Making Tax Digital including securing important improvements to the VAT Notice

## Priorities for the coming year

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- VAT research project
- Implementation of Making Tax Digital for VAT registered charities
- Extension of off-payroll working rules to the private sector (including larger charities)
- Project to review the future of Gift Aid
- Reviewing the Charity Tax Commission's findings
- Discussions with HMRC on key VAT issues including e-publications and advertising

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# How should the tax system treat charities?

John Hemming, CTG Chairman

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# Charities and the tax system

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- Charities benefit from important and valuable tax reliefs

BUT

- Cumulative burden of taxation, both in terms of tax payable and the administrative burden associated with compliance
- Complying with new tax reporting/compliance requirements often requires investment in new IT infrastructure, training and professional advice,
- These costs and complexity can undermine the benefit of the tax relief

## Review of core principles

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- Charity Tax Commission review currently underway.
- Core principles stated in CTG's response to the Call for Evidence
  - Dangerous precedent to tie access to and eligibility for tax reliefs to a public benefit test. Who would be the arbiter of the definition?
  - Critical charities can operate within a regulatory and tax regime that is non-partisan and does not create tiers of charity status
  - Charity sector is not homogenous and the way that taxation and associated reliefs affect different types of charity depends on their size, activities and structure
  - May not be a "one-size-fits-all" solution

## Review of core principles

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- Core principles stated in CTG's response to the Call for Evidence
  - Gift Aid is not a public subsidy. It is related to an individual's tax bill and it is based on the principle that money given away for the public benefit is not subject to tax
  - Legal tax relief on giving for individuals must not be conflated with tax avoidance
  - Wider anti-avoidance legislation needs to be proportionate and targeted to avoid unintended consequences for charities

## Things to address

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- Review of VAT rates and reliefs an important opportunity for a review of the distortions in VAT system faced by charities
- Steps to be taken to address the cumulative burden of compliance with the tax system for charities. Changes to tax reporting requirements cost charities time and money
- Charities do not benefit directly from corporation tax reductions, often used to stimulate the economy and improve competitiveness. This imbalance should be addressed through other tax reliefs (e.g. R&D reliefs)
- Positive steps to be taken to support philanthropic giving through the tax system



# How should the tax system treat charities? A review of core principles

Charity Tax Group Annual Conference 2019

Nicola Evans, Charity Counsel



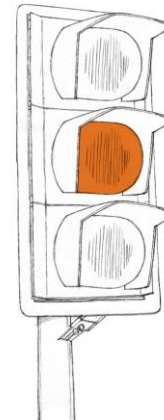
## Charities and tax – the core principle

- Charities should enjoy exemption from taxation - provided applied for charitable purposes
  - Long history
- Charities exist for the public good
- In interest of society and Government to encourage charity and charitable giving
- It goes against that interest to devalue the charitable impulse



## But – is the principle under threat?

- Directly? Rarely
- But:
  - The undeserving charity/charitable purpose
  - The stealth tax



# Business rates

- Vital relief for charities
- Scotland:
  - Barclay review - Non-domestic rates (Scotland) Bill
    - Mainstream independent schools
    - OSCR response
- Wales:
  - Consultation expected:
    - Charitable schools and hospitals
- Northern Ireland - ?charitable hospitals?
- England - ?no plans?



## Probate fees

- Current fee - £155/£215
- Proposed “fee” - £0 - £6,000
  - Increase in some estates of 2,700%
  - HMT expects ONS to classify as a tax
  - OBR, Economic and Fiscal Outlook (March 2019) – “expected to generate £155 million a year in additional tax receipts”
- MoJ – “This is not a tax – and any decision by the ONS to define it as such would be purely for accounting purposes”



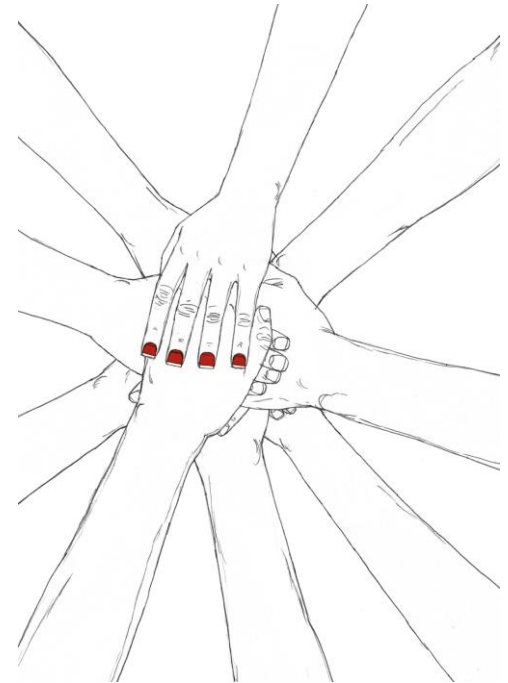
## Why does it matter?

- No charity exemption – cf IHT
- ILM: expected loss to charity sector = £10m pa
- Criticised by both Parliamentary Scrutiny Committees (twice)
  - Doubts over power
  - Unexpected use of power
- What next ....?



## Standing up for the principle ...

- Write to your MP:  
<https://www.lawsociety.org.uk/news/stories/take-action-against-probate-stealth-tax/>
- Probate fees petition:
  - <https://petition.parliament.uk/petitions/232192>





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# Charity Tax Commission: progress update

Sir Nicholas Montagu

Chair of the Charity Tax Commission

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# View from the Government

Robert Jenrick MP, Exchequer Secretary to the Treasury

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# Q&A

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# VAT research project and Brexit updates

John Hemming, CTG Chairman

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# Research Project on the value of VAT relief for charities in the context of Brexit

Charity Tax Group Annual Conference  
4 April 2019

## Introduction

- London Economics is a specialist economics and policy consultancy. We advise an international client base throughout Europe and beyond on:
  - Economic and financial analysis
  - Policy / program development and assessment/evaluation
  - Focusing on education, health and social care, and social work
  - Business strategy, and regulatory and competition policy
- Focus, among others, on education, health and social care, social work, debt issues
- We previously worked with the Charity Tax Group (CTG) in the 1995 on a study producing the first detailed analysis of how VAT affects the sector



## Project objectives

- The objective is to quantify the value of existing and proposed EC reforms to VAT reliefs for charities in the UK
- The analysis will be undertaken by subsector and for the UK charity sector as a whole
- The research outcomes will provide CTG with a clear set of pragmatic and costed reform proposals for Budget submissions to HM Treasury and in response to other tax reviews

# How will the objectives be achieved?

## 1. Data collection exercise

- We will work closely with CTG to identify information that will need to be collected from charities in order to be able to assess the impact of the VAT reform scenarios
  - Detailed VAT information on supplies bought by charities, VAT reliefs/exemptions, the amount of irrecoverable VAT that charities face, etc – will work closely with CTG to determine the right questions to ask
  - Selection of a representative sample of charities to be included in the detailed assessment of the VAT reform scenarios
  - Survey of approx. 200-250 charities to collect the required information
    - Aim to launch pilot survey in May
    - Full survey to be launched in June and fieldwork to last up to 1 month

# How will the objectives be achieved?

## 2. Analysis

- Selection of VAT reform scenarios to be assessed
- Use of Excel-based model to assess the different scenarios at the charity level and for all the charities in the sample
- The sample results will be grossed up to provide estimates for the charity sector as a whole

## 3. Deliverables

- We will deliver a report of the findings and share the Excel model with CTG with a supplementary user guide
  - Provisional deadline: Summer 2019

**Questions?**

## Contact details

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Luigi Lungarella  
VAT research project and Brexit  
4 April 2019

# Brexit – statutory framework

- EU law
- UK's VAT system likely to largely mirror existing procedures
- Barriers to trade
- Statutory framework
- Withdrawal agreement provides for a transition period to 31 December 2020
- Immediate issues arising if no Brexit transition

# VAT and a 'no deal' Brexit - Imports

- Goods imported from the EU to the UK after withdrawal
- Import VAT deferment
- Charity able to account for import VAT on its VAT return
- Easement will be applicable to both EU and non-EU imports
- Payment of other duties
- Customs processes and procedures
- Temporary tariff regime
- Additional reliefs available
- Low value consignment relief will no longer apply



# VAT and a 'no deal' Brexit - Exports

- Goods exported from the UK to the EU after withdrawal
  - Business-to-business supplies
- EU Member States treatment of associated imports:
  - In line with goods entering from other non-EU countries
- Customs procedures:
  - Export declaration
  - Customs checks
  - Import VAT
  - Import duty and excise duty
  - EORI number

# VAT and a 'no deal' Brexit - Exports

- Business-to-consumer supplies:
  - Distance selling arrangements
  - Additional registrations
- Typical scenarios
  - Country of sale different from where the goods first enter the EU
  - Triangulations
- Review of relevant rules:
  - Filing
  - Payment
  - Refund mechanisms
- EC Sales Lists and Intrastats

# VAT and a 'no deal' Brexit - Services

- Place of supply rules
- B2C services to customers in 'third countries'
- Use and enjoyment provisions
- Digital services
- Mini One Stop Shop (MOSS)
  - Non-EU Scheme
  - Transition period
  - The dreaded alternative

# Reliefs

- The zero rate
- Education
- Care and welfare
- Health
- Physical recreation
- Culture
- Professional bodies and trade unions
- Charity fundraising
- Land and housing
- Cost sharing

# Questions?



# Q&A

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# Future of Gift Aid and giving

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*giftaid it*

# The Future of Gift Aid

Barnaby Brand,  
Fundraising Compliance Manager  
Age UK

# The Future of Gift Aid – Setting the scene

- Gift Aid has been around in its current form since April 2000.
- In 20 years the world has made considerable changes.
- Methods of payment have changed and the options have grown.
- The way donors interact with charities has changed radically.

# The Future of Gift Aid - Giving

- In the past there were cash donations, cheques, standing orders and Direct Debits.
- Now we have card payments via websites, and reoccurring card payments.
- We have card present and contactless payments.
- We have on demand bank transfers, which can be done from your mobile phone or smart watch.
- There are many third party platforms which can take any or all of these on behalf of charities, and then channel it to them.

# The Future of Gift Aid - Engagement

- Many more channels, not just letters and telephone calls.
- Digital for preference, e-mail, live chat, social media.
- Things move much faster, even instantly, and the expectation of supporters is that charities will match the pace of business.
- GDPR is here, and soon we will have e-privacy, other regulation has a much greater impact on Gift Aid than in the past.
- This is all much harder than it used to be!

# Future of Gift Aid and giving

Phil Sears, HMRC

**@CharityTaxGroup**

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# Future of Gift Aid and giving

David Michael, Streeva

**@CharityTaxGroup**

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# Automating Gift Aid

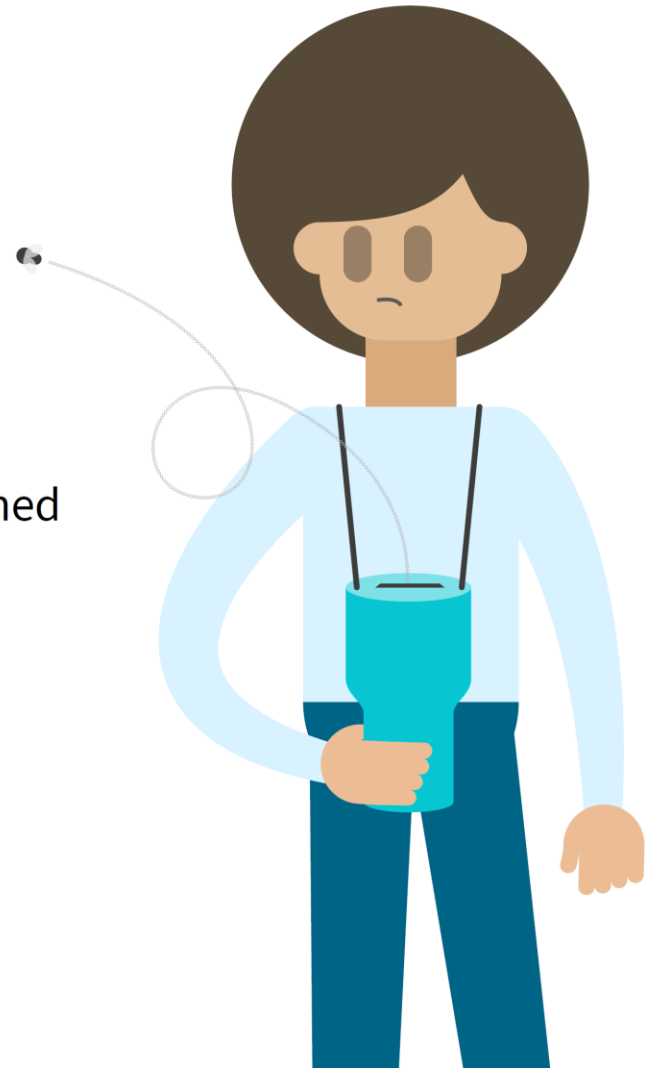
£560 million missed  
in Gift Aid each year

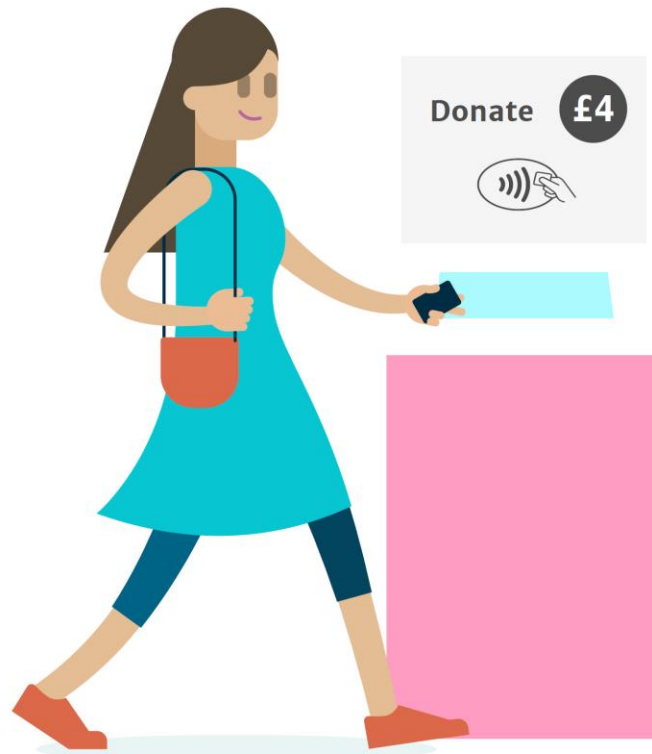


£560 million missed in Gift Aid each year

Just 19% of donations under £10 have Gift Aid attached

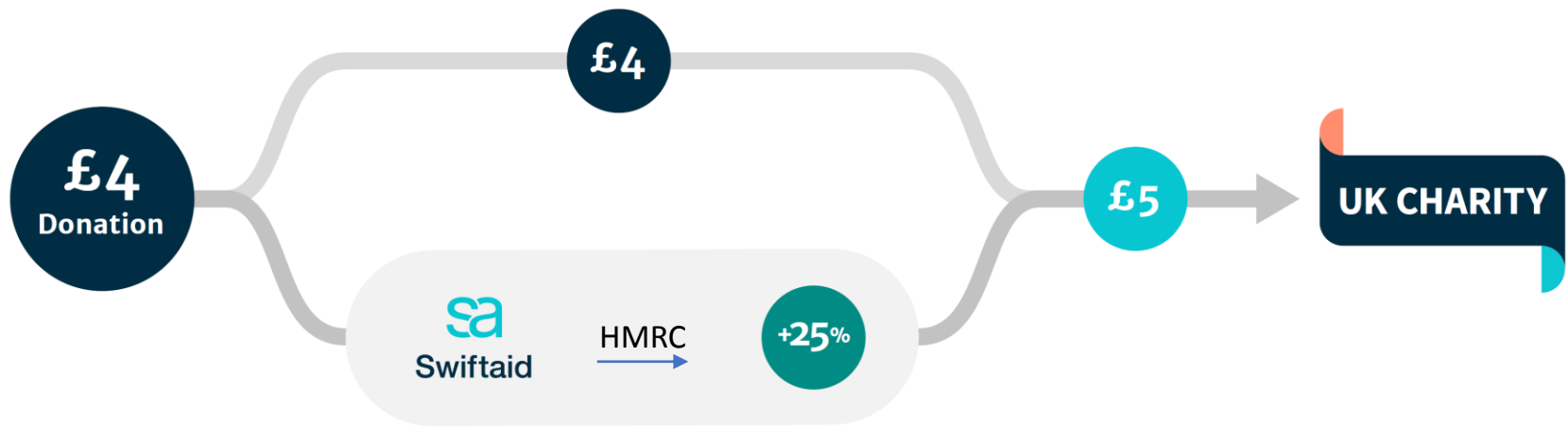
Card payments overtook cash in 2018

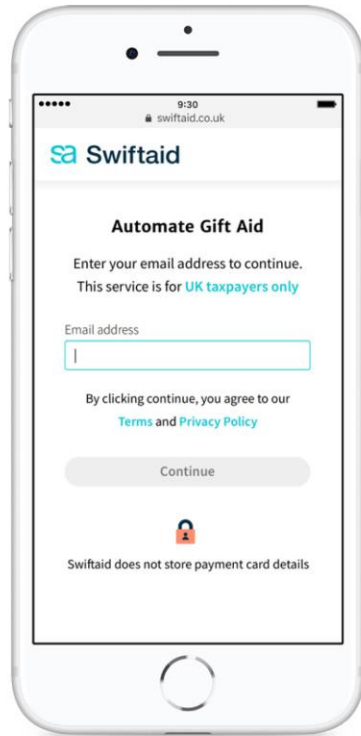




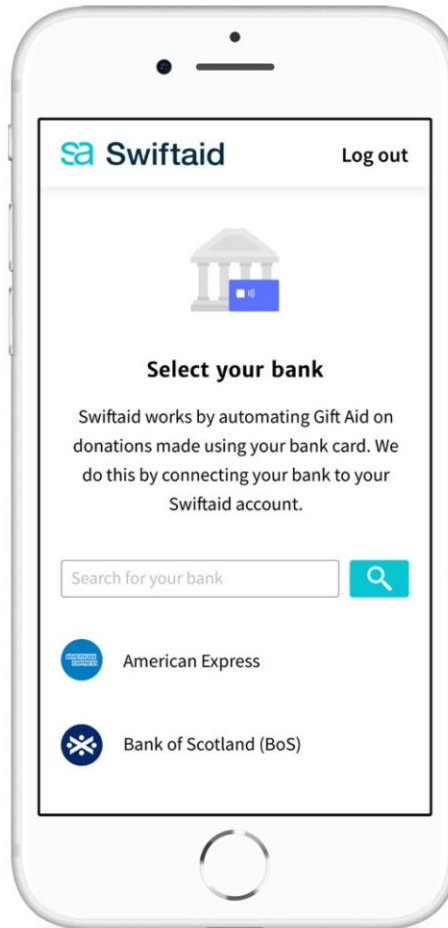
**sa Swiftaid**

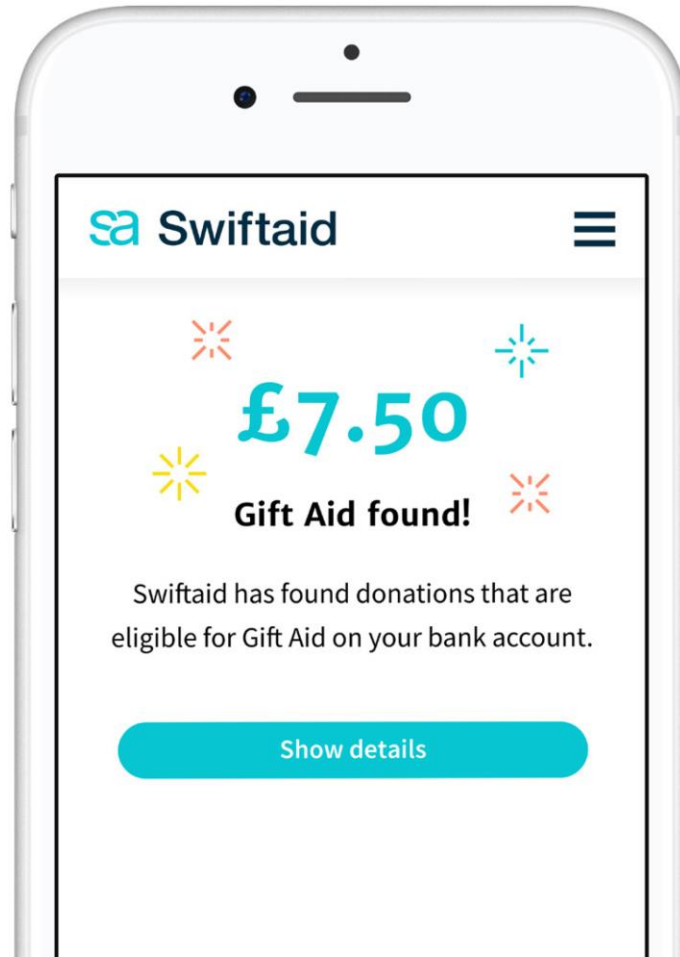






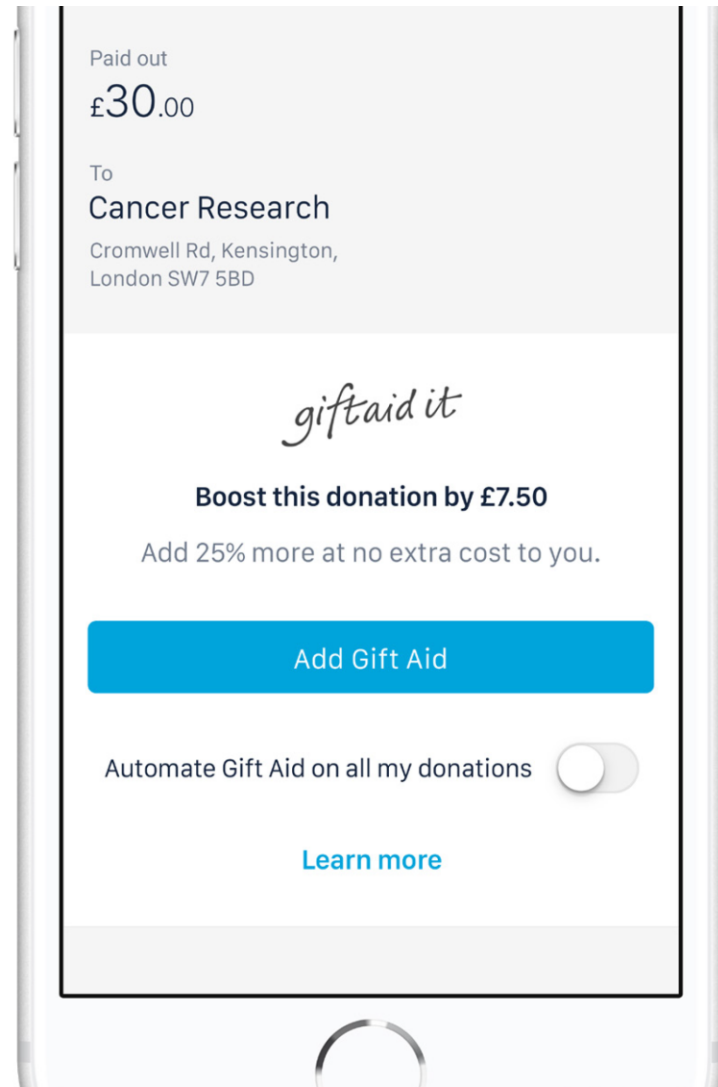
Swiftaid is a digital intermediary that automates the collection of Gift Aid on behalf of donors and charities.







## Add Gift Aid via your bank app



## Benefits for Donors

+ 25%

### **Give more effortlessly**

No need to fill in forms each  
time a donation is made

Reduced  
**TAX**

### **Automated Tax**

End-of-year statement  
help aid tax refunds



### **Privacy**

Remain anonymous  
to all charities

## Benefits for Charities



### **GDPR**

No donor information  
shared with charities



### **Thank you notes**

Ability to say thank you  
to anonymous donors



### **Admin**

Swiftaid handles the entire  
Gift Aid process

Donation eligibility through a single terminal

Stage 1



Stage 2

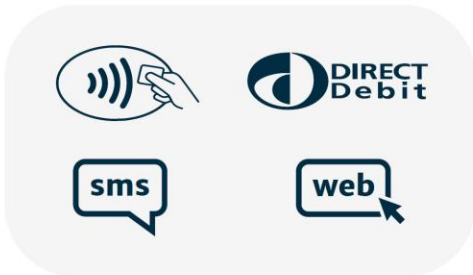


Stage 3



25%

+



What if...

*declarations are created based on the donor's tax account?*

Reduce the burden on the donor

No tax repayment risk

Reduce £180 million tax gap

The Natural History Museum comes to the Visa Innovation Center to pilot the Swiftaid experience – 3 minute video

<https://www.youtube.com/watch?v=yk1uPnkX-Qk>

Swift Aid FAQs

<https://swiftaid.co.uk/faq/#1537971577180-c6ddade6-9ea7>

Join our community forum  
<https://community.streeva.com>

# Questions



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# Q&A

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# Topical VAT updates

Fav Iqbaal, Cambridge Assessment

Graham Elliott, Charity Tax Group

Amanda Darley BUFDG

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## VAT cases: Balhousie

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- Court of Session (CoS) decision against tax payer
- Related to a zero rate 'clawback' where there had been a 'sale & leaseback'
- CoS decided that freehold sale was a separate disposal of entire interest despite the leaseback
- Was CoS correct? No!
- Not disposal of entire interest – this now supported by CJEU decision in *Mydibel C-201/18 (27 March)*

## Greenisland FC

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- Upper Tribunal gave a ‘mixed’ decision
- Related to zero rate for RCP construction in context of local sports venue
- UT decided that it shouldn’t have been zero rated, but
  - Accepted that trustees had not acted negligently in providing certificate, so no penalty
  - Was this correct?

## Greenisland FC

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- Probably not. The structure should be zero rated per *Caithness* decision. But the UT disliked the FT's reasoning and, in any case, decided for the charity on the negligence point
- Leaves position unclear and encourages HMRC to continue to challenge

## Learning Centre Romford & LIFE Services

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- Upper Tribunal (UT) decided that certain private care services are not exempt
- Related to exemption for private providers, and only impacts on charities indirectly
- Case boiled down to whether certain care services that were not regulated in England should be exempt because they were regulated in Scotland and thus exempt there
- UT decided that the Scottish/English difference was a genuine difference and that the different tax outcomes were sustainable
- Only relevant to charities if they want to use a private company to make the supplies taxable – works in England but not in Scotland

## Wellcome Trust

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- FTT decision – now under appeal
- Whether the ‘reverse charge’ for imported services applies to a charity merely because it is registered for VAT when it acts in a non-business (private) capacity?
- FTT said there was no reverse charge because EU law requires the importer to be ‘acting as such’ (as a ‘taxable person’) and Wellcome Trust wasn’t
- Analysis of ‘acting as such’ involved pondering what it could possibly mean, and this is open to a range of interpretations



## Wellcome Trust - Relevance

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- Wellcome Trust is unusual in being registered for VAT but being overwhelmingly 'non-business'. It could be a unique decision based on those facts
- *But* the appeal will help us understand if wider factors are in play (or, indeed, whether the FT was wrong) – *WATCH THIS SPACE!*

# Roman Catholic Diocese of Westminster

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- FTT decision in favour of charity
- Whether new church hall an 'annex' for the purpose of zero rated construction
- HMRC argued: (i) Boiler, and (ii) no new function
- FTT decided that both were not relevant factors

# Roman Catholic Diocese of Westminster - Personal view

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- Correct decision
- The 'boiler' issue is unrealistic and trivial. The function to which annex put can never define it as not being an annex per se
- *BUT – should HMRC have argued that overlap of footprint of church hall with former church was fatal?*

## Birmingham YMCA and ors

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- FTT decides against charities, which wanted to tax services to the local authority
- Whether certain services helping young people were welfare services for 'distressed'
- HMRC said they were and thus exempt. FTT agreed

## Birmingham YMCA and ors - Comment

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- Decision may be correct, but reveals inconsistency in HMRC interpretation of 'distressed' over the years
- Charities may be able to use those points in their favour in some cases
- This decision is very 'fact-sensitive', so handle with care....

## Other recent developments

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- VAT Guidance
  - Sponsorship – new Notice published in January 2019
  - Medical and Veterinary equipment – updates published in the autumn
  - Grants and contracts – possibility of further review later this year
- E-publications
  - Member States now allowed to introduced reduced/zero VAT rates for e-publications
  - Government still to confirm position but CTG and BUFDG have held positive discussions with officials

# Q&A

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# Round-up of other topical tax issues

Andrew Disley, Save the Children UK

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## Charity Tax Group Conference 2019

Mobility Tax update, Paul Gravett, Deloitte

- 4 April 2019

# Mobility Update

## Agenda

Brief overview of the employer obligations in respect of internationally mobile employees

### Inbound employees

Where does a PAYE obligation exist?

When is there a reporting and withholding responsibility?

STBVs and Special PAYE Arrangements

### Outbound employees

UK Tax Residence Status and PAYE reporting and withholding requirements

HMRC Agreements for outbound employees

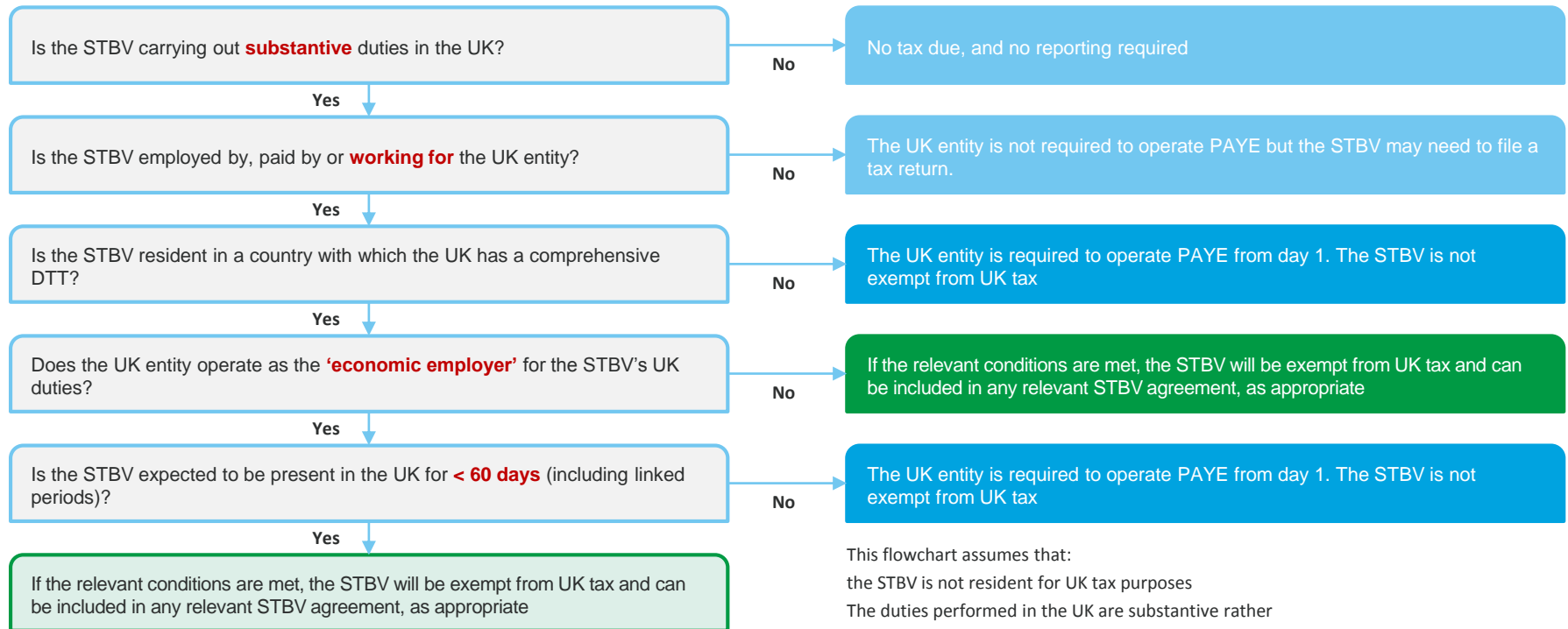


# Inbound Employees



# Mobility Update – Inbound Employees

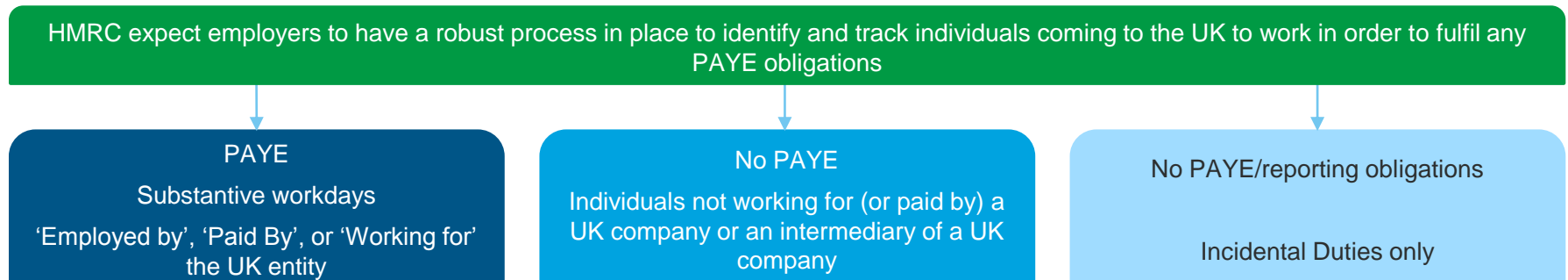
## Where does a PAYE obligation exist?



This flowchart assumes that:  
the STBV is not resident for UK tax purposes  
The duties performed in the UK are substantive rather than merely incidental to the non duties performed outside of the UK

## Mobility Update – Inbound Employees (continued)

When is there a reporting and withholding obligation?



Where PAYE is due, a relaxation of the strict PAYE withholding rules can be applied for (e.g. Short Term Business Visitor Agreement); however, beware of branch structures and Non-Treaty countries.

'Working for' has a specific definition in this context; to be 'working for' the UK company, the UK company needs to have the right to exercise a degree of management and control over the work performed in the UK.

The definition of incidental duties is becoming increasingly narrow.

# STBVs and Special PAYE Arrangements



## Mobility Update – Inbound Employees

### EP Appendix 4 – Short Term Business Visitors (STBVs) Arrangement

- Must be **resident in a country with which the UK has a Double Taxation Agreement**
- Coming to work in the UK for a UK entity
- Expected to stay in the UK for **183 days or less** in any twelve month period (consider **60 day** rule)
- Remuneration **not ultimately borne** in the UK (i.e. after any recharging)
- **Economically employed** by a separate non resident company

#### Does NOT apply:

- To branch employees (e.g. employees of a UK entity's foreign branch or a foreign entity's UK branch).
- Individuals from non treaty countries





## Mobility Update – Inbound Employees (continued)

### Special PAYE Arrangement for Short Term Business Visitors (STBVs)

- Designed to reduce employer burden for operating PAYE in real time for ad hoc visitors who are **not entitled to relief under a treaty**.
- Allows employers to operate PAYE on an annual month 12 basis for STBVs with **no more than 30 UK substantive workdays** in the tax year.
- All cash and non-cash earnings are included in the payroll to the extent they relate to UK workdays.

#### Key Updates from 6 April 2020:

- Extension from 30 to **60 UK workdays**
- Reporting **deadline extended** from 19 April to **31 May** following the end of the tax year.



# Outbound Employees



## Mobility Update – Outbound Employees

### UK Tax Residence Status and PAYE reporting and withholding requirements

#### Tax Residence Status and PAYE/NIC withholding

<b>Outbound long Term</b>	<b>Not Resident:</b> <ul style="list-style-type: none"><li>• Individuals remaining on UK payroll but likely to break UK tax residence</li><li>• Maintains non-resident status by meeting non resident conditions and limiting return trips to the UK</li></ul>	<b>PAYE/NIC:</b> <ul style="list-style-type: none"><li>• No Tax (NT) application (Form P85)</li><li>• Likely on-going liability to UK NIC</li><li>• (A1/Certificate of Coverage/52 weeks) – dependent on host country</li></ul>
<b>Outbound Short Term</b>	<b>Resident:</b> <ul style="list-style-type: none"><li>• Individuals likely to remain UK tax resident</li><li>• Frequent return trips to the UK, for work or family reasons</li><li>• Retained UK home, and may/may not have obtained a home overseas</li></ul>	<b>PAYE/NIC</b> <ul style="list-style-type: none"><li>• Continuing PAYE obligation</li><li>• Requirement to report overseas compensation for UK tax and NIC</li><li>• Likely on-going liability to UK NIC (A1/Certificate of Coverage/52 weeks) – dependent on move type</li></ul>
<b>Outbound Commuter</b>		
<b>Permanent Transfer</b>	<b>Not Resident:</b> <ul style="list-style-type: none"><li>• Individuals who have switched to overseas payroll and likely to break UK tax residence</li><li>• Maintain non-resident status by meeting non resident conditions and limiting return trips to the UK</li></ul>	<b>PAYE/NIC:</b> <ul style="list-style-type: none"><li>• OT code for post-P45 payments</li><li>• But consider s690 for return UK workdays</li><li>• Unlikely to be on-going liability to UK NIC</li></ul>

## Mobility Update – Outbound Employees (continued)

### HMRC Agreements for Outbound employees

- **Appendix 7B – National Insurance NICs Settlement Return**
- Earnings delivered by an overseas employer or ad hoc payments outside of regular payroll can be difficult to obtain within the UK monthly reporting deadlines
  - Employees assigned to work abroad for a limited duration, but for > 1 year
  - Have an on-going liability to UK NICs whilst abroad
  - Earn above the upper earnings limit in every earnings period throughout the
  - Receive some earnings and benefits from the employment from sources other than the UK



## Questions – ?

If you have any questions about the topics raised today or would like to discuss further please contact me

### **Paul Gravett**

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Smart decisions. Lasting value.

# **Off Payroll Working 4 April 2019**

## **Caroline Harwood**

# Agenda

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- Understanding the current rules
- What are the proposed changes to the IR35 rules (as announced in the Autumn Budget 2018 from April 2020)
- How to manage the organisation's current and future risks of hiring 'off payroll workers'
- Steps to take now



# Who doesn't it apply to?

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## Contracts for a fully outsourced service

Not defined anywhere in legislation but the key questions appear to be:



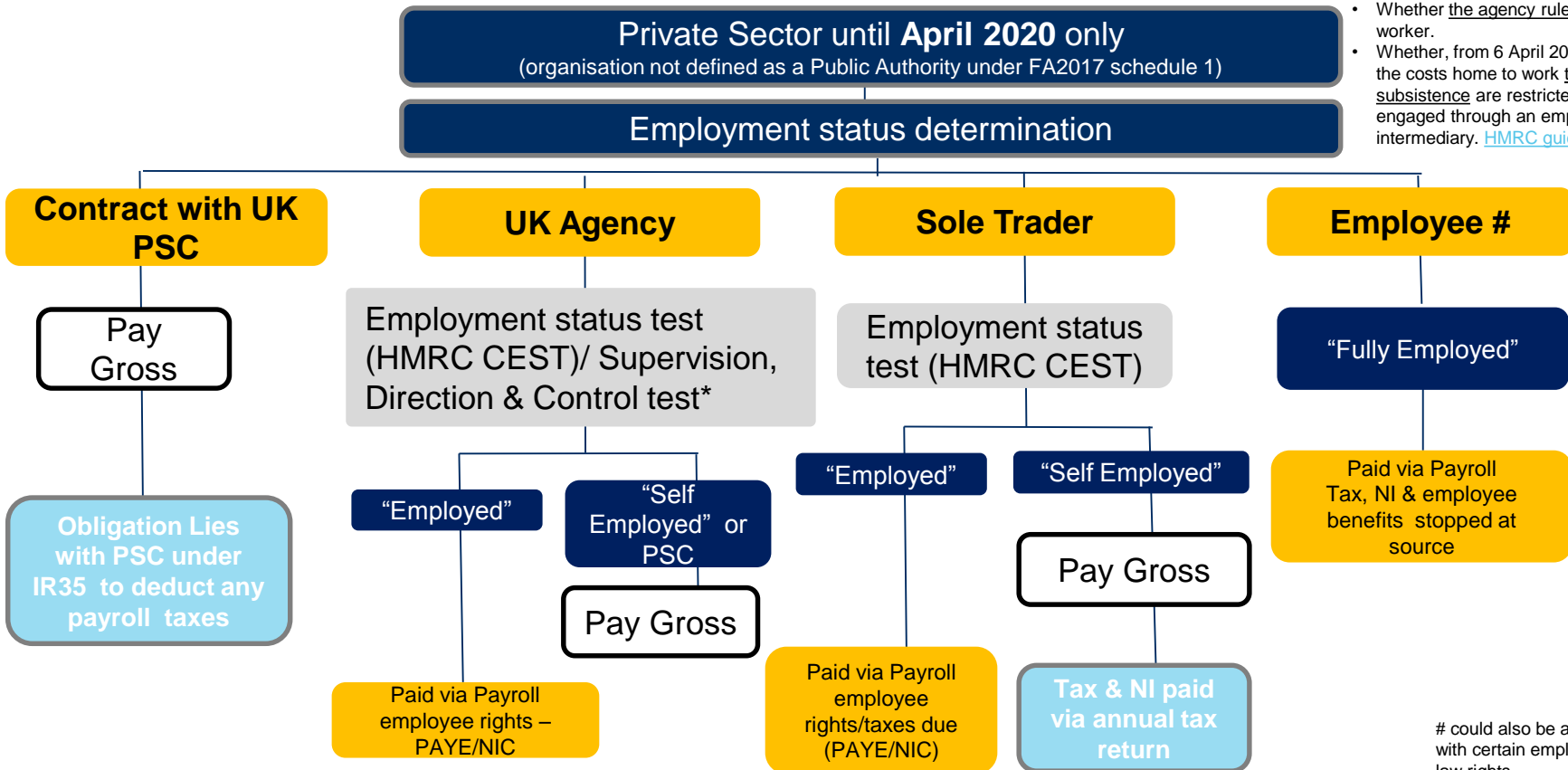
- Is the client contracting for a **person or a service**?
- Is the client contracting for a **specific individual**?
- Has the client **requested** someone to fill a specific named role?
- Has the client requested a **specific output**?

- Where is the work to take place – **client's or consultant's premises** or at home?
- Who will the worker be **managed** by on a day-to-day basis – client or consulting firm?
- Who will the worker **report to** – client or consulting firm?
- Will the worker be '**embedded**' within a client team or work alongside them, reporting to the consulting firm?

# Current Rules: Private Sector Decision Tree

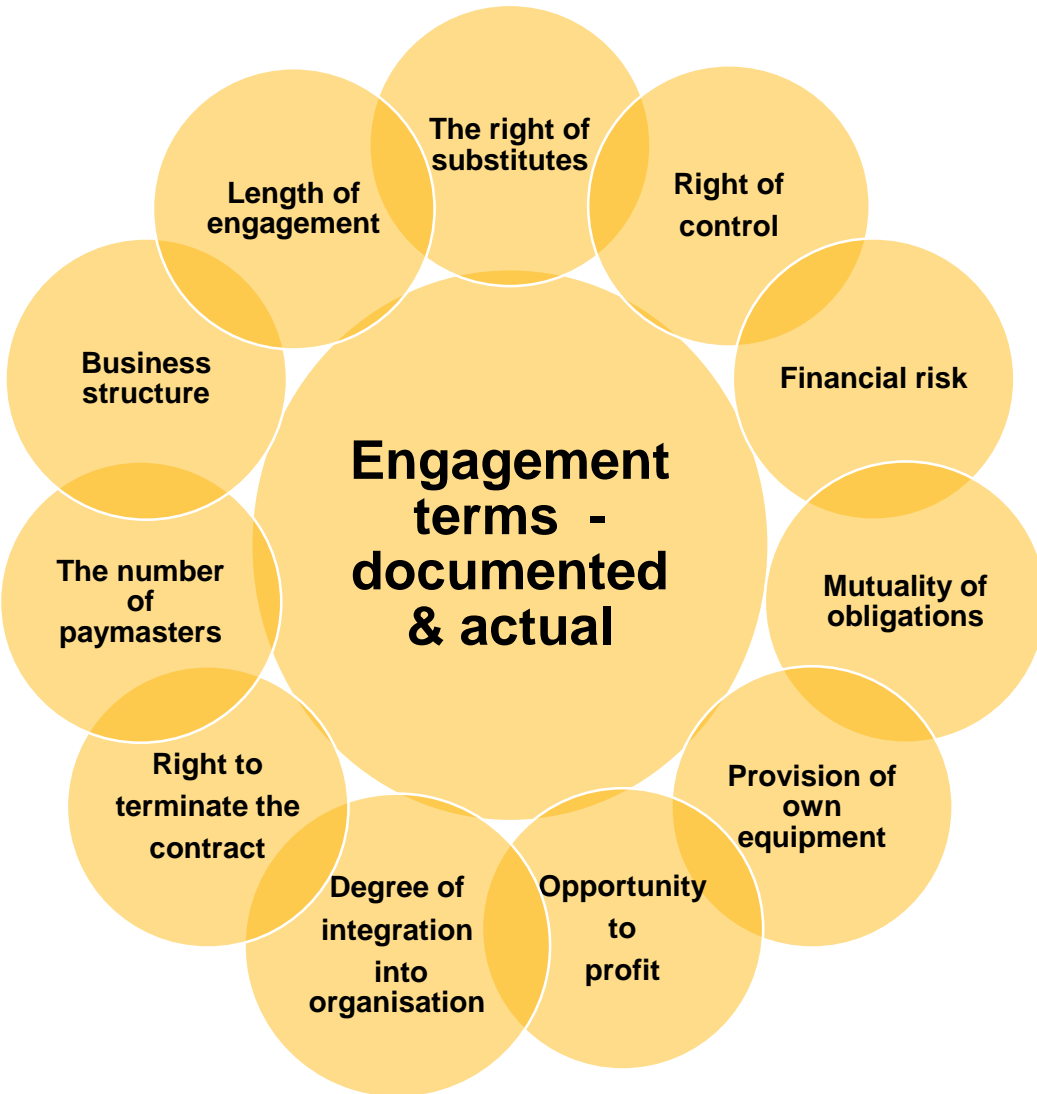
\*It is necessary to consider whether a worker is under the supervision, direction or control (SDC) of their client in order to determine:

- The employment status of a worker.
- Whether the agency rules apply to that worker.
- Whether, from 6 April 2016, tax relief on the costs home to work travel and subsistence are restricted for workers engaged through an employment intermediary. [HMRC guidance](#)



# could also be a worker with certain employment law rights

# Primary tests of employment



## Control:

- Right to control what the worker has to do, where it has to be done, when it has to be done and how it has to be done

## Mutuality of obligation:

- Engager obliged to pay the worker; worker obliged to provide his own work or skill

## Personal service:

- Obligation of the worker to provide personal service rather than send a substitute

# What was in the recent announcement/consultation document?

---

- Off payroll rules to be extended to private sector from **6th April 2020**
- Broadly speaking, the rules will require the private sector businesses impacted to follow the current Public Authority (PA) under FA2017 schedule 1
- The changes to the current regime will also apply to public sector bodies

The reform will **not** apply to the smallest 1.5 million businesses. Not yet agreed, but a company is small under Companies Act if two or more of the following conditions are met:

The company does not have

1. turnover of more than £10.2 million
2. balance sheet total of more than £5.1 million
3. more than 50 employees

For unincorporated bodies the test is likely to involve 1 and 2 above.

# What was in the recent announcement/consultation document?

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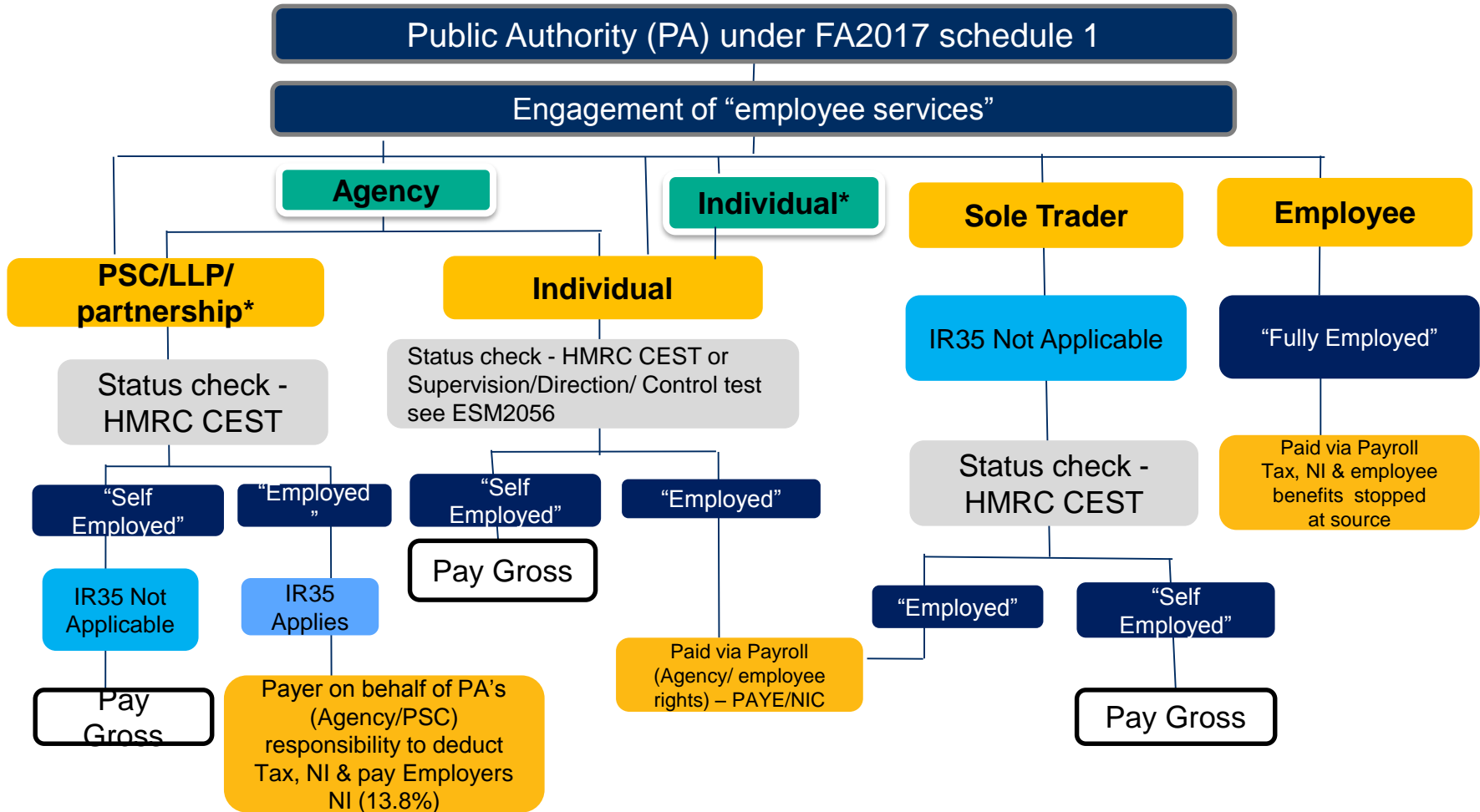
Proposal to legislate that for public and private sector:

- a determination must be supplied and the reasons for the determination are cascaded to all parties if requested within the labour supply chain
- liability to pay PAYE/NIC moves down the supply chain to the party who has failed to meet its obligations
- client-led status disagreement process based on a set of requirements set out in the legislation

# Current Rules: Public Sector Decision Tree

\*The legislation will only apply where the intermediary satisfies specific conditions of liability. Guidance on those conditions, can be found at:

- a company, see ESM8045
- a partnership, see ESM8055
- an individual, see ESM8060



# Who does it apply to? What types of intermediaries?

## Condition A - Personal Services Company (PSC) – Section 610

- Individual, associate or family member (can include unmarried partner):-
- who **Control**, or have the ability to control, more than 5% of the ordinary share capital of the company directly or indirectly; or
- who have, or are entitled to acquire, **rights** to receive more than **5% of any dividend** from the company; or
- who possesses or are entitled to acquire, **rights** over more than **5% of the assets** that would be available for distribution if the company is wound up (close companies only); or
- Who receive or could receive, **payments or benefits** directly or indirectly from the intermediary which are not employment income, but could reasonably be taken to represent payment for the service of the individual provides to clients.

**A close company is a limited company with five or fewer 'participators', or a limited company of which all the 'participators' are also directors.**

Worker is under a legal obligation to reply to a request from a public authority in 30 days.

# Who does it apply to? What types of intermediaries?

## Condition B - Partnerships –Section 61P

- Individual or family member (can include an unmarried partner) are entitled to 60% or more of the profits of the partnership; or
- all or most of the partnership's income comes from providing services to a **single client**, or to a single client and its associates; or
- the **profit sharing arrangements** in the partnership are designed to ensure that the individual receives an amount based on the payment received for services to clients for engagements within the IR35 legislation.

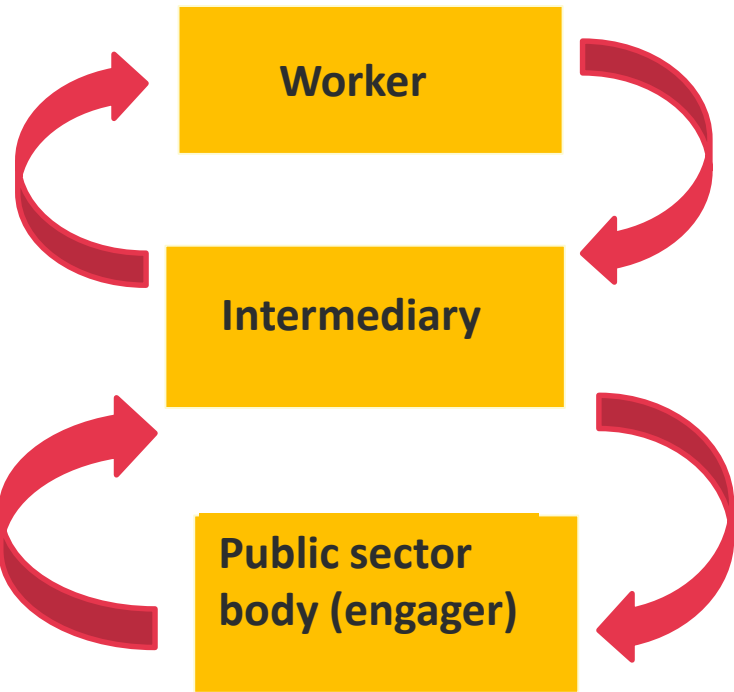
## Condition C being an individual is an intermediary

- Individual receives, or could receive, **payments or benefits** that could reasonably be taken to represent payment for the services the individual provides to clients.

Worker is under a legal obligation to reply to a request from a public authority in 30 days.



# Current public sector rules summary



Where agency supplies the intermediary, the agency will operate any tax/NIC due

- 1 Determine whether off-payroll working rules might apply – **outsourced or labour?**
- 2 Obtain details on **profile of the contractor entity**– PSC/LLP etc usually documented for 5%/60% rules
- 3 Undertake a **Status check**
- 4 Make sure **tax/NIC** deducted where necessary – via payroll
- 5 Make sure the process for **appeals/ request for ruling \*** is effective

\*Where the organisation does not reply to the written request from an agency or other third party as to whether the off-payroll rules apply within 30 days, they become responsible for the PAYE/NIC obligations as if it were a fee-payer

# Extending the public sector rules to the private sector

But when does a worker personally provide services?

Chapter 8 and 10 apply where a worker ‘personally provides services’

**Red wording** indicates liability under Public Sector Rules and if extended to Private Sector

Public Sector rules:



If extended to private sector\*:



\*Large and medium businesses only (M/L)

# Linkage with other legislation

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- **Agency legislation:** where an agency contracts directly with the worker as an employee and operates tax and NICs, or engages them on a self-employed basis but operates tax and NICs under agency rules, then the off-payroll working rules do not apply. (See Chapter 7, Part 2 ITEPA 2003).
- **Umbrella companies:** where an umbrella company employs the worker directly as an employee and does not contract with the worker's PSC, the off-payroll working rules do not apply. Some umbrella companies do not employ the worker directly and continue to contract with the worker's PSC - so these arrangements should be checked. If the worker's PSC continues to receive payments for the off-payroll worker's service through their PSC then the off-payroll working rules continue to apply.
- **Managed Service Company legislation:** where the conditions in the off-payroll working rules apply, these rules will take precedence over the managed service company rules in Chapter 9, Part 2 ITEPA 2003.
- **Construction Industry Scheme:** where the conditions in the off-payroll working rules apply, these rules will take precedence over the rules in the construction industry scheme.

# Impact of Misclassification

---

## Tax

**Payroll tax liability**  
4-6 years or from when  
rules changed if later

**Penalties**

**Interest**

## Legal

**Employment rights**

**Entitlement to  
benefits**

**Flexibility to hire, fire  
and relocate**

## Reputational

**Relationship with  
individuals**

**Organisations public  
image**

**Relationship with  
HMRC**

# When will we know more?

---

- This consultation will inform the draft Finance Bill legislation, which is expected to be published in the summer 2019.
- HMRC will also provide support and guidance to medium and large organisations ahead of implementation.
- HMRC has developed the Check Employment Status for Tax (CEST) service to help businesses determine whether the off-payroll working rules apply. HMRC will continue to work to improve further CEST. HMRC has confirmed enhancements will be tested with stakeholders, operational and legal experts before the reform is implemented

**What should  
you do now?**

# What should engagers think about?

---

What is your risk appetite?

What are your medium/long term plans for your business?

Do current supply models, and those of suppliers, stand up to scrutiny?

Review the rules and keep up to date with announcements

Review your current process of engagement and decision making

Start planning now

Consider responding to the consultation document before 28<sup>th</sup> May

# What to evaluate now ?

## Ensure processes are in place

- **Identify and review** current engagements/arrangements
- Key stakeholders need to understand all aspects of the new rules to successfully implement the changes required:

**Communicate:** Discuss with **HR, Finance, Procurement, Tax and Legal** to determine the current process for establishing employment status, to understand the **end-to-end process** and perform a gap analysis.

**Consider:** the governance framework and process, including Senior Accounting Officer (SAO), Corporate Criminal Offence (CCO) and applying reasonable care to underpin compliance.

## Identify any risk areas

- **Identify** the relevant populations affected by the changes
- **Perform a risk analysis** of employment status for each relevant contractor population
- **Understand** the implications of recent employment law developments regarding worker status (High/Medium/Low)
- Audit of third party suppliers / Contract review



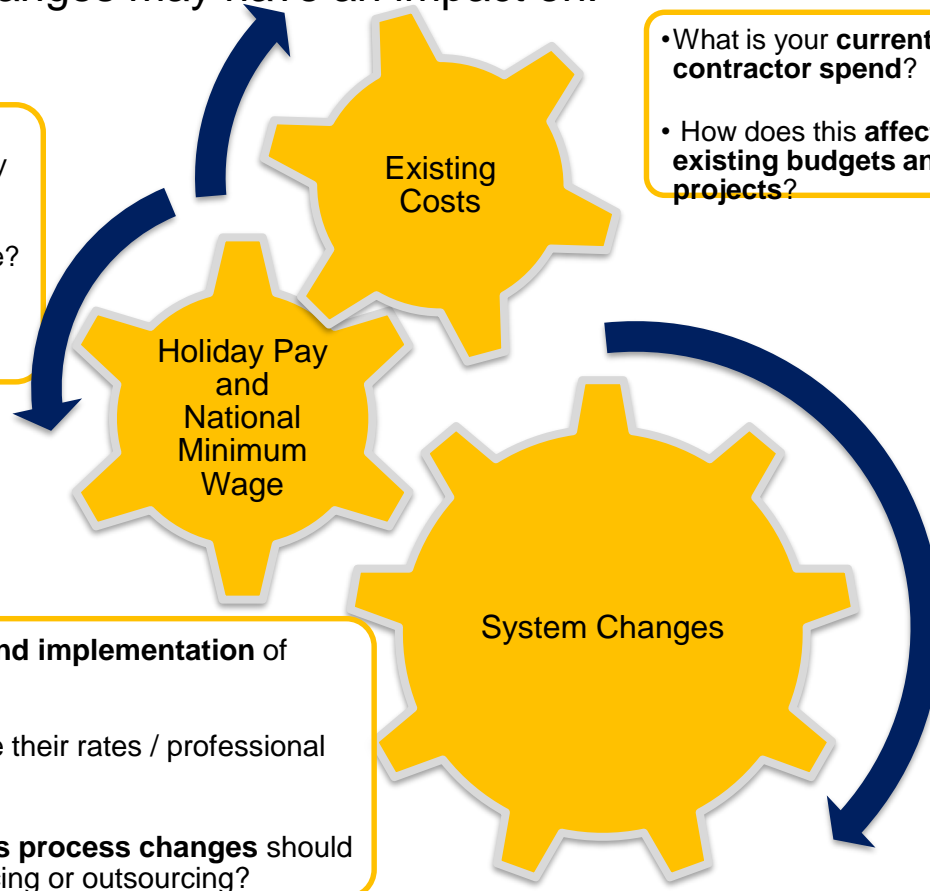


# What could the costs be ?

The financial impact of the changes may have an impact on:

- What is the impact if contractors are deemed to be employees? E.g. holiday pay and National Minimum Wage
- What might be the costs of compliance? e.g. **Employer NIC & Apprenticeship Levy**
- **Penalties** for non-compliance

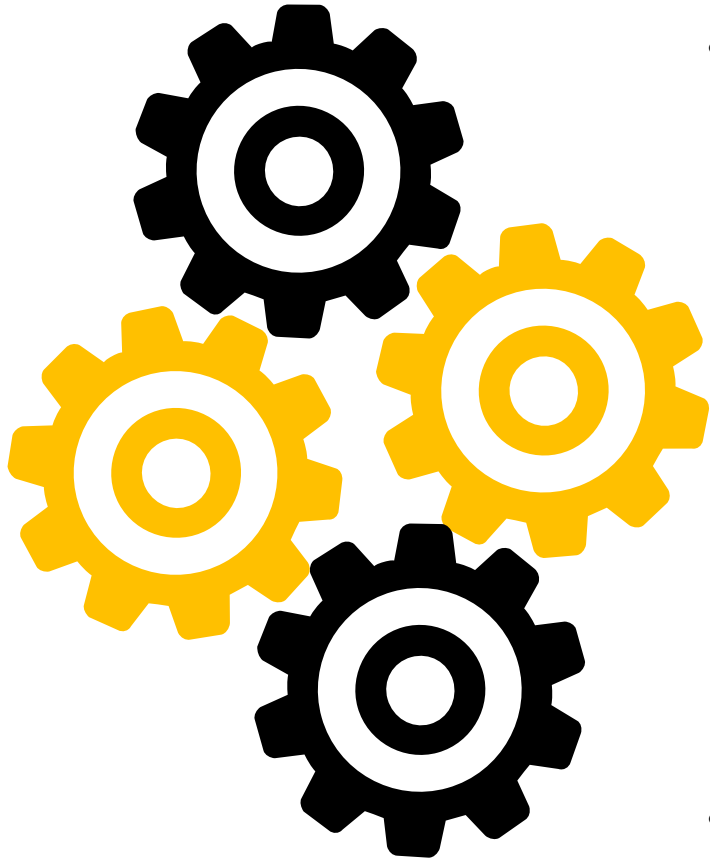
- What is your **current contractor spend**?
- How does this **affect any existing budgets and projects**?



- Costs associated with the **design and implementation** of system changes/adaptations
- Contractors may wish to renegotiate their rates / professional fees
- **Alternative resourcing or business process changes** should be identified and assessed – insourcing or outsourcing?

# Will system changes be needed ?

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- **Assess** current systems and **plan for the design, testing and implementation** of enhancements or additional procedures to the existing systems and processes, such as:
  - Payroll changes
  - Third party supplier arrangements/outsourced services
  - Roll out of policies, systems and processes
  - Data storage/GDPR
  - **Review the arrangements in place regularly**, taking account of changes in the fact pattern to help ensure ongoing compliance
- Do you need to provide **training** for those involved in engaging contractors and with facilitating payments?



# Thank You

Caroline Harwood  
Partner, Employers Advisory Services  
Head of Reward

Direct Tel: +44 (0)20 7842 7274  
Email: [caroline.harwood@crowe.co.uk](mailto:caroline.harwood@crowe.co.uk)

# PRESENTATION TO CHARITY TAX GROUP

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BUSINESS RATES AND  
CHARITIES

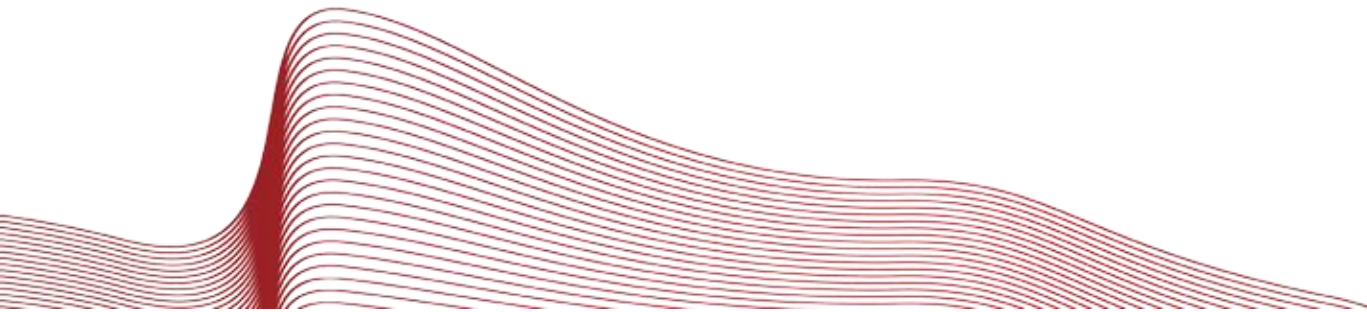
# THE BASICS

Lambert  
Smith  
Hampton

# WHAT IS THE RATEABLE VALUE?

*“THE RENT AT WHICH IT IS ESTIMATED THE HEREDITAMENT MIGHT  
REASONABLY BE EXPECTED TO LET FROM YEAR TO YEAR”*

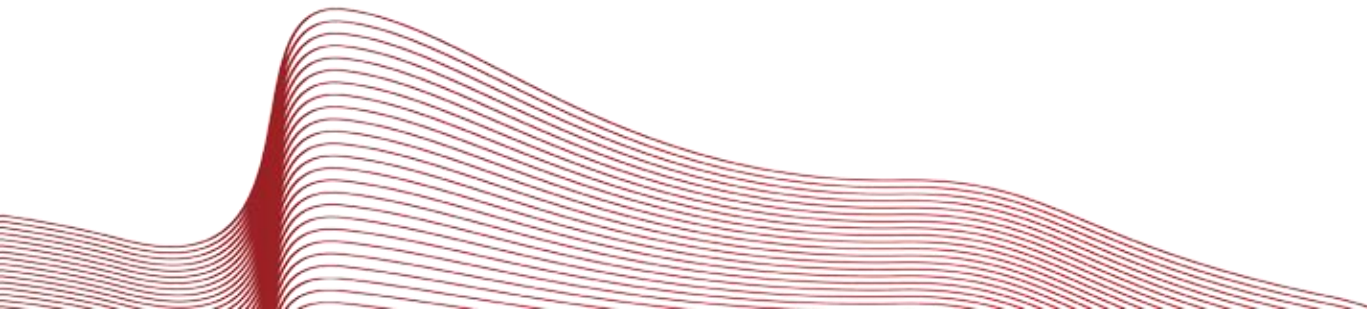
PARA 2 SCHED 6 LOCAL GOVERNMENT FINANCE ACT 1988



# WHAT IS THE HEREDITAMENT?

*“A UNIT OF PROPERTY WHICH IS OR WOULD FALL TO BE A SEPARATE ITEM IN THE [RATING LIST]”*

S115 GENERAL RATE ACT 1967







# CASE STUDY: YORKSHIRE MUSEUM

## ISSUES TO CONSIDER:

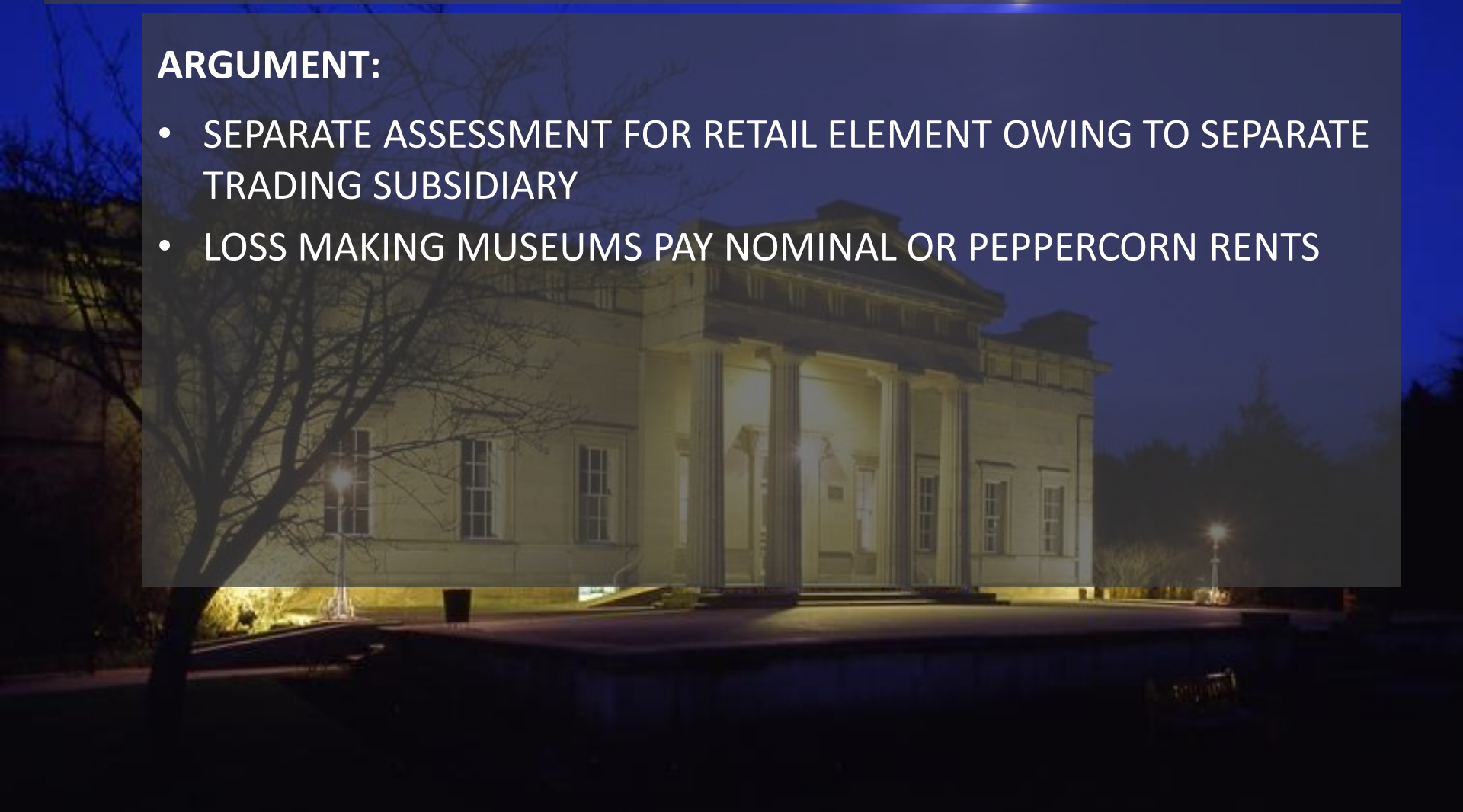
- WHO IS IN OCCUPATION?
- HOW MANY HEREDITAMENTS ARE THERE?
- HOW SHOULD THE PROPERTY BE VALUED?



# CASE STUDY: YORKSHIRE MUSEUM

## ARGUMENT:

- SEPARATE ASSESSMENT FOR RETAIL ELEMENT OWING TO SEPARATE TRADING SUBSIDIARY
- LOSS MAKING MUSEUMS PAY NOMINAL OR PEPPERCORN RENTS





# CASE STUDY: YORKSHIRE MUSEUM

A photograph of the Yorkshire Museum building, a large, two-story structure with a prominent timber-framed upper section and a stone base. The building is set on a grassy hillside with several large trees in the foreground and background. The sky is clear and blue. A semi-transparent dark grey box is overlaid on the top half of the image, containing the title and text.

## OUTCOME:

- MUSEUM TO BE VALUED BY REFERENCE TO RECEIPTS AND EXPENDITURE
- RATEABLE VALUE REDUCED TO £1!

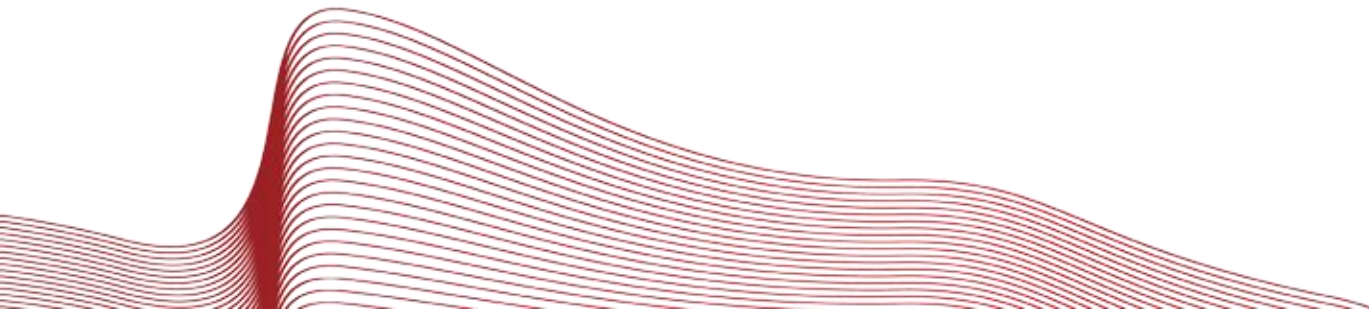
# ONGOING LITIGATION

Lambert  
Smith  
Hampton

# ONGOING LITIGATION

## OCCUPATION:

- ATM CASE COULD OVERTURN THE YMT DECISION
- VOA HAS APPLIED TO THE SUPREME COURT FOR THE RIGHT TO APPEAL

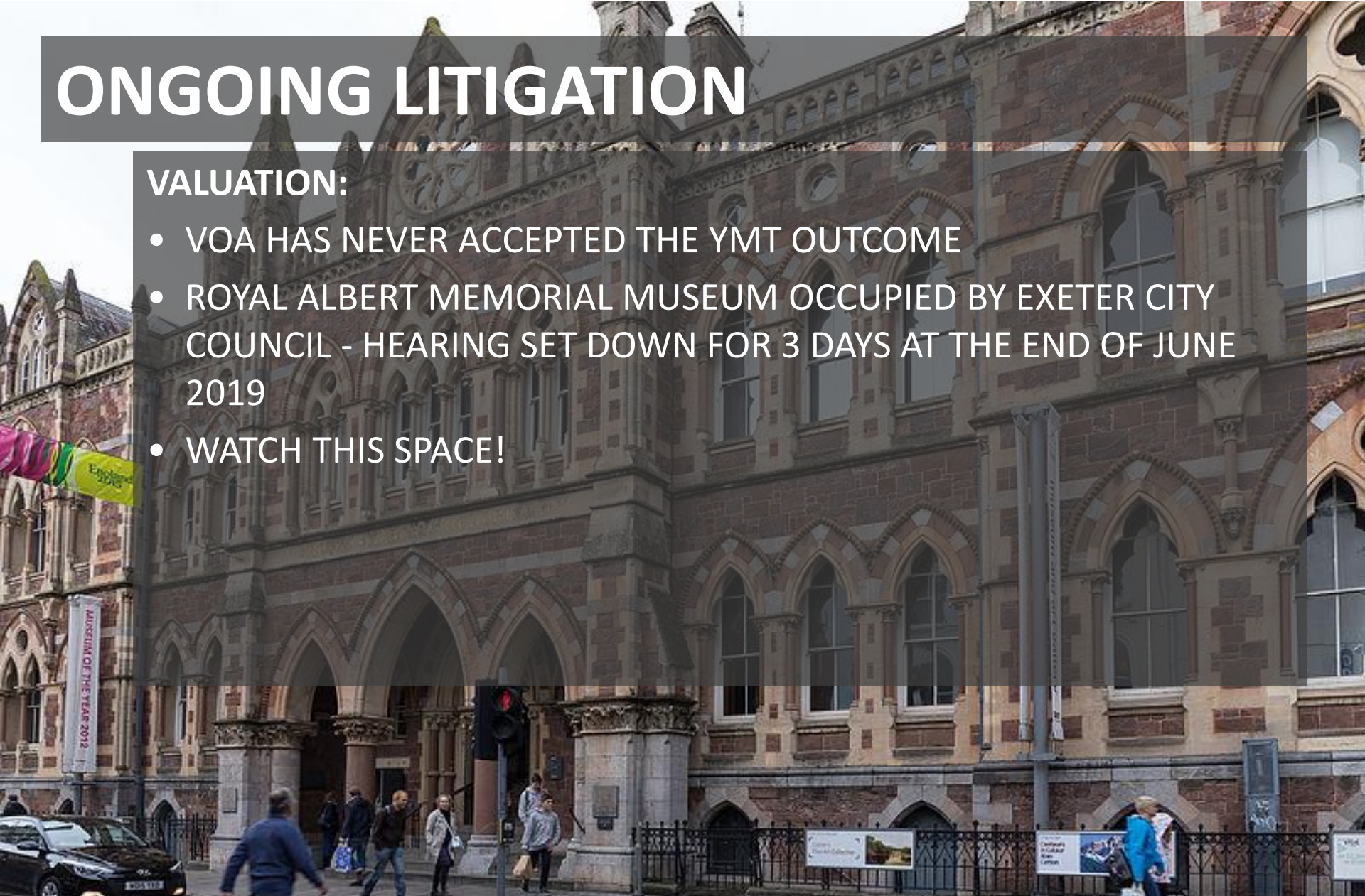




# ONGOING LITIGATION

## VALUATION:

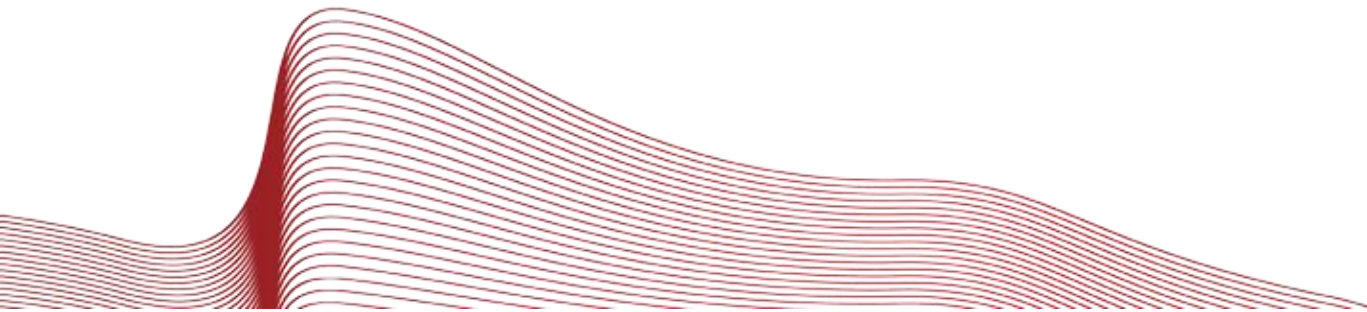
- VOA HAS NEVER ACCEPTED THE YMT OUTCOME
- ROYAL ALBERT MEMORIAL MUSEUM OCCUPIED BY EXETER CITY COUNCIL - HEARING SET DOWN FOR 3 DAYS AT THE END OF JUNE 2019
- WATCH THIS SPACE!



# RELIEFS & EXEMPTIONS

# CHARITABLE RELIEF

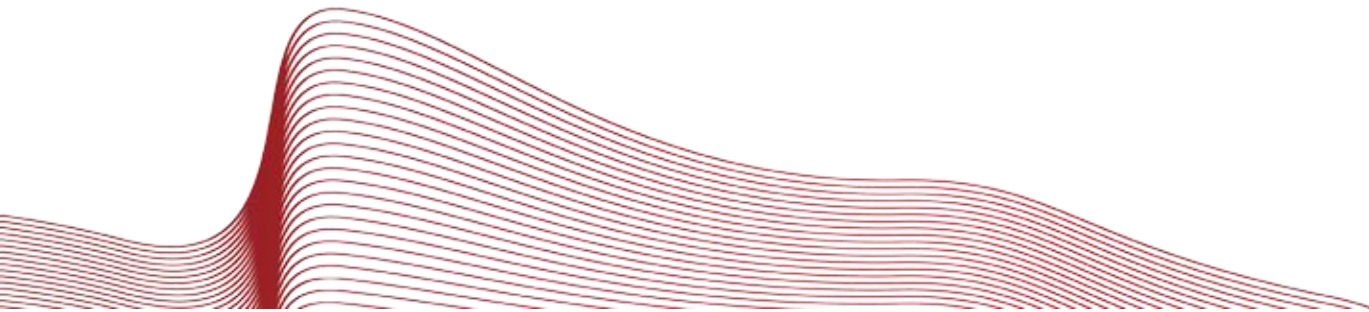
- REDUCES THE LIABILITY FOR OCCUPIED PROPERTIES BY 80% IN ENGLAND, WALES AND SCOTLAND
- THE HEREDITAMENT MUST BE “*WHOLLY OR MAINLY USED FOR CHARITABLE PURPOSES (OF THAT CHARITY OR OF THAT AND OTHER CHARITIES*”. S43(6) LGFA 88
- SET OUT IN THE ACT AND NOT IN STATUTORY INSTRUMENTS - ANY CHANGE NEEDS AN AMENDMENT TO THE PRIMARY LEGISLATION



# CHARITABLE RELIEF

## THINGS TO CONSIDER:

1. WHAT IS THE HEREDITAMENT?
2. WHAT ARE THE PURPOSES OF THE CHARITY? AND
3. HOW DO YOU MEASURE WHOLLY OR MAINLY?

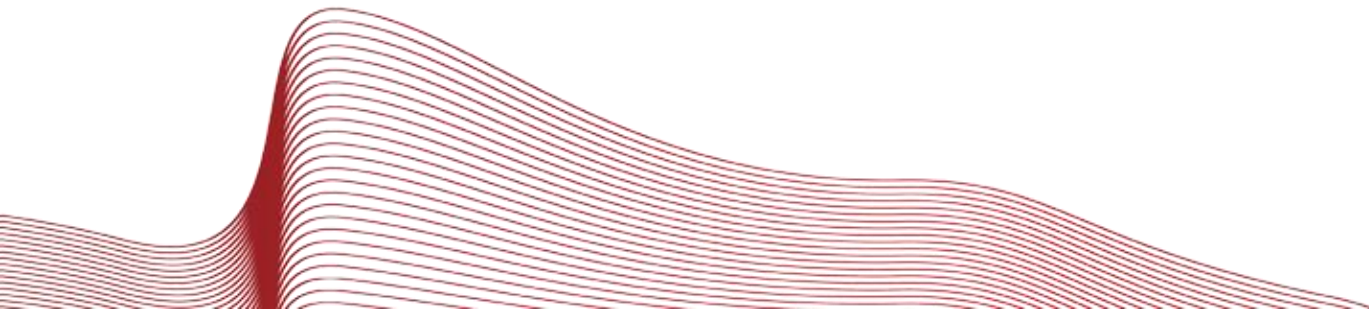




# CHARITABLE RELIEF

## LEADING CASES:

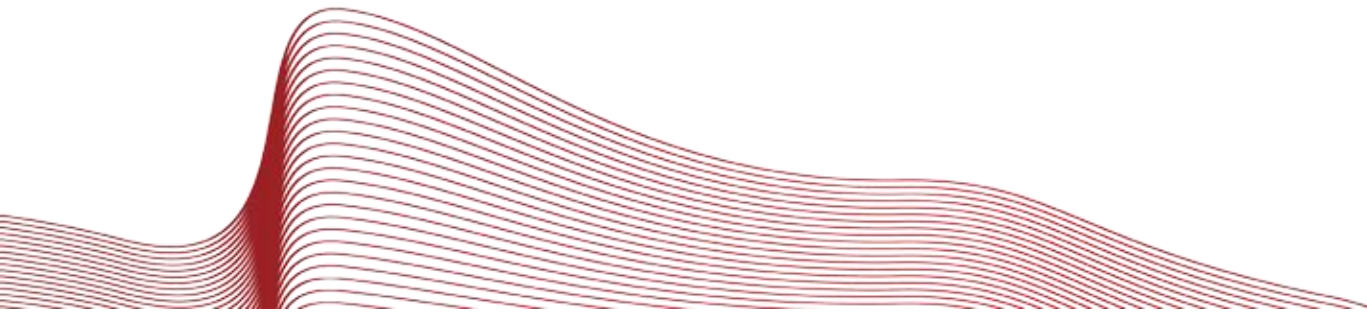
- OXFAM V BIRMINGHAM CITY COUNCIL [1975] HL
- KENYA AID PROGRAMME AND SHEFFIELD CITY COUNCIL [2013] EWHC 54 (ADMIN)



# CHARITABLE RELIEF

## LESSONS TO BE LEARNED:

- LITIGATION IS STILL LIKELY ON THIS TOPIC
- COUNCILS ARE NO LONGER WILLING TO GRANT RELIEF SIMPLY BECAUSE A CHARITY IS THE OCCUPIER
- THE USE OF INCOME AS A MEASURE OF THE DEGREE OF OCCUPATION IS STILL BEING USED
- IF YOU DON'T NEED MOST OF THE SPACE RELIEF MAY BE REFUSED



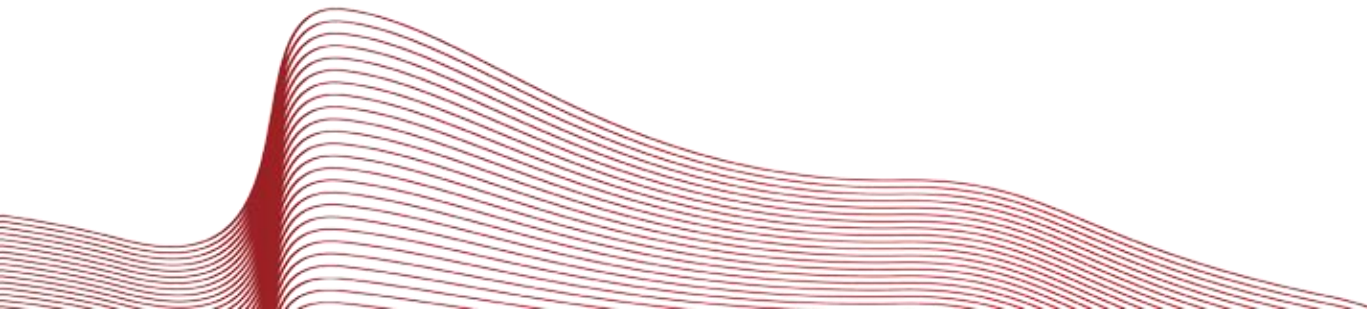
# EMPTY PROPERTY RATES RELIEF

## LONG-TERM:

- IF OWNED BY THE CHARITY OR HELD ON LEASE AND THE NEXT INTENDED USE IS “WHOLLY OR MAINLY FOR CHARITABLE PURPOSES” THEN THERE IS 100% RELIEF

## INTERMITTENT OCCUPATION:

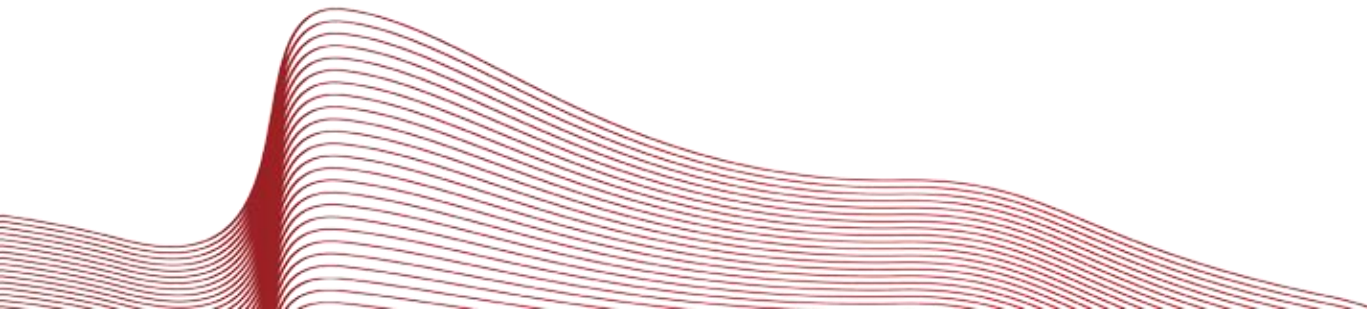
- LEGITIMATE REASON FOR OCCUPATION
- WHOLLY OR MAINLY OCCUPIED



# OTHER RELIEFS

## DISCRETIONARY RELIEF:

- CAN POTENTIALLY INCREASE TOTAL RELIEF TO 100%
- UNDER INCREASING THREAT SINCE 1 APRIL 2013
- BASED LOCAL COUNCIL POLICY
- BEING WITHDRAWN ON THE BASIS THAT CHARITIES ALREADY RECEIVE 80% RELIEF



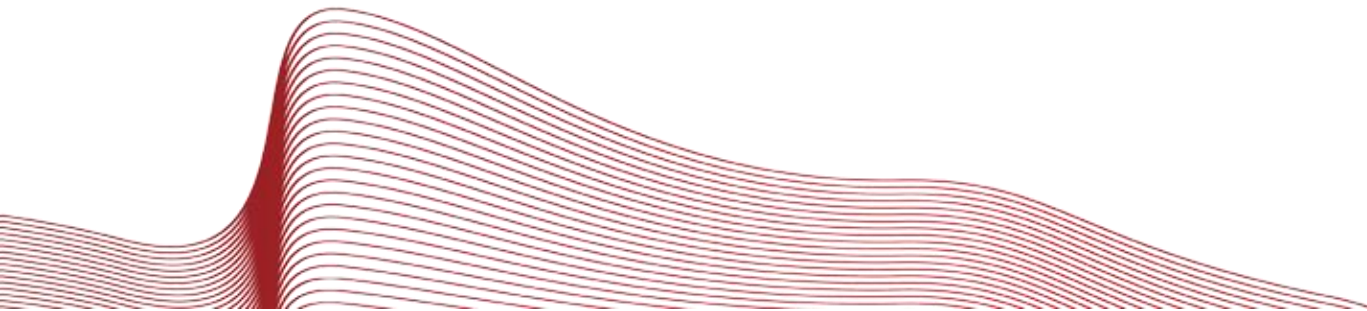
# OTHER RELIEFS

## SMALL BUSINESS RATES RELIEF, RURAL RELIEF AND RETAIL RELIEF:

- NOT NORMALLY GIVEN TO CHARITIES
- MAY WELL BE RELEVANT TO TRADING SUBSIDIARIES

# BARCLAY REVIEW

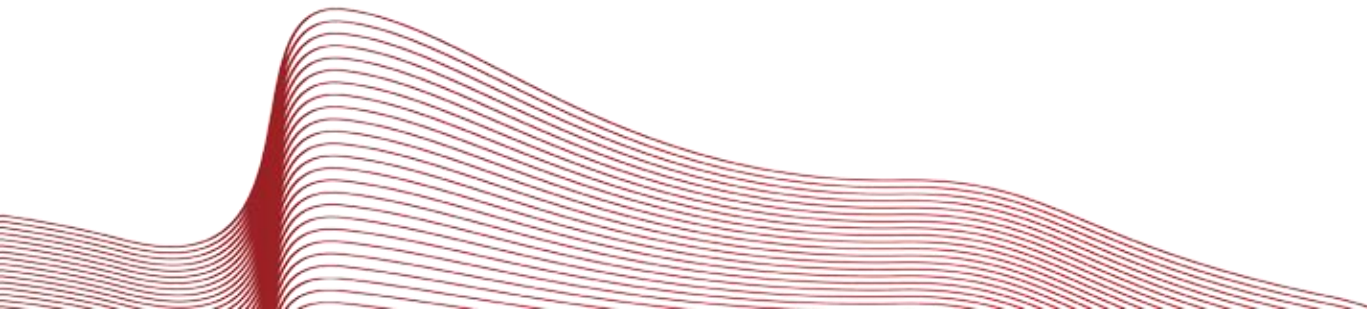
- INDEPENDENT SCHOOLS TO KEEP THEIR CHARITABLE STATUS BUT LOSE THE RIGHT TO CHARITABLE RELIEF WITH EFFECT FROM 1 APRIL 2020
- GRANTING OF CHARITABLE STATUS GIVES AN UNFAIR ADVANTAGE AGAINST LOCAL AUTHORITY SCHOOLS
- IN ENGLAND THE CREATION OF NEW ACADEMIES HAS LED TO AN INCREASE IN THE NUMBER OF CHARITIES OPERATING SCHOOLS



# OTHER DEVELOPMENTS

# CHARITABLE RELIEF

- WELSH PARLIAMENT HAS CONSIDERED REDUCING CHARITABLE RELIEF BELOW THE 80% LEVEL
- PRIOR TO 1990 (WHEN BUSINESS RATES BECAME A NATIONAL TAX AND NOT LOCAL REVENUE) THE RELIEF WAS 50%.
- COULD WE SEE A RETURN TO THIS LEVEL?





**WE'RE LIVING IN INTERESTING TIMES –  
THAT MAY NOT ALWAYS BE A BLESSING!**

Lambert  
Smith  
Hampton

**Lambert  
Smith  
Hampton**

# Q&A

**@CharityTaxGroup**

**#CTG2019**

# Charity Tax Group Annual Tax Conference 2019

4 April 2019

**@CharityTaxGroup**

**#CTG2019**

# Gift Aid practical issues

Richard Bray, Cancer Research UK

**@CharityTaxGroup**

**#CTG2019**

## Current issues

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- Full forenames on GADs
- Data discussions with HMRC
- Gift Aid audit trail
- Gift Aid and intermediaries
- Online fundraising and fundraising packs
- Facebook Donate
- April 2019 changes to Retail Gift Aid, GASDS and donor benefits
- Planned review of HMRC Chapter 3 Gift Aid Guidance

## Full forenames on Gift Aid Declarations?

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- HMRC proposal that charities would need to collect full forenames (not just an initial) for there to be a valid Gift Aid Declaration, from April 2019
- Need to reduce the “tax gap” – estimated at £180m of incorrectly claimed Gift Aid each year (approx. 10% of total claim)
- More information makes identifying donors eligible for Gift Aid easier
- Full forenames not the only information mooted...
  - Date of birth
  - National Insurance number
  - Full legal name

## Charity concerns

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- Unhelpful to be mandatory and to have a fixed implementation date
- Proposal not very targeted – risks charities losing a lot more legitimate Gift Aid than the value of incorrect claims. Up to 10% of GA claim at risk?
- Better to try a range of approaches
- Testing, research and consultation with charities important – no need to rush
- Not practical in all situations where Gift Aid is collected – donor concerns, admin/training/systems costs etc



## Positive discussions with HMRC

---

- There will be **NO** mandatory implementation or hard start date
- **NO** retrospective action will be taken and no need to change GADs
- Instead, HMRC is looking to see a gradual improvement in claims including full forenames
- Charities **strongly encouraged** to provide HMRC with full forenames wherever practical and possible to do so
- Sufficient for charities to accept names that donors could reasonably be ordinarily known by, no need to check that it is the donor's legal name
- Full note on CTG website

## Next steps for your charity

---

- Check what percentage of your Gift Aid records include a full forename
- If you hold a full forenames for donors include them in your Gift Aid claim
- Try to collect full forenames in future where practical and possible to do so
  - talk to fundraisers, volunteers, charity shop managers, and software providers
- Document any actions undertaken to improve collection of first name information
- Provide feedback on any difficulties experienced or negative responses received from donors

## Gift Aid: data issues

- HMRC guidance lacking in detail on data issues relating to Gift Aid
- CTG working with officials to agree FAQs and bust common myths
- When data/declarations can be repaired?
- What is an acceptable home address and other address queries?
- Can you claim if there is
  - “Same handwriting”/“ditto marks” on a sponsorship form
  - “Ticks/crosses/blanks” on GADs
  - Unusual donation amounts?

& Co	Corporation	Office
& Sons	Council	Opticians
6th Form	Developments	p.l.c
Agency	Engineering	Partnership
Associates	Enterprises	Plc
Association	Entertainment	School
Center	Estate Agents	Service
Centre	Foundation	Society
Charitable	Group	Solicitors
Charity	Hotel	Solutions
Co	Institute	Srvs
Co.	Laboratories	Systems
College	Library	Technology
Committee	Limited	Training
Company	Llp	Trust
Consultants	Ltd	Unit
Consulting	Ministries	University

# Audit trail for online Gift Aid Declarations

- Increasing number of HMRC Gift Aid audits
- Maintaining a record of screen-grabs of online Gift Aid Declarations is an important part of the audit trail supporting Gift Aid claims
- Time-stamping Gift Aid Declarations
- New category of digital declaration needed

Office use only

**Gift Aid Declaration Form**

CANCER RESEARCH UK

Key criteria for Gift Aid - please note we can only accept your **home address**

1 Title \* [ ] First Name \* [ ] Surname \* [ ]

Home Address \* [ ]

County [ ] Town [ ] Postcode \* [ ]

Email [ ]

Telephone/Mobile No. [ ] Date of Declaration \* [ ]

\* Mandatory fields

2 If you are a UK tax payer, you must be a UK taxpayer. Please tick the box below.

I am a UK taxpayer. Please treat all donations I make or have made to Cancer Research UK for the past 4 years as Gift Aid donations until further notice. I am a UK taxpayer and understand that if I pay less Income Tax and/or Capital Gains tax than the amount of Gift Aid claimed on all my donations in that tax year, it is my responsibility to pay any difference. Please let us know if you want to cancel this declaration, change your home address or no longer pay sufficient tax.

*giftaid it*

3 It may be that having read the information on this form you feel that your donation does not qualify for Gift Aid. If this is the case please tick the relevant box below and return this form to us. This will ensure you are not asked to complete a Gift Aid form in the future, should you choose to support us again.

I cannot complete the Gift Aid form because:

I am not a UK taxpayer

I do not pay enough tax each year to cover the tax on the gift

Other (please state)

## Intermediaries and Gift Aid

---

- Wide range of fundraising platforms available to charities and donors
- Range of services (including Gift Aid processing) and associated fees available
- Limited regulation but many now registering with the Fundraising Regulator
- Political concerns expressed about fees on Gift Aid processing (especially for disasters where there is a spike in donations)



# Concerns about fees and Gift Aid charges



**Neil Coyle** ✓  
@coyleneil

Follow

Seems @JustGiving are refusing to discuss the £500,000 they took from public donations for terror attack & Grenfell victims last year.



7:27 AM - 19 Sep 2018



## FINAL WARNING Minister threatens rip-off fundraiser JustGiving with ban on making profits from donations

Treasury Minister Robert Jenrick has issued an ultimatum to rip-off fundraising sites to stop taking a cut or face a crackdown in the Autumn Budget

**EXCLUSIVE** By Matt Dathan, Political Correspondent  
5th July 2018, 10:00 pm | Updated: 5th July 2018, 9:31 pm



**MINISTERS** have vowed to crack down on JustGiving pocketing thousands of pounds from charity donations raised through its website.

Treasury Minister Robert Jenrick has issued an ultimatum to four of the biggest rip-off fundraising sites to change their practices or be slapped with new laws banning them from making huge profits on charity donations.

# Feedback from charities on a possible ban on Gift Aid fees

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If Gift Aid fees are banned they will just be passed on to the general platform fees

I hope they don't stop offering Gift Aid

More transparency on fees would be helpful – costs should not be hidden

We don't mind paying for Gift Aid processing as it is an important service and saves costs in-house

It is a marketplace and we can choose the most attractive fundraising platforms – fees are not the only driver



# Recent developments

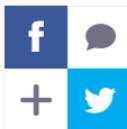
## JustGiving scraps fees on giving for disasters and major incidents

15 Oct 2018 News



Hugh Radojev  
1190 articles

Email Twitter



JustGiving has today announced that it will be completely removing its fees from all pages set up in response to what it called "major incidents and disasters".

It will also scrap fees from all crowdfunding pages.

As part of today's announcement, JustGiving also said it will be "consulting with key charity partners" to gather feedback on its approach to Gift Aid.

## JustGiving abolishes its 5% platform fee

26 March 2019 by Rebecca Cooney

Donors will instead have the option to pay as much or as little on top of the donation as they choose



The online donations platform **JustGiving** will abolish its 5 per cent platform fee from today.

*Third Sector* can reveal that the site will no longer take a 5 per cent fee on donations made through it from the donation or Gift Aid. Instead, donors will have the option to voluntarily pay as much or as little money as they want to JustGiving on top of their donations.



# Online fundraising – Gift Aid eligibility questions

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- HMRC have access to websites like everyone else
- High error rates in intermediary Gift Aid claims clear from messages of support on Gift Aid pages
- HMRC guidance updated for ‘Digital giving and social giving accounts’ (‘Chapter 3.44 [www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid](http://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid))
- HMRC taking a constructive approach on the issue
- Dealt with by HMRC Outreach Team – key contact Steve Carroll (steven.carroll@hmrc.gsi.gov.uk)

## Facebook Donate

---

- New platform for Facebook to collect donations for charities. Valuable new revenue stream but charities are reluctant to claim Gift Aid as yet
- HMRC still in discussions with Facebook over its Gift aid processes – charities encouraged not to claim at present
- Facebook passes on donor information to the charity which claims the Gift Aid – this is different to most other giving platforms
- *BUT concerns from charities at the quality of data reports from Facebook and problems reconciling individual donations to Facebook records*
- Seeking a dialogue with Facebook over Gift Aid – hoping for a positive update soon

## April 2019 changes

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- **Gift Aid Small Donations Scheme (GASDS):** the eligible donation limit increases from £20 to £30 in line with contactless donations
- **Gift Aid Donor Benefits:** simplification of the current rules to include just two thresholds
- **Retail Gift Aid:** the Government is introducing a non-mandatory £20 *de minimis* limit for letters to donors, for charities operating methods A or B of the Retail Gift Aid scheme. If a charity decides to adopt the new limit, then from 6 April 2019, a letter only need to be issued once net sales have reach £20, or every three years, whichever comes first

# Chapter 3: Time for a review?

Guidance

## Chapter 3: Gift Aid

Updated 23 January 2019

### Contents

[Chapter 3.1 Introduction](#)

[Chapter 3.2 Gift Aid for individuals from 6 April 2000](#)

[Chapter 3.3 Individuals who can make a Gift Aid donation](#)

[Chapter 3.4 Methods of donation](#)

[Chapter 3.5 Tax to cover](#)

[Chapter 3.6 Gift Aid declarations](#)

[Chapter 3.7 Recording and audit of Gift Aid declarations](#)

[Chapter 3.8 Declarations that have been invalidated or cancelled](#)

[Chapter 3.9 Further information on the contents of the Gift Aid declaration](#)

[Chapter 3.10 Particular types of Gift Aid declarations](#)

[Chapter 3.11 Gift Aid for companies](#)

[Chapter 3.12 Tax treatment of companies making Gift Aid donations to charities or CASCs](#)

[Chapter 3.13 Qualifying](#)

## Chapter 3.1 Introduction

This chapter covers the Gift Aid Schemes for donations to charity by:

- individuals (legislation at sections 413 to 430 Income Tax Act 2007)
- companies (legislation at sections 191 to 202 Corporation Tax Act 2010)

## Chapter 3.2 Gift Aid for individuals from 6 April 2000

3.2.1 The Gift Aid Scheme was originally introduced by section 25 Finance Act 1990 but was substantially amended by Finance Act 2000 and later Finance Acts. The current legislation is at sections 413 to 430 Income Tax Act 2007.

A donation qualifies for Gift Aid if it's a gift consisting of a 'payment of a sum of money' by an individual who's paid, or will pay UK tax, to a charity and satisfies all of the following conditions:

- the gift is not subject to a condition as to repayment
- the gift is not a Payroll Giving donation
- the gift is not deductible from income for tax purposes
- the gift is not part of an arrangement for the charity to acquire property from the individual or a connected person

# Q&A

**@CharityTaxGroup**

**#CTG2019**

# Charity Tax Group Annual Tax Conference 2019

4 April 2019

**@CharityTaxGroup**

**#CTG2019**

# Making Tax Digital

John Hemming, CTG/Wellcome Trust

**@CharityTaxGroup**

**#CTG2019**

# Charity Tax Group Annual Tax Conference 2019

## Making Tax Digital for VAT

Claire Williams

Customer Readiness and External Stakeholder Team

**04 April 2019**





# We will cover

- Who's affected
- Digital records
- Getting ready
- Questions



# Who is affected – and when?

From April 2019 –

- VAT Reg businesses with turnover above the VAT threshold (£85,000)
- Taxable turnover includes standard, reduced and zero rate supplies
- MTD is voluntary for VAT businesses below £85,000

From October 2019 -

- small minority with more complex requirements



## Deferred customers – 1 October 2019

- Trusts
- 'Not for profit' organisations that are not set up as a company
- VAT divisions
- VAT groups
- Public sector entities
- Local authorities
- Public corporations
- Traders based overseas
- Payments on account
- Annual accounting scheme users



# Digital record



# Common Questions

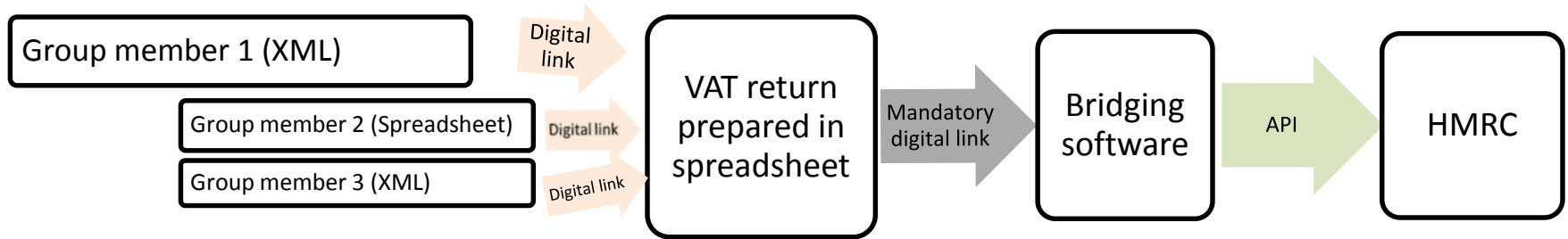
An electronic or digital transfer of data between software programs, products or applications.

What is a digital link?



# Example

VAT groups or different parts of the same business



# Common Questions

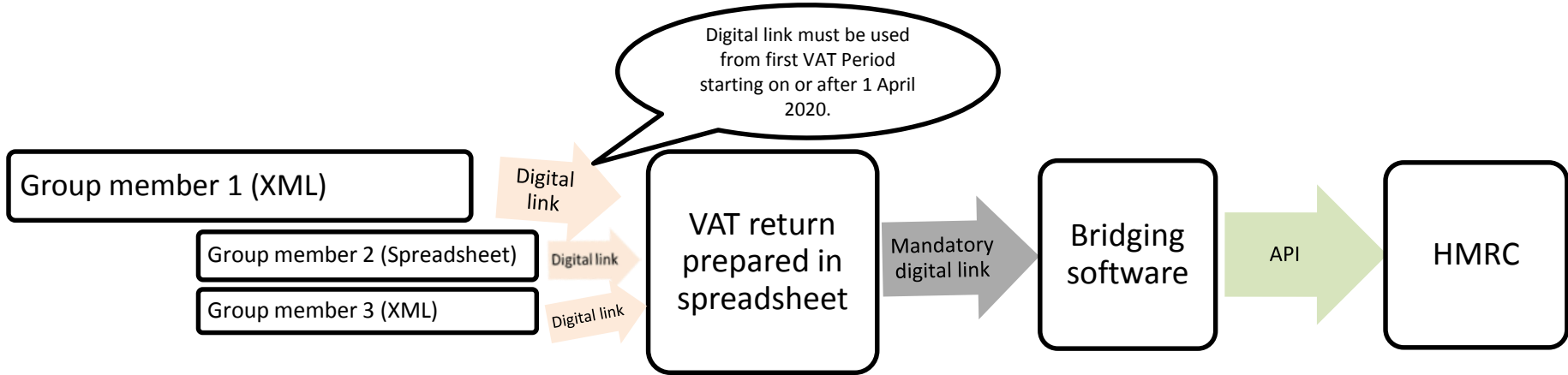
What is the soft landing?

An extra year for businesses to arrange for digital links between parts of their software.



# Example

VAT groups or different parts of the same business





# Records that must be kept digitally

## **Supplies made**

For each supply you make you must record the:

- time of supply - the tax point
- value of the supply - the net value excluding VAT
- rate of VAT charged

## **Supplies received**

For each supply you receive you must record the:

- time of supply (tax point)
- value of the supply
- amount of input tax that you will claim



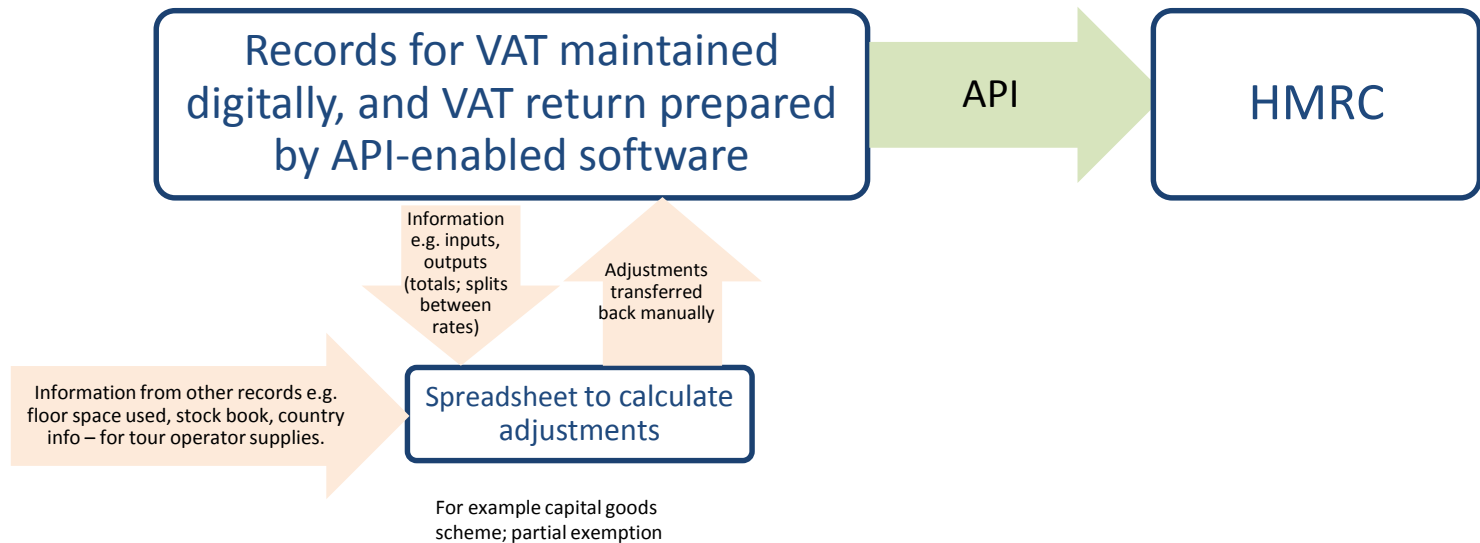
# Making Adjustments

- Record the total for each type of adjustment
- Calculation does not have to be done in the MTD software
- Result of calculation can be entered manually into the MTD software.



# Example

Adjustments, journeys and transfers outside of software



# Sign up



Find out more - [www.gov.uk](http://www.gov.uk)

**GOV.UK**

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Departments Worldwide How government works Get involved  
Publications Consultations Statistics Announcements

Home > Money > Dealing with HMRC > Tax agent and adviser guidance

Collection  
**Making Tax Digital for VAT**

Find out if the rules for Making Tax Digital for VAT apply to you and about the digital information you must keep.

Published 13 July 2018  
Last updated 17 September 2018 — [see all updates](#)  
From: [HM Revenue & Customs](#)

**Documents**

[Making Tax Digital: how VAT businesses and other VAT entities can get ready](#)  
17 September 2018 Promotional material

[Software suppliers supporting Making Tax Digital for VAT](#)  
9 October 2018 Promotional material

[Making Tax Digital for Business - stakeholder communications pack](#)  
13 July 2018 Guidance

[VAT Notice 700/22: Making Tax Digital for VAT](#)  
13 July 2018 Notice

**Related content**

[Tax agent and adviser guidance VAT](#)

**Benefits**  
Includes eligibility, appeals, tax credits and Universal Credit

**Disabled people**  
Includes carers, your rights the Equality Act

**Births, deaths, marriages and care**  
Parenting, civil partnerships, divorce and Lasting Power of Attorney

**Driving and transport**  
Includes vehicle tax, MOT and licences

**Business and self-employed**  
Tools and guidance for businesses

**Education and learning**  
Includes student loans, apprenticeships



# Choosing software

The screenshot shows a GOV.UK page with a search bar and navigation links. The main heading is 'Find software suppliers for sending VAT Returns and Income Tax updates'. Below the heading is a paragraph: 'Find out which software packages support the Making Tax Digital pilots.' The page also includes publication information: 'Published 15 March 2018', 'Last updated 29 November 2018 — see all updates', and 'From: HM Revenue & Customs'. There are two columns of links: 'Contents' with 'Overview' and 'Software suppliers and available products'; and 'Related content' with 'Income Tax', 'Tax agent and adviser guidance', and 'VAT'. A 'Collection' section lists 'Commercial software developers' and 'Making Tax Digital for VAT'.

GOV.UK

Search

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Home > Money > Personal tax > Income Tax

Guidance

## Find software suppliers for sending VAT Returns and Income Tax updates

Find out which software packages support the Making Tax Digital pilots.

Published 15 March 2018  
Last updated 29 November 2018 — [see all updates](#)  
From: [HM Revenue & Customs](#)

Contents

- [Overview](#)
- [Software suppliers and available products](#)

### Overview

If you sign up to the Making Tax Digital pilots you'll need software packages that, depending on your needs, let you:

- [submit VAT Returns](#)
- [send Income Tax updates](#)

Related content

- [Income Tax](#)
- [Tax agent and adviser guidance](#)
- [VAT](#)

Collection

- [Commercial software developers](#)
- [Making Tax Digital for VAT](#)



Sign up

The screenshot shows the GOV.UK website interface. At the top, there is a search bar and navigation links for Departments, Worldwide, How government works, Get involved, Publications, Consultations, Statistics, and Announcements. The breadcrumb trail reads: Home > Money > Business tax > VAT > VAT returns. The main heading is 'Guidance Use software to submit your VAT Returns'. Below this, the text states: 'If you submit VAT Returns for a limited company or you are a sole trader, you may be able to join the Making Tax Digital pilot for VAT.' At the bottom of the page, it says 'From: [HM Revenue & Customs](#)'.



# MTD Timeline





**Thank you for listening**



# Making Tax Digital

Alastair McClelland, University of Edinburgh

Rosie Durham, Cancer Research UK

**@CharityTaxGroup**

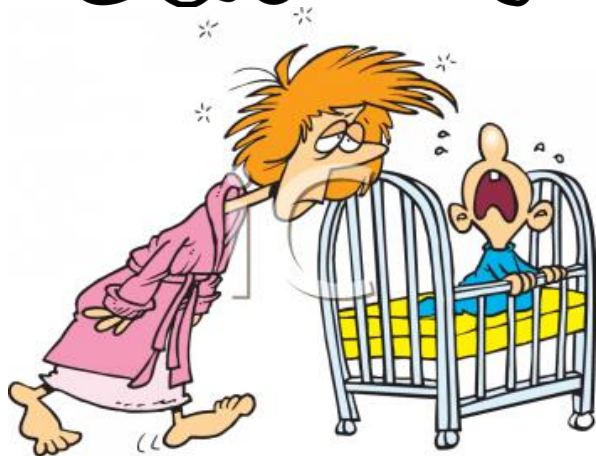
**#CTG2019**

# Making Tax Digital Basics

**Alastair McClelland**  
University Head of Tax



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# A few quotes

- Benjamin Franklin (1706-90) is probably acknowledged with the most famous quote associated with Tax,

**"In this world nothing can be said to be certain, except death and taxes."**

- Another thought on the theme of death and taxes is Margaret Mitchell's line from her book *Gone With the Wind*, 1936:

**"Death, taxes and childbirth! There's never any convenient time for any of them."**





# Cinderella's Ugly Sisters (sorry MTD) Crash the Ball!



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# Then there is MTD!

- I should add that picture is of a colleague and myself during my days working for the “~~Dark~~ Bright Side” aka HMRC as a VAT Audit Officer prior to me seeing the light! That said I’ve always looked good in Yellow!



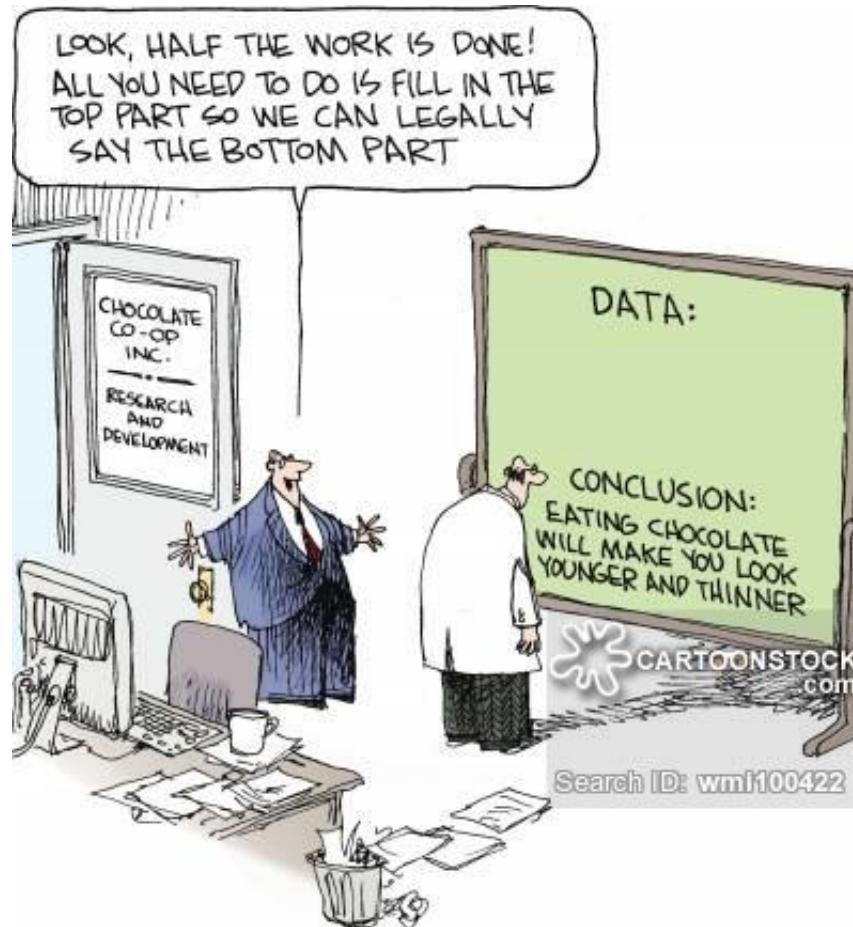
# MTD 1 Basics

- Review MTD Guidance is your taxable T.O in excess of £85k then welcome to the club!?
- Note this is not just a UK initiative some countries already mandate weekly or monthly RTI submissions! Spain wef 1 July 2017 I think!
- So you just need to submit your VAT Returns in a HMRC MTD compliant way!





# What is MTD



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# MTD 2 Things to do!

- So the good thing is you know what the answer needs to be.....



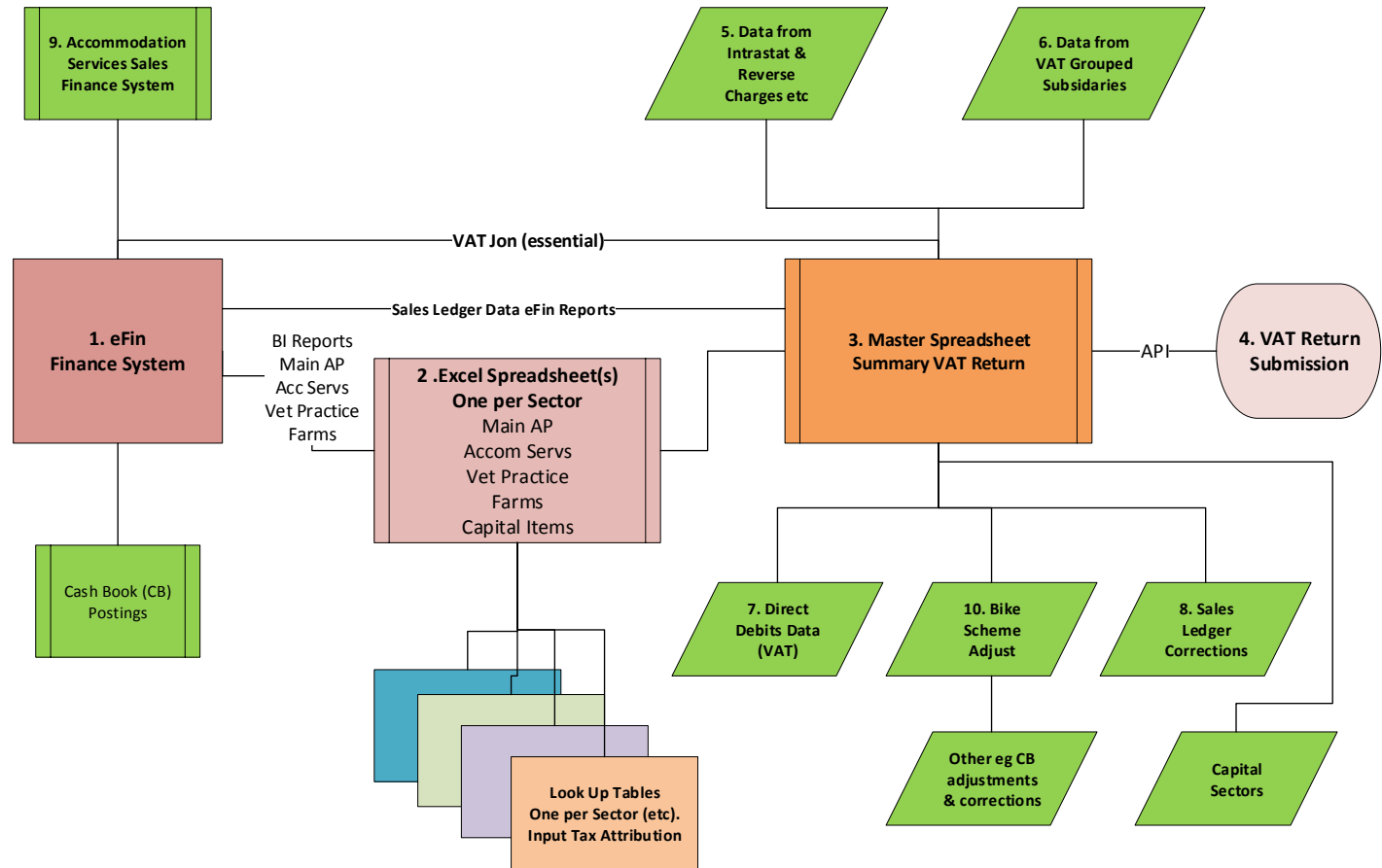
# MTD 2 Things to do!

- **Conduct a GAP Analysis** of your current VAT procedures and practices.
- Are there parts of your current VAT Return procedures that are not MTD compliant?
- What can you do to make these processes (automate) compliant?



# MTD 2 (Simplified!)

VAT Return Process in Excel



# MTD 3

- **Contact your Software Supplier?** Is it just a matter of checking with your existing software supplier and finding out what their MTD plans are, they may have a solution(s).
- **Alternatives** there are a few options.
- **Linked Spreadsheets** for the Brave or IT savvy we chose not to





# Welcome to the Fiscal Theme Park



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# MTD 4

- **Third Party Options –**
- UoE chose the latter and then the fun started. Initially there only seemed very expensive Big 4 VAT solutions with prices quoted circa £50 – 80k for their solutions.
- Then one broke ranks and offered a solution at circa £15 - 20k implementation cost and an annual £7 – 10k licence fee for 5 years i.e. 5 x £10k etc.



# MTD 5

- **Third Party Options 2**
- Then more specialist providers came into the market (they provided IT solutions to financial service providers) their products can be much cheaper than the Big 4 solutions and some are not
- e.g. ARKK, Avalara etc.





# MTD 6

- **Third Party Options 3**
- Ensure that the data you can download for the solution you choose is appropriate.
- i.e. we had a few reports available in PDF so needed IT input to convert into a suitable IT data format!
- Finally enjoy!



Remember This is not the answer!



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# Q&A

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# Review of the day

Philip Spedding, London Library

**@CharityTaxGroup**

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