



Chariot House

Charity newsletter

Spring 2019

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Introduction

The ongoing message from the Charity Commission is that trustees must make sure that they are aware of their responsibilities and that their charity is being properly governed.

So our next seminars (Brighton 30 April, London 15 May) will focus on making sure you are up to date with governance and trustee responsibilities.

Email lucy.eldridge@chariothouse.co.uk if you haven't received an invitation to the seminars and would like more details.

The Charity Commission, HMRC and other bodies continue to update and add to the guidance for the sector. As ever, we give you a short description of the issue, and you can then follow the link if this might apply to your charity.



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Charity commission news

Safeguarding

This continues to be a major issue in the sector, and we do not hesitate to remind people about this.

The Charity Commission has issued updated guidance and alerts that you can find at:

<https://www.gov.uk/guidance/safeguarding-duties-for-charity-trustees>

The Charity Commission have advised that you should carry out a thorough review of your charity's safeguarding policy and practice if you have not done so in the last twelve months. It seems to us as though you should schedule this as an ongoing annual review and that safeguarding should be a standing item on trustee and management meeting agendas.

They have also updated their guidance on reporting serious incidents:

<https://www.gov.uk/guidance/how-to-report-a-serious-incident-in-your-charity>

And reporting serious wrongdoing as a worker or volunteer:

<https://www.gov.uk/guidance/report-serious-wrongdoing-at-a-charity-as-a-worker-or-volunteer>

Updated guidance has also been issued on child safeguarding by the Church of England:

<https://www.parishresources.org.uk/wp-content/uploads/Safeguarding-SIR-Guidance-FINAL-1-Jan-2019.pdf>

Fraud

Fraud is a major issue in society and in charities. Unfortunately, we are hearing about incidents of fraud in the sector locally.

Charities must show that they are taking the issue of fraud prevention seriously.

Updated guidance has been produced on how to protect your charity from fraud:

<https://www.gov.uk/guidance/protect-your-charity-from-fraud>

This includes a couple of infographics which can be used as checklists for charities to run through.

Connection to a Non-Charity

The Charity Commission has produced new guidance covering a number of situations in which a charity may be connected to or working with another entity which is not a charity.

Of particular interest to some charities will be guidance relating to a non-charity subsidiary the charity may have.

The main guidance is found at:

<https://www.gov.uk/guidance/guidance-for-charities-with-a-connection-to-a-non-charity>

There are also three checklists:

- (1) Charities operating with a non-charity as a subsidiary
- (2) Charities set up and mainly funded by the non-charity
- (3) Charities in regular partnering or funding relationship with a non-charity that is not its founder or subsidiary

You will find links to these checklists towards the end of the main guidance.



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Regulatory alert issued to charitable think tanks

In December 2018, the Charity Commission issued a regulatory alert to charitable think tanks.

This arose after a couple of instances in 2018 when they had ordered think tanks to remove reports they had issued (both reports were in connection with Brexit):

<https://www.gov.uk/government/news/regulatory-alert-issued-to-charitable-think-tanks>

Protecting charities from abuse for extremist purpose

Updated guidance was issued on this:

<https://www.gov.uk/government/publications/protecting-charities-from-abuse-for-extremist-purposes/chapter-5-protecting-charities-from-abuse-for-extremist-purposes>

Governance

Charity Ethical Principles

NCVO have produced a concise document setting out ethical principles to provide a framework to help charities review and improve how they operate.

The four principles are:

- (1) Beneficiaries first
- (2) Integrity
- (3) Openness
- (4) Right to be safe

It is only 6 pages long, well worth trustees reading and discussing at a meeting:

https://www.ncvo.org.uk/images/documents/policy_and_research/ethics/Charity-Ethical-Principles.pdf

Trustees' duties and responsibilities

We are focusing on this at our next seminars and we think these will be a real help to trustees to keep them up to date with their responsibilities.

If you are unable to make the seminars, Sarah Chiappini has produced some updated guidance notes:

[Charity governance an introduction to the duties and responsibilities of trustees.pdf](#)

Top 10 knowhow resources

NCVO have listed the top 10 downloaded resources in 2018.

You need to be a member to access some of these, but it looks a pretty useful list:

<https://blogs.ncvo.org.uk/2019/01/07/top-10-knowhow-resources-in-2018/>

Automatic disqualification

Well hopefully this will not happen to you soon – actually ever – if you have just become a trustee!

The guidance also applies to senior managers (defined as CEO and CFO):

<https://www.gov.uk/guidance/automatic-disqualification-rule-changes-guidance-for-charities>

The Charity Commission have produced sample declarations (Word documents that you can download from the above linked guidance) that they suggest you use before appointing a prospective senior manager or trustee. In fact, it seems sensible good governance to get existing trustees and managers to sign these too.



Tax update

Making Tax Digital (MTD)

We mention again that MTD will apply from the first VAT return starting after 1 April 2019 for VAT registered charities and their VAT registered subsidiaries.

Well, in general it will, though there is a 6 month deferral to 1 October 2019 for various entities such as VAT groups and trusts. See below:

<https://ion.icaew.com/taxfaculty/b/weblog/posts/more-details-on-the-deferral-of-mtd-for-vat-to-october-2019-for-certain-businesses>

Paper records will no longer be sufficient and it will become mandatory for businesses including charities, which fall within MTD to keep digital records and to submit VAT returns directly from accounting software. Information can only be submitted to HMRC via an Application Program Interface (API) which can be done from software, bridging software or API enabled spreadsheets. You will no longer be able to submit your return through the government gateway.

This is unlikely to be an issue if you are using mainstream accounting programs, but you may wish to check with your software supplier what progress they are making with MTD.

We think this is a useful guide:

<https://www.sayervincent.co.uk/wp-content/uploads/2019/01/MTD-for-VAT-for-charities.pdf>

If you need further assistance, do speak to your usual contact at Chariot House.

Gift Aid

There are a number of matters to update you about:

(1) How to complete your Gift Aid donations schedule – HMRC have issued updated guidance:

http://www.hmrc.gov.uk/courses/syob4/giftaidsch_guide/

(2) Gift Aid Small Donations Scheme – from April 2019, the individual donation limit is increased to £30.

(3) Retail Gift Aid Scheme – again from April 2019, charity shops can send letters to donors every three years where their goods raise less than £20 a year.

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(4) Gift Aid Declarations – the proposed requirement to have to include forenames in full has been dropped by HMRC.

But do make sure that you are using the latest wording on your Gift Aid Declarations:

<https://www.gov.uk/guidance/gift-aid-declarations-claiming-tax-back-on-donations>

(5) 10 things charities need to know about Gift Aid – here's a useful refresher article to make sure you are dealing with Gift Aid properly:

https://www.sayervincent.co.uk/wp-content/uploads/2018/12/10-things-charities-need-to-know-about-Gift-Aid_-Accountancy-Daily.pdf

Small scale trading

Also changing from April 2019 are the limits on this.

Here's what has previously applied and what will apply going forward:

Previously		From April 2019	
Annual charity income	Maximum non-primary purpose trading	Annual charity income	Maximum non-primary purpose trading
Under £20,000	£5,000	Under £32,000	£8,000
£20,000 to £200,000	25% of income	£32,000 to £320,000	25% of income
Over £200,000	£50,000	Over £320,000	£80,000

https://www.gov.uk/guidance/charities-and-trading?utm_source=6caac147-4f4c-41df-aaa9-49fb06d3084c&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate



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Simplification of donor benefit rules for gift aid

These are being simplified with effect from 6 April 2019:

<https://www.gov.uk/government/publications/simplification-of-donor-benefits-rules-for-gift-aid/simplification-of-donor-benefits-rules-for-gift-aid>

Updated VAT Guidance

Updated guidance has been issued on:

(1) Youth Clubs

<https://www.gov.uk/hmrc-internal-manuals/vat-youth-clubs>

(2) Reliefs for VAT for Disabled and Older People

<https://www.gov.uk/guidance/reliefs-from-vat-for-disabled-and-older-people-notice-7017>

(3) Sponsorship

<https://www.gov.uk/guidance/sponsorship-and-vat-notice-70141>

Social investment tax relief

This has perhaps not achieved what the Government hoped when it introduced it, and it may be that there will be a more fundamental review of how SITR works in the future.

In the meantime, HMRC have updated their guidance:

<https://www.gov.uk/guidance/venture-capital-schemes-apply-to-use-social-investment-tax-relief>

Accounting issues

SORP update

Update Bulletin 2 has been issued, and covers a number of issues, perhaps the main ones being:

- (1) Gift Aid payments from subsidiaries
- (2) Presentation of comparative information
- (3) Treatment of investment properties where let to another group entity

<http://www.charitySORP.org/media/646440/update-bulletin-2.pdf>

Gift aid payments from subsidiaries

This is addressed in Update Bulletin 2, but there has been additional guidance produced on this issue:

<http://www.charitySORP.org/media/646752/Charities-SORP-Information-Sheet-2-January-2019.pdf>

In sum, subsidiaries should not include a creditor and holding charities should not include a debtor in respect of any unpaid gift aid on profits at the end of the subsidiary's financial year. This will generally result in an accounting profit showing in the subsidiary (assuming a profit has been made).

There is no change in the corporation tax treatment, however, and as long as the profits are fully paid up by the subsidiary to the charity within nine months of the subsidiary's year end, then no corporation tax will arise.

Change your charity's financial year

Updated guidance has been issued:

<https://www.gov.uk/guidance/change-your-charity-financial-year>

Don't forget that if you are a company as well as a charity, you will need to change the year-end at Companies House too.



Other matters

Just Giving abolishes platform fee... but

Just Giving has announced that it is abolishing its 5% platform fee. For more details of future arrangements:

https://www.jg-cdn.com/cms/umbraco/4749/embargoed_justgiving-press-release-250318.pdf?utm_source=Bates%20Wells%20Braithwaite&utm_medium=email&utm_campaign=10431386_Briefing%2002.04.19&dm_i=1Y95,67KWQ,MU5JYY,OGPNM,1

But, when donors make a donation through Just Giving, they are asked if they would like to make a contribution to Just Giving's' administrative costs, with a suggestion of 10% or 5% of the donated amount.

It will be interesting to see what effect this has on giving.

Culture shaping

We started the Charity Commission section of this newsletter referring to safeguarding.

Part of making sure your charity is safe is having a good culture in the organisation. We're delighted to recommend a book which Vanessa O'Shea, who has previously spoken at one of our seminars, has written:

https://www.amazon.co.uk/Shaping-your-Workplace-Culture-practical/dp/1790206227/ref=sr_1_fkmrnull_1?keywords=vanessa+o%27shea&qid=1554292573&s=gateway&sr=8-1-fkmrnull

Brexit

We have managed to get this far in our newsletter with only one passing reference to Brexit.

Well, I will not speculate where the 'process' might be when you read this, but rather will leave with you with some more helpful guidance produced by our good friend Sarah Chiappini:

[Briefing Note re Brexit.pdf](#)

We hope we shall see many of you at one of our forthcoming seminars.

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