

FOR CHURCH LEADERS AND OFFICERS TO PULL OUT AND KEEP

From the Support Services Team

Introduction

This time of the year is always a very busy period for the Finance Team as we are preparing the end of year financial statements for many organisations. However, we are always available to assist you with any queries you have relating to financial matters: please contact us through: financeoffice@baptist.org.uk.

Taxation queries are forwarded to the Honorary Taxation Advisor, Philip Cooke. Tax topics are covered in every edition of *Transform* and are on the Baptists Together website: www.baptist.org.uk/treasurers

Home Mission Stipend

The Trustees have fixed the Home Mission Stipend for 2015 at £21,700, an increase of 2.36 per cent on the 2014 Stipend.

Subscription 2014

Thank you to all who have paid their annual subscription. For those who are still left to pay, the subscriptions are now overdue and your payment is required as soon as possible.

Mileage Rates – Rate per business mile 2014 -15

During 2014-2015 the Government announced that, for tax purposes, the rate is 45p for the first 10,000 business miles in a tax year then 25p for each subsequent mile. This period covers 6 April 2014 to 5 April 2015. For more information visit <https://www.gov.uk/rates-and-thresholds-for-employers-2014-to-2015>

Annual Returns

The Annual Returns will be delayed slightly this year as we are looking into a new way of submitting them through our new database; ThankQ.

Details will be sent out soon, please look out and ensure that you reply at your earliest. Data collected from the Annual Returns is used for statistical trend analysis, providing suitable support to churches and planning Baptists Together strategy. For instance, funding allocation to each Association is calculated from the annual returns, so we would like to have them as accurate as possible.

Bank Charges

Just to remind you that from 01/10/14, the bank is charging for the processing of cheques. We therefore request that, wherever possible, payments are paid by standing order or bank transfer to the Home Mission account. Please quote your Church Number as reference.

Bank details

Bank: HSBC
Sort Code: 40-19-35
Accounts: 41083635

Taxation Topics

Treasurers may be interested in the following (summarised) questions and answers which have arisen recently.

Gift aid relief on gifts in kind:

Can a church claim gift aid relief on gifts in kind in the same way as charity shops?

Gift aid relief can only be claimed on monetary gifts but if a charity (including a church) sells articles (perhaps at an auction) which have been donated, and the particular donor has completed a gift aid declaration, then the church can claim gift aid relief (but not 'top-up' relief) on the proceeds of sale.

VAT relief on disabled access ramp:

Is it still possible to claim exemption from VAT on the cost of providing an access ramp for disabled members of the congregation?

Yes, any kind of expenditure which is incurred in providing facilities for disabled persons can be zero-rated.

Reimbursed manse lighting and heating expenses:

Where on form P11D do I report reimbursed manse lighting and heating expenses and how does the minister deal with them in his tax return?

The amount reimbursed should appear in Section N of the form P11D (or in the comparable section of the online version) under the heading Expenses payments made to the employee – other expenses. The minister will show the amount received in box 17 of the Minister of Religion pages of his tax return and also claim in box 25 a deduction for the church business proportion (usually 25%) of the total expenses incurred.

Manse accommodation provided for a non-stipendiary minister:

Our new minister will be serving us in an honorary capacity. Will he still be able to occupy the manse without incurring a taxable benefit?

Yes – your honorary minister will be exempt from charge to tax on the accommodation benefit, though officially the exemption in respect of the payment by the church of council tax and water charges applies only to a full-time minister. However, where the terms of appointment provide that manse accommodation is provided for the better performance of the minister's duties and to enable him/her to be available at all times to respond to the needs of members of the congregation, HMRC appears to accept that the exemption applies.

Capital gains tax on sale of house owned by minister:

We have throughout our ministry lived in a church-provided manse but we also own a house in which we intend to live when we retire but which, in the meantime, is let out to tenants. We now wish to sell the property and acquire another in the area where we plan to retire and hope that this will not result in any liability to capital gains tax.

Because you are required to live in 'tied accommodation' under the

terms of your service you are entitled to nominate another property as your main residence for CGT purposes. The intended sale of your property should not, therefore, give rise to a charge to CGT. A nomination should be made within two years of acquiring two or more residences but under an extra-statutory concession HMRC is willing to accept a late nomination where a taxpayer was unaware of the need to do so within the statutory period. If you haven't already done so you should submit a nomination to HMRC (a letter will suffice) without delay, explaining that you are required to live in 'tied accommodation' and were hitherto unaware of the need to make a nomination. The income from letting your property is, of course, taxable.

Support for young people engaged in voluntary service during 'gap' year:

Our church is sponsoring an auction sale of goods and promises in support of three young people who will be engaged in various forms of voluntary service during their 'gap' year and cash donations will also be invited. Can relief be claimed on any cash donations which are gift-aided? Provided (a) such donations are received as donations to the church; (b) the voluntary service is seen as forming part of the church's outreach programme; and (c) the trustees (deacons) are satisfied that the amounts distributed to the three young people will be used in furtherance of the church's declared charitable objects, then such donations should qualify for gift aid relief if given under declaration.

Mobile phone for minister:

We understand that the church can provide its minister with a mobile phone for church business use which will not give rise to a taxable benefit, even though there is incidental personal use. The minister would prefer a model which is more than the church can afford. Can the minister make a contribution without any tax consequences?

As long as the account for the mobile is in the church's name and is paid directly by the church, there is no reason why the minister, if so agreed, should not make a contribution by way of donation to the church.



Making it Possible!

- ✔ If you need to enlarge, improve or redevelop your church building then **we can help to make it possible**
- ✔ If you need to buy a new Manse then **we can help to make it possible**
- ✔ If you need to buy some land for a new church building then **we can help to make it possible**

The Baptist Union Loan Fund gives loans of up to £800,000 with a variable interest rate (currently 3.6%) over 10, 15 or even 20 years

For more information visit

www.baptist.org.uk/loans

Gift Aid small donations 'top-up' payment:

I would just like to check that we have a sufficient 'audit trail' for our claim for the 'top-up' payment relating to small cash donations. All of our offerings, cash and cheques (including 'gift-aided' offerings) are merged into one total amount for banking purposes but we do keep detailed analyses of loose cash offerings as between 'gift-aided' and other offerings and we endeavour to ensure that any individual cash donations exceeding £20 are duly noted and not included in the claim. Is this sufficient?

Yes – it would appear that you are doing everything necessary to distinguish the loose cash offerings which qualify for inclusion in the 'top-up' payment claim.

And, finally, some reminders ...

RTI Penalties: HMRC has announced phasing in automated penalties for late reporting of PAYE information as from 6 March 2015.

Website Treasurers' area: Don't forget to check out this area for any recently posted tax-related information. www.baptist.org.uk/treasurers

Queries: Treasurers and ministers are welcome to address tax-related

questions of a general nature to philipjcooke@aol.com indicating 'Tax enquiry' in the subject-matter box.

From the Baptist Union Corporation (BUC)

Reporting Serious Incidents To The Charity Commission

Sometimes when incidents occur they have to be reported to the Charity Commission. All Baptist churches are charities, whether or not they are registered with the Commission, and all Baptist churches have to comply with the Commission's serious incident reporting procedures.

Which incidents to report

You must report any serious incident that results in, or risks, significant:

- » loss of your charity's money or assets
- » damage to your charity's property
- » harm to your charity's work, beneficiaries or reputation

The Commission says that serious incidents include:

- » fraud, theft or other significant loss
- » a large donation from an unknown

or unverified source

- » a disqualified person acting as a trustee
- » not having a policy to safeguard your charity's vulnerable beneficiaries
- » not having 'vetting' procedures in place to check your prospective trustees, volunteers and staff are eligible
- » suspicions, allegations or incidents of abuse of vulnerable beneficiaries
- » links to terrorism or to any organisation that's 'proscribed' due to terrorist activity

Any actual or suspected criminal activity within or involving your church is a serious incident. Report a serious incident if your church or an associated charity is being investigated by the police or another regulator for any reason.

Suspensions, allegations and incidents of abuse of vulnerable beneficiaries

You should report this if any one or more of the following things occur:

- » there has been an incident where the beneficiaries of your charity have been or are being abused or mistreated while under the care of your charity or by someone connected with your charity such as a trustee, member of staff or volunteer
- » there has been an incident where someone has been abused or mistreated and this is connected with the activities of the charity
- » allegations have been made that such an incident may have happened, regardless of when the alleged abuse or mistreatment took place
- » you have grounds to suspect that such an incident may have occurred

How to report a serious incident

Report an actual or suspected incident by emailing the Charity Commission as soon as you are aware of it. You should say what happened and how you are dealing with the incident. You need to do this even if you have already reported it to

the police or another regulator. You should use this email address: rsi@charitycommission.gsi.gov.uk

The Commission will let you know that your report has been received. It will only contact you again if it:

- » needs more information about the incident
- » has to give you regulatory advice and guidance
- » has to use its legal powers to protect your charity

Working At Height

Churches are reminded that they must take steps to protect people who are working at height on their premises. The Work at Height Regulations 2005 apply where there is a risk of a fall liable to cause personal injury. They place duties on employers, the self-employed, and any person who controls the work of others, such as building owners, to the extent that they control the work.

The overriding principle is that you must do all that is reasonably practicable to prevent anyone falling. Further guidance is available from the Health and Safety Executive leaflet 'Working at Height – A brief guide' which can be found here: www.hse.gov.uk/pubns/indg401.pdf

For a more general overview of health and safety issues that affect Baptist churches please see BUC guideline leaflet *L10 Health and Safety and Fire Precautions*.

Trustee Indemnity Insurance

Trustee indemnity insurance offers some protection to charity trustees against personal liability. The public liability insurance offered by Baptist Insurance automatically includes cover for trustee indemnity insurance, with a limit of £100,000. Higher limits can be added for an extra premium.

Churches are entitled to use church funds to purchase this type of insurance for their charity trustees.

These notes are offered to provide general information for Baptist churches. We hope they will be helpful in highlighting new guidance and providing reminders about other important matters relating to the life of a local Baptist church. Although every effort is made to ensure that the information is correct at the time of publication, we make no representations, warranties or guarantees (whether express or implied) that the information is accurate, complete or up-to-date. Further, these summary notes are not intended to amount to advice on which you should rely and cannot be a substitute for formal professional or specialist advice. We do not assume and will not be liable to any party (who has either taken or refrained from taking action in reliance on these notes) for any loss or damage caused by errors or omissions, whether resulting from negligence or any other cause. If you want to ask detailed follow-up questions, please contact us through the Baptist Union website.



If you're not an expert in church insurance - don't worry we are

You can find all you need on our website to help you to protect your church and its users

- Handy risk management guides including events and church activities
- Straightforward risk assessment templates
- Simple checklists for common risks such as working at height

www.baptist-insurance.co.uk/guidance

0845 070 2223*

*Lines open 8am - 6pm Monday to Friday (except bank holidays).



BaptistInsurance

Experts in home and church insurance