

to make payments. The 6 years should run from the end of the tax year when payments stopped. For other gift aid records, very short retention periods can be adopted, but Inland Revenue advise that if errors are discovered during audit, they can open up earlier years, so we recommend the 6-year rule for all Inland Revenue related records.

Health and safety accident reports can be disposed 3 years after date of last entry, but health and safety records of consultation must be retained permanently. Personnel files and training files (including disciplinary and working time records) should be retained for 6 years after employment ceases and any redundancy details for 6 years from date of redundancy.

Items to be retained for longer periods include: Employers liability insurance certificates (40 years required by statute); Trust deeds and rules (permanently); Trustees' minute books (permanently).

Consideration must also be given to central church authority policy. Does your Denomination, or Diocese or

District have any policy concerning archiving records for historical purposes? Does or should your church have such a policy? Most churches have to archive various registers (births, deaths, marriages, etc) and the archiving of other records should be considered. For example, even if detailed records are destroyed, perhaps summaries should be archived, e.g. detailed financial records destroyed, but Annual Reports and Accounts archived.

Record retention is a complex subject; the above is by no means definitive but merely deals with the records that might apply to churches. If there is any doubt central church authority and/or legal advice should be sought.

HANDBOOK TEMPLATES

A member has asked to receive copies of the "templates" used in the examples appendices of the "Receipts and Payments" and "Accruals" chapters. They are Excel files, which can be emailed. Please email the Secretary if you wish to receive copies.

ACAT NEWSLETTER is published by the Association of Church Accountants and Treasurers. Information contained in the newsletter is prepared carefully from the information available, but ACAT accepts no responsibility for its complete accuracy; members should always consult their professional or Church advisors. Contributions and letters for future publication, requests for information or assistance, or membership applications should be directed to: admin@acat.uk.com or to any of the officers below:

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ASSOCIATION OF CHURCH ACCOUNTANTS AND TREASURERS

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Newsletter

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ACAT NEWS

Membership has now reached 2,000. This means that ACAT has grown fourfold in less than two years. A large proportion of the increase derives from the block membership of three Church of England Dioceses, but individual applications continue to arrive steadily; there were 24 in the last two weeks. Negotiations continue with other Church of England Dioceses and further substantial increases could result very quickly. None of this is due to advertising; it all results from recommendations. So if your Church, Diocese, District, etc. could be interested in block membership or you have contact with other treasurers who are not yet members, please continue to pass on the good word.

The Handbook: Stock has been exhausted by the rapid membership increase, so additional copies are being printed. If, as a recent applicant, you have not received your copy yet, it should be with you in the next couple of weeks. Last month we published and distributed three revised chapters (Receipts and Payments, Accruals and Annual Report) together with a new chapter on Independent Examination and additions to Fund Raising and Employment Issues. If you did not receive these please let us know. The new books being printed will incorporate these changes.

Annual Conference: Advance notice: put the date in your diary now. This year it will be held on Wednesday 21st June in Birmingham, close to New Street Station, at the Carrs Lane Church Centre, from 10am to 4pm. The fee for the day will be £30 to include a light lunch and morning and afternoon refreshments. Places will be restricted to 225 and will not be available to non-members unless they also join ACAT at the same time. Book early when the full notice and applications are published; we expect to sell out! Please do not try to book until you get the official form.



PAYE RETURNS – ELECTRONIC FILING

In the May 2003 Newsletter we dealt with this subject, identified various problems and posed questions concerning members' views on the subject. Subsequently we approached Inland Revenue pointing out the difficulties facing very small employers (including cost) and seeking some relaxation of the proposals. We regret that we were not able to make any headway.

The scheme provides for all employers to submit end of year tax returns online by the year 2009/2010 i.e. those due by 19th May 2010. Large and medium size employers have earlier deadlines to meet but for small employers (those with less than 50 employees) the above dates are the deadline. This is therefore the deadline for most churches with employees since it is unlikely any church will have more than 50.

However, small employers do not have to wait until 2010; they can register and start using the service earlier and there are rewards for so doing. The first year of reward has passed but the following still apply:

For return due by 19 May 2006 -	£250
.. .. . 2007 -	£150
.. .. . 2008 -	£100
.. .. . 2009 -	£75

There are penalties of up to £3,000 if the required documents are not filed on line in 2010.

We are still concerned by the burden the scheme imposes on very small employers, with only few employees,

who do not have Internet access. The size of the problem can perhaps be demonstrated from ACAT's own experience. We invite members to receive this Newsletter by email, but of 928 individual members, 352 (38%) ask for hard copy. Some (we believe about 90), although they could receive email, appear to prefer hard copy. This leaves 262 (28%) who do not appear to have Internet connection. For those employers, Inland Revenue appears to be suggesting the use (and therefore the cost) of a payroll agent.

Clearly all churches with employees should be investigating ways of establishing an Internet connection and perhaps taking the opportunity to register early and obtain the rewards. If you, the treasurer, have no Internet connection or experience, is it possible through the church office, or the minister or some other official, or through a family member or friend?

The actual process is relatively easy. First the church has to register. Connect to the Inland Revenue site <http://www.hmrc.gov.uk/home.htm> then click on "PAYE for employers" in the green box headed "do it online" on the left of the home page. On the next page click on "Register" under "I am a new user"; on the next page click "Organisation" then "Next" Follow the sequence of pages and Questions through. You will need the name of your Church as it is recorded for PAYE purposes, an email address for correspondence your PAYE reference and your PAYE accounts

office reference. All the PAYE data can be obtained from any correspondence you have received re PAYE (e.g. yellow paying in book or P35). During the process you will be asked to provide a password of your choosing and at the end you will be given a User ID" These must be kept securely and will be needed whenever you log on for PAYE matters subsequently.

Within 7 days you should receive written confirmation of the ID, by mail to the address Inland Revenue holds for your church, together with a card specifying an "activation pin"

The pin must be used within 28 days to activate service or the registration will lapse and you will have to register again. To activate, connect as when registering, except that on the screen where you clicked on "register" now complete the left hand side inserting your ID and password, then enter the activation pin and select activate. During activation you will be able to specify whether you wish to receive notices through the site or by post as usual; this can be changed at any time later.

HOW LONG SHOULD RECORDS BE KEPT?

The usual and obvious answer to this question is six years in accordance with the Limitation Act 1980 and relates to the time within which a legal action must be brought. In general, we recommend this period, except where there are longer retention periods indicated below.

Accounting records including bank statements and invoices, etc. should

To use the service to review notices or submit returns, connect as previously, enter the ID and password and click login. On the next page click PAYE and on the next screen choose whether to view notices or submit returns. When submitting returns select the free PAYE software option. This leads you into using the Inland Revenue software, which is a relatively easy step-by-step guide and will ultimately culminate in completing the end of year PAYE returns.

It is important to stress that you do not have to get it right first time. There are always opportunities to withdraw before finally submitting the information and it is a good idea to "practise" and make sure you understand the process.

Undoubtedly if you or the person helping you is used to surfing the net, following the process through is much simpler, but eventually all employers will have to find a way or employ an agent; doing it yourself will be more economic.

be retained for at least 6 years. Always retain records of any unusual receipts or payments

Inland Revenue guidance re PAYE, NI and wage and salary records is to retain for 3 years after the end of the tax year to which they relate. Gift Aid declarations and notification of alterations to those declarations must be retained while the donor continues