

## MINIMUM PAY RATES

The National Minimum Wages rates increase with effect from 1<sup>st</sup> October. The new rates are:

- Adults (aged 22 years and over) £5.52 per hour (previously £5.35)
- Development rate (ages 18 to 21 years) £4.60 per hour (previously £4.45)

- Young people (School leaving age to 17 years) £3.40 per hour (previously £3.30)

Full details of minimum wages rates and regulations can be found on website:

[http://www.direct.gov.uk/en/Employment/Employees/Pay/DG\\_10027201](http://www.direct.gov.uk/en/Employment/Employees/Pay/DG_10027201)

## ACAT NEWS

### FIRST ACAT EMPLOYEE

The growth in membership, and the likelihood that it will continue, has dictated the appointment of a part-time administrator. Her name is Ms Fiona Bristow and her base will be at a Baptist Church in Nottingham, where she will also be a part-time administrator for the church itself. Primarily, she will assist ACAT's treasurer, Alan Wilson, in distributing handbooks and other material and maintaining the membership database. Initially, all communications will flow through the treasurer, but the e-mail address [admin@acat.uk.com](mailto:admin@acat.uk.com) will shortly be assigned to her.

### HANDBOOK

As this Newsletter goes to the printer, so do the latest updates to the handbook, comprising three new chapters;

Information technology  
Health and safety  
Charities in Scotland

together with amendments to nine existing chapters.

We anticipate distribution within the next eight weeks, so look out for the update package and let us know if you do not receive it. Individual members should receive it by the end of November, but for block members it will take a little longer.

**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](mailto:admin@acat.uk.com) or to any of the officers below:

Chairman: Cyril Wood, 80 Grasmere Way, Leighton Buzzard, Bedfordshire, LU7 2QJ

Tel: 01525375297 Email: [chairman@acat.uk.com](mailto:chairman@acat.uk.com)

Treasurer: Alan Wilson, 83 Sheepwalk Lane, Ravenshead, Nottingham, NG15 9FD.

Tel: 01623795510 Email: [ajwilson30@googlemail.com](mailto:ajwilson30@googlemail.com)

Secretary: Ronald Norey, Beech House, Pen-y-Lan, Cowbridge, CF71 7RY.

Tel: 01446775623 Email: [secretary@acat.uk.com](mailto:secretary@acat.uk.com)

**ACAT Website:** <http://www.acat.uk.com>

**Email:** [admin@acat.uk.com](mailto:admin@acat.uk.com)

## ASSOCIATION OF CHURCH ACCOUNTANTS AND TREASURERS

President: The Bishop of London Charity registration number: 1072733

# Newsletter

Volume 4, Issue 4, October 2007

ACAT

## GIFT AID CONSULTATION

In response to the Government's consultation on Gift Aid, ACAT has suggested that the scheme should be revised for small charities with the twofold objective of:

- increasing the tax repaid to small charities so that it more genuinely reflects the tax deducted from gross income out of which the donations to charities are made
- simplifying the system so that the process and record-keeping do not form a deterrent for the smaller charities who have to rely more heavily on volunteers who are less qualified and equipped, and have less time to manage the records.

To achieve these objectives, ACAT suggests that a radical change is required to the basis for claims by small charities. Rather than being related to individual donations in respect of which the charity has obtained a Gift Aid Declaration, claims should instead be related to the whole of the charity's recorded voluntary "money" donations from UK individuals, as shown by their accounts, but at a composite rate which is fixed to reflect:

- the national proportions of individuals paying any kind of tax as opposed to those paying no tax
- the prevailing rates of standard rate income and capital gains tax.

In relation to recovery of higher rate tax relief ACAT suggests that the reclaiming of higher rate tax relief on gift aid donations could be increased, and more particularly that such relief could be directed to the same source as the original gift aid payment, if charities could claim the relief rather than the tax payer. This could be achieved if:

1. the tax payer when making his/her declaration was also able to declare payment of tax at the higher rate, and
2. the claim forms were adjusted to enable the charity to indicate the higher rate donors and claim at the enhanced rate.

Note, that if the simplified system detailed above for small charities was adopted, the composite rate proposed should also be adjusted for the higher rate tax element.

Assuming a radical change is not possible, and the present declaration based system continues, the ACAT submission suggested a number of ways by which the paperwork and form filling associated with actually making a claim could be reduced.

The full text of the ACAT submission can be viewed on the website on the same page as this Newsletter.

## GIFT AID ON DONATED GOODS

If a supporter gives goods to a church Gift Aid cannot normally apply, but there is a way in which Gift Aid can be utilised to maximise the income from the sale of supporters' goods. The church can offer to sell goods on behalf of supporters, and then ask them if they would like to give all or part of those sale proceeds to the church as a donation. Any free will donation of the proceeds can be treated as a Gift Aid donation, subject to all other Gift Aid conditions being satisfied.

The minimum requirements are:

- The supporter retains legal and beneficial ownership of the goods until they are sold.
- Both parties (church and supporter) understand that the church (or its trading subsidiary) is the supporter's agent to sell his goods.
- The donor is informed that he can keep the sale proceeds or choose to donate all or part of those proceeds to the church.
- The donor makes a valid Gift Aid declaration which covers the proceeds he chooses to donate to the church.

For audit purposes, in addition to the donor's Gift Aid declaration, the church must retain all documentation associated with claims for Gift Aid on the proceeds from the sale of donated goods.

- A copy of any written agreement under which the church (or its subsidiary) is appointed as the donor's agent to sell his goods.
- Documentation to show that the supporter has been notified of the

sale proceeds and that he has been given the opportunity to receive all or part of the proceeds. This is essential so that the donor can complete his own tax return correctly.

- If appropriate, documentation from the supporter confirming his donation to the charity.
- Internal accounting records to show how the goods are identified as belonging to a particular supporter
- If the arrangements are made by a trading subsidiary of a church, records to show how the sale proceeds are remitted to the church.

Churches are also advised to maintain records of staff/volunteer training and guidance, to demonstrate that all their staff and volunteers are implementing the process correctly.

These arrangements could be applied by churches in relation to auctions, sales of work / jumble sales, or church "shops" provided all the detailed regulations are followed, however there may be implications for "taxable trading" and VAT so churches considering adopting this type of arrangement are welcome to contact HMRC Charities to discuss their proposals before implementation.

HMRC has recently updated its guidance on these matters, which can be found at:  
<http://www.hmrc.gov.uk/charities/guidance-notes/chapter3/sectionf.htm#gg>

## EXCEPTED STATUS FOR CHURCHES EXTENDED

The temporary regulations excepting certain religious charities from having to register with the Charities Commission terminated at the end of September.

In due course, all charities with income in excess of £100,000 will have to register with the Commission under the provisions of the Charities Act 2006. It is anticipated that these provisions will come into force towards the end of 2008.

In the meantime, excepted status for those churches that will eventually have to register, and for all smaller churches (below the £100,000 threshold) after 2008 has been extended by a new statutory instrument until 1<sup>st</sup> October 2012 (SI 2007 No.2655)

The churches covered by the exception rules were identified in the original 1996 regulations as:

- a church within the meaning of section 2 of the Baptist and Congregational Trusts Act 1951
- a church which is affiliated to the Fellowship of Independent Evangelical Churches;
- a church which is a member of the General Assembly of Unitarian and Free Christian Churches;
- the Calvinistic Methodist or Presbyterian Church of Wales;
- the Church of England;
- the Church in Wales;
- the Methodist Church;
- the Religious Society of Friends;
- the United Reformed Church.

The regulations only apply to England and Wales. All churches in Scotland must register with The Office of the Scottish Charity Regulator.

## CHARITY COMMISSION REGISTRATION

Registering with the Commission is to become easier thanks to a new streamlined paper application, set to launch this month, and the introduction of online registration early next year.

It will mean that with the new paper application form, charities will not have to send extra paperwork, unless specifically requested to. In the majority of cases, the information provided on the form will be enough for the Commission to assess the application.

Online applications also have the potential to significantly reduce the amount of time it takes to register.

They will first be made available to straightforward applications, such as those from organisations that already have an approved governing document from an umbrella organisation.

The commission hopes to extend the service to all charities over the course of 2008