

New church builds, extensions to existing buildings, and listed church alterations, have serious VAT implications. Many churches lose out by failing to take proper, timely advice before work is started. Even where a project has been completed, it may still be possible to retrieve some of the VAT subject to HMRC time limits, which have been changed with effect from 1 April 2009. The three year time

limit for assessments and reclaims of VAT by businesses is to be increased to four years, in stages until 1 April 2010 when the change will be fully implemented.

The early use of a VAT specialist is advisable; substantial VAT savings are possible so the fees payable may be a good investment.

SINGLE CONGREGATION LEPs

The Charity Commission has approved a standard governing document where two or more Churches have formed a single congregation. Existing LEPs do not need to change their constitution unless—

- they have an annual income normally greater than £100,000;

- they do not yet have an agreed constitution;
- their constitution needs amendment.

Documents can be downloaded in “Word” format. Further information is available from:

<http://www.churches-together.net/Publisher/Article.aspx?ID=159865>

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**ASSOCIATION OF CHURCH
ACCOUNTANTS AND TREASURERS**

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ACAT

ACAT NEWS

CONFERENCES

The final Conference of the year was hosted on Thursday 8th October at the Carrs Lane Church Centre in Birmingham. Around 80 delegates and Committee members participated in the format adopted for this year, in which all the presentations were made by ACAT trustees.

The discussion groups produced the usual lively exchange of views on common problems.

The presentations for this Autumn Conference are posted on the ACAT website at <http://www.acat.uk.com/acat/page6.html>

CONTINUED GROWTH FOR ACAT

Since our last report in the July Newsletter, we have been pleased to welcome The Diocese of London as a new “block” member.

We are keen to consider how ACAT can increase its member services and widen its appeal. For example, a National Church is considering joining ACAT on the basis that it will dispense with its Treasurers guide in favour of the ACAT handbook, which will be extended to include a unique chapter relating to the specific features of that church.

Membership now stands at over 9,000 and we could well exceed the 10,000 mark by the end of the year. The Association was first registered as a charity in February 1998, but membership remained below 1,000 until mid 2005; it is only in the last four years that the real surge in membership has taken place. We estimate that approximately 30% of all Christian churches must now be ACAT members.

We would like to hear from any individual or block members who have any suggestions of how we can extend our services or collaborate to widen our membership.

PAYE ONLINE FILING

We last dealt with this matter in some detail in January 2006. The HMRC proposal is that all employers must submit end of year tax returns online by this year 2009/2010, i.e. those due by 19th May 2010, so the deadline is now close. Every church with employees must establish how it will comply.

The online process is relatively simple. First the church must register with HMRC at:

<http://www.hmrc.gov.uk/home.htm>

Click on "PAYE for employers" in the green box headed "do it online"., then click "Register"; and on the next page click "Organisation", then under "Organisation" tick the box "PAYE for Employers", and click "Next". Follow the sequence of pages and questions through. The name of the Church as it is recorded for PAYE purposes, the PAYE reference and the PAYE accounts office reference, together with an email address for correspondence will be required. (Note: all the PAYE data can be obtained from correspondence received re PAYE, e.g. yellow paying in book or P35).

During the process a password will be requested and a User ID provided. These must be kept securely and will be needed for any login for PAYE matters. Subsequently an email will be sent to the address provided confirming the registration, password, etc. and providing details of how to activate the service.

To file a return, connect as before, enter the ID and password and click "login". Under "File your return and forms" choose "File return and forms online" to use HMRC software, a relatively easy step-by-step process, leading to the completion of year end returns.

There are opportunities to backtrack and change information until final submission, so practice is possible and advisable.

If the treasurer has no personal internet connection, is it possible through the church office, or the minister or some other official, or through a family member or friend? If not, the services of a local payroll bureau could be employed. To set up and file for up to 5 employees will probably cost up to £50 p.a.

WATER CHARGES

At the Labour Party Conference the Environment Secretary announced that the Government will legislate to allow water companies to introduce a social tariff in their areas – thereby bypassing Ofwat.

The Press Office quoted him as saying: "Some churches, sports clubs and youth groups have been hit by huge increases in their water bills for surface drainage. It isn't right. So I can tell you today that we will

legislate to allow water companies to run concessionary schemes for these organisations so they can get on with the great job they are doing instead of worrying about unaffordable bills."

This will probably be done through the Flood and Water Management Bill, which (it is hoped) will be taken through Parliament in the forthcoming Session.

CHURCH BUILDINGS - VAT MATTERS

Secondary double glazing

There has been an issue over whether or not fitting secondary double-glazing to a listed place of worship should be zero-rated or attract VAT at standard rate. It now appears that the Charities VAT Office has agreed that the installation of secondary glazing should be zero-rated. Each case will have to be argued afresh on its merits – so it is important to investigate the VAT situation *before* the works starts.

New buildings

An HMRC concession provided that VAT was not previously

payable on the acquisition or construction of a new building if it was being used at least 90 % for charitable purposes (based on either floor space or staff time spent on charitable activities). From 1 July 2010, the minimum amount of charitable use will become 95% so the permitted non-charity, "business" use is severely reduced.

There is a new requirement for the building's use to be monitored for at least 10 years, and tax paid if more "business" activities take place than was initially anticipated.