

FOR CHURCH LEADERS AND OFFICERS TO PULL OUT AND KEEP

### From the Support Services Team

#### Introduction

The Finance Team is always available to assist you with any queries you have relating to financial matters. Contact us on [financeoffice@baptist.org.uk](mailto: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](http://www.baptist.org.uk/treasurers)

#### 2015 Reminders

##### Statement of Recommended Practice (SORP) 2015 Update

In 2015 a new SORP was issued which will apply to accounting periods on or after 1 January 2015. Charities with income of £250K or more will need to prepare their accounts using the new SORP. We are working on guidelines and will put them on the website as soon as they are ready.

We recommend that you visit the following websites:

- » **SORP microsite** to find a full copy of the SORP, help sheets and examples - [www.charitySORP.org](http://www.charitySORP.org)
- » **Charity Commission website** gives a more comprehensive overview and answers most FAQs - [www.gov.uk/government/organisations/charity-commission](http://www.gov.uk/government/organisations/charity-commission).

##### 2015 Home Mission Stipend

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

##### Subscription 2015

Thank you to all who paid their 2014 subscriptions. We will be sending this year's request out soon, please look out for this and ensure you pay them as soon as possible.

##### Mileage Rates – Rate per business Mile 2014 to 2015.

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 [www.gov.uk/rates-and-thresholds-for-employers-2014-to-2015](http://www.gov.uk/rates-and-thresholds-for-employers-2014-to-2015)

##### Bank Charges

A gentle reminder that, wherever possible, payments should be paid by standing order or bank transfer to our Home Mission account. Please quote your Church Number as reference.

##### Bank details

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

#### Taxation Topics

Compiled by Philip Cooke FCA – Honorary Taxation Adviser  
Philip is happy to respond to tax questions of a general nature emailed to him at [philipjcooke@aol.com](mailto:philipjcooke@aol.com)

##### Form P11D

Treasurers are reminded that the following are among items which do not have to be shown on form P11D, namely:

- » payments of mileage allowance which are within the HMRC approved limits (45p per mile for the first 10,000 miles pa and 25p per mile thereafter); and
- » the benefit of manse accommodation provided by the church for a minister and the payment of related service expenses such as council tax, water charges, buildings insurance, external maintenance and upkeep of any 'landlord's fixtures and fittings' such as gas, electrical, water, kitchen and bathroom installations.

Please refer to paras 1.7 – 1.11 of the *Taxation Guidelines for Churches and Ministers* (document F06 on the BU website) for further guidance, particularly with regard to manse internal repairs and maintenance where a taxable benefit is likely to arise.

The reimbursement to a minister (in full or in part) of manse lighting and heating expenses does, however,

## Newgate

Since 1997



Newgate Motoring Solutions Ltd. 49 North Castle Street, Edinburgh EH2 3BG.

## Fix your motoring costs

At Newgate, our motor finance schemes have been designed with you in mind. Our great range of car offers are available to Ministers and Retired Ministers, Elders, Deacons and Church Staff, plus their families.

Call now or visit our online showroom

**08000 324 900**  
[newgatefinance.com](http://newgatefinance.com)

FREE DELIVERY TO YOUR DOOR

give rise to a taxable benefit (except where a minister's taxable emoluments - meaning stipend plus any taxable benefits and expenses - do not exceed £8,500 pa), and will therefore need to be included in form P11D – at section N (if the accounts are, as they should be, in the name of the minister) or section K (if they are in the name of the church). In the latter case there is also a Class 1A NIC charge.

If a church has obtained a P11D dispensation in respect of the kind of expenses which are normally 'tax deductible' then it is likely that reimbursed manse light and heat expenses will be the only entry appearing on most forms P11D. [But see below for information about the forthcoming abolition of the P11D dispensation regime.]

#### **Proposed future changes affecting Forms P11D, Benefits and Expenses**

Draft legislation has been published relating to a number of changes affecting benefits and expenses which are being introduced with a view to 'simplifying' the tax system and which are briefly summarised below:

- a From 6 April **2015** *trivial benefits in kind* (such as birthday, Christmas and anniversary gifts) not exceeding £50 provided for an employee (other than in cash or cash voucher form) will be statutorily exempt from charge to tax.
- b From 6 April **2016** it is intended that the form P11D *dispensation* regime will be abolished and will be replaced by the statutory exemption of such expenses and benefits which clearly do not give rise to a tax liability in the hands of employees. The expenses and benefits in question will need to satisfy an 'authorised' test, details of which will be elaborated on later.
- c From 6 April **2016** the £8,500 pa emoluments threshold for the completion of a form P11D (rather than form P9D) is to be abolished and forms P11D will then need to be completed (where necessary) for all

employees, other than ministers of religion with emoluments below the £8,500 threshold for whom an exception has been made following representations made on their behalf. Please refer to the document issued on 16 December 2014 which appears in the Treasurers' area on the BU website.

- d Also from 6 April **2016**, again with the declared purpose of 'simplifying' the tax system, it will be possible for employers voluntarily (at least initially!) to 'payroll' taxable benefits through the RTI-PAYE system. This should mean that where a church reimburses a minister for manse light and heat expenses the 'net benefit' (i.e. after allowing for the proportion attributable to *church business use*) would be treated as taxable pay - though there appears to be a 'sting in the tail' in that the reimbursement will likely trigger NICs which do not arise at present. Further details will be made available when the legislation has been enacted.

#### **Employment allowance**

Hopefully all churches have made a claim for the Employment Allowance – the annual allowance of up to £2,000 towards an employer's NI contributions. This allowance first became available in April 2013 and, once claimed, is given automatically when accounting for monthly or quarterly PAYE and NIC remittances. [See Treasurers' area on the BU website for further details.]

#### **Gift Aid 'top-up' payment**

Again, it is hoped that all churches are claiming the Gift Aid 'top-up' payment in respect of non-gift aided donations not exceeding £20 each (up to a limit of £5,000 donations pa and a £1,250 pa 'top-up payment'). [Please see Treasurers' area on the BU website for further details.]

#### **Ministers' tax returns**

It is still not possible for ministers of religion to use HMRC's tax return filing software because it does not embrace the *Minister of Religion* pages, and it seems unlikely that this position will change. Ministers are therefore reminded of the online facility still available from Keytime

software at a very attractive cost. [See document *FTG01 Ministers' Online Tax Returns*, on the Finance Bookshelves at the BU website for further information.]

#### **VAT on church energy supplies**

Where a church changes its supplier of gas and/or electricity it should ensure that the new supplier applies the 5% (domestic) rate of VAT, and not the full 20% standard rate. The lower rate is available to charities provided that any non-qualifying use (i.e. non-charitable use) does not exceed 40% of total use.

#### **Manse hospitality expenses**

Reasonable expenses incurred by a minister in providing hospitality at the manse for visiting clergy, church officers and members of the congregation are deductible for tax purposes, and will not give rise to a taxable benefit if reimbursed by the church. The expenses claimed or reimbursed should represent actual expenditure and should not take the form of a round-sum allowance. If a dispensation is not in place then the payment or reimbursement will need to be shown on form P11D and the minister will then have to claim the expense in his or her return.

### **From the Baptist Union Corporation**

#### **Guidance for Prospective Charity Trustees**

If you have been asked to consider becoming a charity trustee you should make enquiries about the church's financial situation so that you are clear what potential liabilities you might be taking on. You should ask to see the church's budget and a recent set of audited or independently examined accounts. You should read their annual reports and governing documents. It is important to know whether the church has a pension deficit and what steps it is taking to address that deficit, for example, making deficit contributions to the Baptist Pension Scheme. You should ask the existing trustees whether there are any particular challenges or difficulties that the church is facing at the present time.

In practice, most people have served, do serve, and will continue to serve without facing a personal liability as a charity trustee of a local Baptist church – but we cannot promise that this will never happen.

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.

Charity trustees are encouraged to take advantage of the training opportunities offered to them by their local Association and training events run by our Union's Honorary Treasurer, Malcolm Broad.

## Charity Commission Trustee Handbook

The Charity Commission has provided us with a new Trustee Handbook and asked us to distribute it to our churches. We have added this as an annex to our guideline leaflet *C15 Help I'm a Charity Trustee*. The handbook will be of interest to all charity trustees and contains helpful links to the Commission's online guidance.

Some of the guidance on administrative responsibilities will only apply to churches that are registered with the Commission; only churches with an annual income that exceeds £100k have to register.

## Action Fraud

Action Fraud is the UK's national reporting centre for fraud and internet crime where you must report fraud if your church has been scammed, defrauded or experienced cyber-crime. Its website ([www.actionfraud.police.uk](http://www.actionfraud.police.uk)) has extensive guidance and advice for individuals and organisations.

If your church has been (or may have been) the victim of fraud you must also report this as a serious incident to the Charity Commission.

## Food Allergen Labelling: advice from the Food Standards Agency

The EU Food Information for Consumers Regulation came into force on 13 December 2014; the Churches' Legislation Advisory Service contacted the Food Standards Agency to seek clarification on the impact of the Regulation on churches and charities. The FSA replied as follows:

'With regard to frequency and whether any church will need be registered as a food business this would be determined at a local level as there are several factors to be considered such as size of the event, frequency, type of food being provided (whether it is high- or low-risk with regard to microbiological safety as well as allergens). There is no set time which determines what is more than occasional and the local Environmental Health Department, where the church is based, would be best placed to determine the status of the food activity.

'Generally operations such as the occasional handling, preparation, storage and serving of food at events - organised charities, fetes, church events etc. are not covered by the scope of the food hygiene regulations ('Regulation 852/2004 on the hygiene of foodstuffs'). However, under Regulation (EC) 178/2002, Article 14 (contains the food safety requirements) anyone selling or supplying food would be expected to provide food that is safe to eat; regardless of whether the food is sold or supplied and whether the food is supplied for profit or not.

'In relation to the new allergen labelling rules, individuals or undertakings not regarded as food businesses are exempt from the new allergen requirements. Whether you are a food business depends on how often the church, for example, provides free lunches; weekly and monthly infer a frequent and regular occurrence. Under the Food Information Regulations 2014, the business supplying the food has responsibility for ensuring that customers have the appropriate allergen information. However, even if you are not considered a food business you may wish to offer the allergen information on a voluntary basis.

'The Food Standards Agency's advice to anyone providing or selling food to the public is to get in touch with the relevant local authority environmental health department (EHD). The EHD are in the best position to determine whether legislation (registration or licences) apply according to individual circumstances, such as frequency, types of food, size of the event etc. Decisions are made on a case by case basis'.

Our advice would be that if you have any queries about food hygiene legislation and its application to your church setting you should contact your local Environmental Health Department.

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](http://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