

Past issues are available at www.baptist.org.uk/transform

Coronavirus

Resources for Churches

To support churches we have a dedicated section of our website, www.baptist.org.uk/corona which has all of our resources relating to Coronavirus. Key items available on the website include:

- » Detailed guidance on re-opening of churches and church worship which we continue to update regularly in response to updates to Government regulations and guidance, and feedback from churches.
- » Our Guideline Leaflet L18: Covid-19 Coronavirus Legal Issues (www.baptist.org.uk/resources/L18) contains comprehensive advice on a range of church governance, property and other issues that have been impacted by the pandemic. It is regularly updated as the situation evolves.
- » Details of our regular prayer broadcasts
- » Topical webinars relating to Coronavirus
- » Resources to help you plan for the future

Please do check the website regularly to ensure that you are using the most recent version of any guidance documents.

Coronavirus Financial Support Scheme

In view of the continued pressure on church finances, the Baptist Union has extended the Financial Initiatives to provide help where it is most needed. The following continue to be available:

- » BUC Loan repayments reductions / holidays.
- » BUC Loan Interest free periods.
- » Baptist Union Emergency Grants up to £15,000
- » Baptist Union Emergency loans of above £25,000

Full details of the initiatives can be found on our website: www.baptist.org.uk/coronafinancialsupport

Baptist Assembly 2020

We will be holding an online session on Wednesday 16 September at 19:00 to replace the 'BUGB AGM' session that normally takes place at Assembly each year.

An excellent opportunity to hear about the ongoing work of Baptists Together. Please see www.baptist.org.uk/assembly2020 for details of how to participate.

HR and Safeguarding Matters

Contributed by the HR and Safeguarding Team at Baptist House (safeguarding@baptist.org.uk)

Looking at team structures and staff numbers

At the time of writing, the Government have confirmed that the Coronavirus Job Retention Scheme (often called the furlough scheme) will come to a close at the end of October. As a result, some churches will be starting to think about income, funding and the ongoing structure of their staff teams. For some churches this will mean adapting to new ways of working and amending roles to fit with the new requirements of ongoing social distancing. For others this will bring difficult decisions about cutting or reducing staff or ministry posts or reducing working hours.

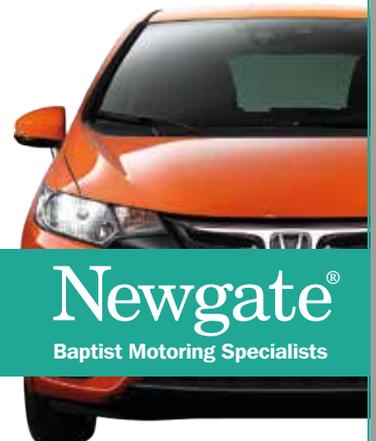
During the pandemic, all the normal legal obligations on employers remain in force which includes the need to formally consult with staff if there is the likelihood of redundancies. Lockdown and furlough arrangements also affect the way in which you can communicate difficult news to staff, so it is especially important to plan carefully for these processes.

If your church finds itself needing to consider possible staff cuts or job

Fixed-cost motoring for Baptists

Leasing your next new car with Newgate is easy, convenient and comes with the added reassurance of fixed monthly payments.

Depending on the car you choose, your package could also include servicing, road tax – and even breakdown cover. So it really is hassle-free!



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losses, advice is available on both employment legislation and good practice for handling this. Please contact HR@baptist.org.uk and Rachel Stone, our HR and Safeguarding Team Leader, will contact you to talk about your situation and to give you guidance and practical support on the way ahead.

If you need to think about the possible loss of a ministerial post, please contact your Regional Minister or the Ministries team (ministries@baptist.org.uk) who will be able to guide you through the processes and practicalities in relation to those who are on ministerial terms and conditions of appointment.

Pension Scheme Matters

Contributed by Steve Kaney, Pensions Manager (skaney@baptist.org.uk). Please note that the Baptist Pension Scheme is operated by Baptist Pension Trust Limited, a separate legal entity from BUGB. See www.baptistpensions.org.uk for more details on the scheme.

Covid-19

The Pension Trustee and staff team hope everybody continues to do all they can to stay safe during this pandemic. The Pensions Team and scheme administrators are endeavouring to provide normal service during this time and arrangements are now in place to deal with any hard copy mail sent to Baptist House. If you have any correspondence which has not been addressed then please contact Marshall Rowan (mrowan@baptist.org.uk) in the Pensions Team in the first instance.

2019 Actuarial Valuation

Legislation dictates that the Defined Benefits Section of the Scheme must be formally revalued every three years. A significant amount of work on the latest valuation at December 2019 has been undertaken jointly by the Pension Trustee and BUGB's Employers' Group. We are pleased to report that the valuation has been concluded with a deficit of £18m, down from £93m three years earlier. More details can be found at www.baptist.org.uk/pensions.

Deficit Recovery Contributions

A positive aspect of the 2019 Valuation is that all Deficit Recovery Contributions will be reduced by 50% over the second half of 2020 in recognition of the strain on churches at this time. Employers in the scheme should have received a letter from the Scheme Administrators, Broadstone, regarding the change to their Direct Debit. Please contact Broadstone, at baptistpensions@broadstone.co.uk if you have any questions about this. Any other queries about deficit recovery contributions should be directed to Marshall Rowan (mrowan@baptist.org.uk).

CIO Conversions

Many churches are in the process of converting to a CIO. We wish to support any church going through this process, but we also wish to guard against any debts being inadvertently triggered, which requires a specific process to be followed. Please read the detailed guidance available on our website at www.baptistpensions.org.uk/churches-employers/cio. Please contact Steve Kaney (skaney@baptist.org.uk) with any queries.

Legal News

Contributed by the Legal and Operations team at Baptist House (legal.ops@baptist.org.uk)

Information for CIOs and Companies: new statutory provisions

Churches that have incorporated as CIOs (charitable incorporated organisations) or companies should note that the Government has now passed the Corporate Insolvency and Governance Act which relaxes governance requirements and helps incorporated churches to hold legally valid meetings during lockdown. The measures apply retrospectively and came into force at the end of June. Further information can be found in our Guidance Leaflet: L18 Covid-19 Coronavirus Legal Issues (www.baptist.org.uk/resources/L18). This does not apply to the majority of churches that are still unincorporated associations, who should continue to refer to pages 2 and 3 of the L18 leaflet.

Electrical Safety Standards

In England, churches renting out property to residential tenants should

be aware of the Electrical Safety Standards in the Private Rented Sector Regulations 2020. These Regulations introduce mandatory electrical inspection and testing for tenancies starting on or after 1 July 2020. From 1 April 2021 this duty will apply to all existing tenancies. Every electrical installation must be inspected and tested by a suitably qualified person before letting a residential property, and at least five years throughout the tenancy at regular intervals.

Please see Guideline Leaflet PM04 Letting a Manse (www.baptist.org.uk/resources/PM04) and L10 Health and Safety and Fire Precautions (www.baptist.org.uk/resources/L10).

Our recommendations on electrical safety standards for manses occupied by a minister are in Guideline Leaflet PM06 Manse Occupancy (www.baptist.org.uk/resources/PM06).

Support for churches with listed buildings

The Quinquennial Inspection Grant Scheme, enabled by BUGB in collaboration with Historic England, is now open to applications. Available to all churches with listed chapels in England, it offers the opportunity to apply for 50% of the cost of a condition survey. For more information, as well as updated advice regarding the care of historic and listed buildings, please visit www.baptist.org.uk/listedbuildings.

Finance Matters

Contributed by the Finance Team at Baptist House (financeoffice@baptist.org.uk)

Standard Stipend for 2021

The Baptist Union Trustees have set the standard stipend for 2021 at £24,500, which is an increase of £500 or 2.08%. You can use this figure as appropriate for your budget for 2021. The increase in the manse value for 2021 for pension purposes will be based on September 2020 CPI and will be communicated once that figure is known. More details can be found at www.baptist.org.uk/financialguidance

Charity Commission Annual Return

In these unusual times it is easy to overlook regular annual tasks. If your church is registered with the Charity



Baptists Together Deposit Accounts

Baptist member churches with savings and reserves are encouraged to lodge these in a Baptists Together Deposit account.

These accounts, provided by the Baptist Union Corporation Limited, offer a competitive rate of interest to depositors. They also provide funds which are used to make loans to finance the purchase of new church sites and manses and fund the construction of new churches, as well as redevelopment and improvement projects. Such projects help churches to develop their mission in their community and it is a fantastic way for churches with surplus funds to support mission across the Baptist family.

For more information visit

www.baptist.org.uk/depositaccounts

CURRENT RATES:

1.00% interest
on 1 year fixed rate deposit

0.45% interest
on 3 month notice account

0.20% interest
on 7 day notice account

(all rates subject to regular review)

**Minimum deposit £1,000
for all accounts**

Commission, you must submit your Annual Return and Accounts within 10 months from the end of the financial year. If you wish to request an extension because of the Coronavirus pandemic, then you need to contact the Charity Commission either by calling 0300 066 9197 or emailing to filingextension@charitycommission.gov.uk with charity name and registration number.

On the topic of Annual Returns, when answering Question 34 of the Annual Return made to the Charity Commission (relating to the total salary and benefits received by the highest paid employee), the value of the benefit of manse accommodation

provided for a minister may be taken as equal to the 'manse annual value' for pension purposes (ie £6,248 for calendar year 2020).

Filing Company Accounts

To avoid having to pay a penalty all Companies House accounts normally need to be filed 9 months after the accounting period, but this has been extended by 3 months for any filing deadlines falling between 27 June 2020 and 5 April 2021. If required, a Corporation Tax return needs to be submitted to HMRC within 12 months after the accounting period to which it relates. For limited companies who do not require an audit, you may be able

to file your Corporation Tax and the annual accounts at the same time via your Government Gateway User ID.

Change of Baptist Union Accounting System

The Baptist Union of Great Britain is migrating to a new financial package towards the end of this year and this will result in a period where we will not be able to process requests as quickly. We will endeavour to keep it to a minimum but please be patient with us during this transition period which, at the time of writing, is expected to be during October.

Taxation Topics

Contributed by Philip Cooke FCA, our Honorary Taxation Adviser (philipjcooke@aol.com).

'Tax Topics' on this occasion provides a brief summary of points which have recently been the subject of questions raised by treasurers and ministers. Where applicable, references have been shown to further guidance available online.

Computer equipment

Where a minister purchases a computer or other office equipment for church business use the cost continues to be tax deductible and should be included in box 21 of the Minister of Religion pages of the tax return. See section 2 of Guidance Leaflet X02: Self-Assessment and the Minister (www.baptist.org.uk/resources/X02)

Loan by church to a minister

If a church makes a loan to a minister either interest-free or at a rate lower than the 'official rate' (which for the tax year 2020-21 is 2.25% pa and was 2.5% pa in the year 2019-20) this will give rise to a taxable benefit - except where the aggregate sum of all outstanding loans does not exceed £10,000. Such benefit has to be reported on form P11D. See paragraph 10.1 of Guidance Leaflet X03: Taxation Guidelines for Churches and Ministers (www.baptist.org.uk/resources/X03)

Manse carpets

Carpets continue to be regarded as furnishings rather than landlords' fixtures and fittings, so that where a church replaces carpets during a ministry, they will give rise to a taxable benefit based on their market value. In practice carpets are usually replaced before the commencement of a new ministry or as part of a minister's relocation costs. See paragraphs 1.9 – 1.11 of Guidance Leaflet X03: Taxation Guidelines for Churches and Ministers (www.baptist.org.uk/resources/X03)

Manse internal repairs and decoration

Where the cost of manse internal repairs and decoration (other than those relating to landlords' fixtures and fittings) is borne by the church, this will give rise to a taxable service benefit. However, such benefit (together with any other service benefits) cannot exceed 10% of the minister's 'net income' (broadly defined as stipend plus benefits less allowable expenses). Where such expenses are borne by the minister, a claim for tax relief may be made (in the tax return) for 25% of the cost in respect of church-business use. See paragraph 1.8 of Guidance Leaflet X03: Taxation Guidelines for Churches and Ministers (www.baptist.org.uk/resources/X03) and section 2 of Guidance Leaflet X02: Self-Assessment and the Minister (www.baptist.org.uk/resources/X02)

Gift Aid Small Donations Scheme (GASDS)

It may not be too late to refer to the note appearing in *Transform 55* relating to the relaxation of the rules relating to the £30 limit placed on small cash donations qualifying for GASDS, which are subsequently 'made up' following the coronavirus lockdown. For convenience the note is repeated here:

The closure of churches during the coronavirus lockdown might have resulted in a loss of gift aid relief on small cash donations (not exceeding £30) which would normally have been placed on the weekly offering plate - but HMRC has responded to a request for flexibility during this period. When such gifts are eventually 'made up' and result in a total gift exceeding £30 they will qualify for relief provided the treasurer is satisfied (eg by a note included in the envelope containing the delayed contributions) that the amount represents offerings of £x per week for y weeks - or by them being placed in separately dated

envelopes. This concession does not extend to the use of cheques or bank transfers in lieu of cash. The limit per tax year for such small cash donations remains at £8,000.

Tax status of churches

Some banks are continuing to send to churches (in accordance with an Inter-Government Agreement) a detailed form of enquiry and declaration for the purpose of ascertaining their tax status. As a charity, a church is generally exempt from tax on its income and capital gains and this request may therefore seem irrelevant, but it is necessary to complete the declaration. The form is quite lengthy, but it should be possible to show on the first two or three pages sufficient information to indicate that the church is a charity resident in the UK which is not chargeable to tax on its income or capital gains.

Employment allowance

Treasurers should, by now, be aware that the Employment Allowance (an allowance towards employer NICs) has been increased to £4,000 pa as from 6 April 2020, but it now has to be claimed at the commencement of each tax year.

Ministers in receipt of property letting income

Ministers (and spouses) in receipt of rental income from the letting of their property (including a property leased to the church) whilst living in church-provided accommodation, will be aware that such income (net of any deductible expenses) is chargeable to income tax and has to be included in the Income from Property pages of their tax returns. Relief in respect of any loan interest paid is no longer given as an expense but, instead, by way of deduction of income tax payable. See section 3 of Guidance Leaflet X02: Self-Assessment and the Minister (www.baptist.org.uk/resources/X02)

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.