



Donate it! Gift Aid it!

Are you making the most of your donations? Do you encourage them to be under Gift Aid?

Did you know that some subscriptions and volunteers' expenses can be donated to charity under Gift Aid? Have you encouraged donors to donate to your charity their own Income Tax Return tax repayments and Gift Aid them too?

Higher rate tax payers can receive personal benefits by being generous – a £1000 donation under Gift Aid will give the charity a tax repayment of £250 (plus 3% transitional relief) but for the donor:

- ❑ £250 personal tax relief if a 40% taxpayer.
- ❑ £375 personal tax relief if a 50% taxpayer (from 6 April 2010).

Apparently recent research by CAF found that approximately one half of all higher rate tax payers were unaware that they could obtain higher rate tax relief on their charitable donations.

Make sure your Gift Aid tax claims are up to date as after April 2010 you can only go back and reclaim for the past four years, not the past six years. Also, make sure your Gift Aid declarations are also in order as the Revenue can audit them and check back over the past six years (four years from April 2010).

Remember that gross Gift Aid donations will reduce income for the donor for Child Tax Credit and Working Tax Credit claims.

Maximise your income – contact us for further information and our free Gift Aid Pack.

CIO's – Still Coming

The Charity Commission are very embarrassed about the continuing delay on providing further information about Charitable Incorporated Organisations (the new corporate structure designed specifically for charities). Hopefully, we should know more about CIO's by late spring 2010.



Congratulations – are due to Steve Smith who has achieved the highly recognised ICAEW's Diploma in Charity Accounting. Steve is the third member of the firm to achieve this recognition along with Nick Brown and Andrew Griffiths.

Newsletter...



Public Benefit – how are you reporting it?

It is encouraging to note that the Charity Commission recently published its findings into the matter of Public Benefit and they report that 76% of Charity Trustees are aware of the Public Benefit requirement. However, trustees of smaller charities with an income of under £25,000 and those charities involved with sport and recreation as their main activity, are more likely to say they know nothing about the Public Benefit requirement.

We have published on our website www.plummer-parsons.co.uk/charity reviews of the various assessments on Public Benefit carried out by the Charity Commission on charities involved in religion, education and residential care. The assessments and our reviews provide very helpful understanding and guidance as to how the Charity Commission are interpreting the whole matter of Public Benefit and how trustees have succeeded and failed in complying with the new and necessary Public Benefit requirement.

When a charity fails to meet the Public Benefit requirement they are at risk of losing tax reliefs for the period they were deemed to be failing. The financial repercussions on charities were this to happen would be serious and substantial. The Charity Commission and HM Revenue & Customs have now provided a joint response, advising the Revenue would not seek to penalise charities that find themselves in this position but who reorganise themselves and successfully meet the Public Benefit requirements.

The whole matter of Public Benefit is here to stay and it is important that charity trustees fully appreciate its requirements and their responsibilities.

2012 will see not only the Olympics in London but will see major changes in pensions for all employers, including charities. Are you:

Ready? Employers will be required to automatically enrol in a qualifying pension scheme all job holders aged between 22 and the pension age, earning between £5,000 and £33,500 per annum. All employers must make sure that any existing pension schemes they have in place qualify under the new criteria that have been set.

Ready? All employers will have to contribute into defined contribution schemes the following minimum contributions based on each employee's qualifying earnings:

- 1% from October 2012. □ 2% from October 2015.
- 3% from October 2016.

Steady? All charity employers are recommended to start preparing for such additional financial outlay and consider how it will affect their own resources, finances, budgeting etc. Based on your present payroll costs, what extra will you be required to fund by 2012, 2015 and 2016?

Go? Make sure that you are ready 'to run' by 2012, having prepared, planned and budgeted over the time that now remains.

Please contact us for further advice, help with your costings, budgets etc.

VAT and charity buildings used for charitable purposes

Any charity that constructs or purchases a new building that is used solely for its charitable purposes will not have to pay VAT if the charity provides the developer or seller with the appropriate certificate before the transaction is made.

In the past, HM Revenue & Customs permitted zero rating where a building was used 90% for the charity's purpose ie 10% being allowed for non charitable use such as letting, trading etc. The Revenue have now stipulated that zero rating will only be permitted where 95% of the property is used for charitable purposes.

Will this have any effect on your charity? Are you using less than 95% of your building for charitable purposes?

Also, remember that all VAT registered charities with annual VATable income exceeding £100,000 have to file VAT Returns electronically for all quarters after 1 April 2010.

Please contact us urgently should you have any queries or worries about these changes in the law.

Electronic Filing

HM Revenue & Customs requires all corporation tax returns to be filed online from 1 April 2009, for any accounting period ending after 31 March 2010, ie accounts for year ended 30 April 2010 onwards. All accounts, tax computations and other supporting documentation must also be filed online.

Charities are required to submit corporation tax returns in respect of their trading subsidiary companies; other charities, however, are only required to submit corporation tax returns on an occasional basis.

The electronic filing of corporation tax returns and documentation online is to be by means of iXBRL.

Please address all enquiries, responses and other issues raised by this newsletter to:

charities@plummer-parsons.co.uk

Email us the details of others who would like to receive this newsletter.



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