



2011 Budget and Charities

In the Budget earlier this year the Chancellor unusually gave prominence to the charity sector including:

→ From April 2013 charities will be able to claim Gift Aid on up to £5,000 cash donations per annum without any evidence that the donors are taxpayers. This will mean a maximum tax rebate of £1,250 per annum. However, to benefit from this, charities must have been in existence for three years and have a good tax compliance record.

- Benefits to donors can increase to £2,500 for a gift of £50,000 or more.
- Inheritance Tax can be reduced where 10% of an estate goes to charities.
- Personal tax allowances will continue to be withdrawn for those earning in excess of £100,000 – this means that higher rate tax relief to donors becomes very generous. Why not encourage this to be Gift Aided back to your charity?

10 Useful Questions for avoiding problems

The Charity Commission has provided an interesting summary covering 'some of the most important things that trustees need to think about to avoid common problems':

- 1) Do your activities match the charitable purposes set out in your governing documents?
- 2) Can your charity still do what it was originally set up to do?
- 3) Were all the trustees appointed in the way your governing document says they should be?
- 4) Did you check if there is someone who is not allowed to be a trustee?
- 5) Have you written down how the trustees will identify and deal with conflicts of interest?
- 6) Do you regularly look at your governing document?
- 7) Do you think about how to avoid the main things that could cause problems for your charity?
- 8) Do you have ways of checking how well your charity is doing?
- 9) Do you have a plan for how you will raise and spend the charity's money?
- 10) Are you preparing accounts and a trustees' report showing what you have spent over the year and what you have done?

Make sure your trustees review these important issues. Please feel free to come and discuss them with us over a coffee in a free 45 minutes consultation.



Cheques – repeived for another five years

Charities will be pleased to know that the plans to abolish cheques are delayed until at least 2016 because an alternative paper-based system has not yet been found. In the meantime charities should encourage donors to support by standing order or online, wherever possible. This will help eliminate risk.

News
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Receive your legacies early

The Legacy Fundraising Corporation is a new company set up to provide charities with their legacy payments upfront, creating enormous cashflow benefits. Working with the major UK banks, the company will provide up to 75% of the legacy in advance and will only charge the charity interest at a low rate of the loan. Checks will have to be carried out on the charity and the legacy but will only apply to legacies of £25,000 or more. Further details are awaited.

Trustees' Week – 31 October to 6 November 2011



The Charity Commission are planning another trustees' awareness campaign this year to encourage people to get involved and consider becoming a trustee. Check out the Charity Commission website for the various events being held across the country and use these occasions to make known your own charity and recruit others to assist.

Sign up – Sign Up Charity Newsletters



Don't forget to let others know about our six monthly Charity Newsletters. You can also sign up for the Charity Commission News and their regular weekly updates. All trustees and senior charity staff have a duty to keep up to date with responsibilities and charity requirements and receiving Newsletters will be an important start. Make sure that all your charity trustees at least receive these Newsletters – then encourage them to be read!

CIOs – still coming?

YES, Charitable Incorporated Organisations have yet to arrive but the Charity Commission are still promising to deliver! Scotland has CIOs now in place and hopefully England and Wales will soon have the opportunity to use this recommended vehicle for charitable activities.

Bribery – beware!

The Bribery Act 2010 came into force in July 2011 and the Charity Commission website provides helpful guidance on trustees' responsibilities, controls, systems etc. Charities may encounter corruption wherever they operate and those charities operating overseas face greater risks. The Charity Commission strongly recommend that 'all charities adopt a risk-based approach, putting in place policies and procedures to comply with the Act'.

- Review your charity's risks. → Control these risks.
- Don't ignore or overlook them.

Trustees must take professional advice if they are unsure how the Act applies to their charity. **Please speak further with us about these risks – and what your risks are as well.**

Charities working internationally

HMRC have given further guidance on the additional responsibilities on trustees set out in the Finance Act 2010. It is not enough that the trustees know the funds or assets going overseas will be used for charitable purposes; the trustees must know about the overseas body receiving the funds or assets and must show they have looked into the organisation, its personnel, procedures and activities. Trustees cannot rely on the fact that the overseas body may itself be a charity registered in the host country. Overseas visits may also be necessary to review and monitor the project.

See our website for the full details provided by the Revenue and helpful examples of the preparatory work the trustees must undertake, monitoring expected of them and records they must maintain to demonstrate to the Revenue that they have carried out the appropriate checks.

Consolidation

At the moment there is a Charities Consolidation Bill working its way through Parliament, bringing together into one Act a number of existing Acts of Parliament on the same subject. The Bill is to be considered this month by the Joint Committee on Consolidated Bills.

Have we missed anything?

Is there anything in this Newsletter that you were expecting or hoping to read? Please do not hesitate to contact us direct as we will be more than willing to provide you with extra information etc.

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

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



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