ATT welcome, February 2017

Welcomes

01 February 2017

Post-January roundup

So the January panic to get all of our clients' income tax returns filed on time is over for another year, although looking at my private client colleagues they all seem much more relaxed and less haggard that in the past. Could it be that the message is finally getting through and clients are sending their information through earlier?

As I mentioned last month most of my clients are companies (and of course charities) so other than a couple of charitable trusts the only income tax return I deal with is my own. That was a relatively painless digital experience. Some of the information was already pre-populated (and correct) so a big plus for the digital approach but my main bugbear is the performance to actually get into the system. You enter a long random user name, a long password, and answer a series of security questions, then a texted access code. Now I am all for security, particularly online, but while this is just an irritation to me: I see it as a real barrier for the elderly, the digitally excluded (often the same) or people who simply live in a rural area with slow internet and patchy mobile reception. This is something that needs addressing if MTD is to work.

Elsewhere, there have been important changes that will affect charities and I have to praise HMRC for the way that they have engaged with charities and their representative groups in developing these. Many of you will be involved with charities in a volunteer or professional capacity and as a lot of these issues do not get the publicity they deserve here is a quick welcome page round-up.

Common Reporting Standard

This is a global anti-avoidance initiative which requires financial institutions to carry out due diligence on account holders and to make a report to HMRC of payments made to those tax resident in other territories. The report is for the calendar year ended 31 December and the first reports are due by 31 May this year in respect of the year ended 31 December 2016.

Unfortunately a financial institution includes a charity receiving more than 50% of its income from managed investments and account holders include beneficiaries of a trust. This means that charitable (and non-charitable) trusts need to carry out some basic due diligence checks on beneficiaries and keep these on file in order to make their report or more likely support a nil return. Fortunately HMRC working with charities have produced some good charity specific guidance.

Digital Giving

The Donations to Charity (Gift Aid Declarations) Regulations 2016 (SI 2016/1195) were laid on 8 December 2016. These rewrite the Gift Aid rules to allow the making of Gift Aid declarations (GADs) on behalf of donors by intermediaries. While the regulations are principally concerned with intermediaries there is a new time limit being introduced that will impact charities that receive oral GADs. For any oral GAD given on or after 6 April 2017 the written confirmation must be sent to the donor within 30 days of the date on which the charity receives the GAD otherwise it is treated as never having been valid.

Gift Aid Small Donations Scheme

The Small Charitable Donations and Childcare Payments Act 2017 recently received Royal Assent. This makes changes to simplify the Gift Aid Small Donations Scheme aimed at improving take up and will come into force from 6 April 2017.

The basic eligibility criteria will be considerably simplified so that to claim a charity simply has to make a gift aid repayment claim as well. In addition claims will be allowed in respect of payments made either in cash or by contactless payment.

Donations made in relation to charitable activities in a community building will in future include those relating to activities in the same local authority area as the community building for example to scout and other youth groups doing bag packs at local supermarkets. In addition charities carrying on activities in community buildings will in future have to choose between claiming in respect of community buildings and the basic charity allowance – not both. This will be of particular significance to church charities.

Donor benefits

The responses to the spring 2016 consultation on donor benefits were published in November but were, not surprisingly, inconclusive given the wide variety of responding organisations some focusing on large donations and some on small ones where changes would have radically different effects. As a result a further consultation has been launched on more detailed options for reform so it is unlikely a new regime will commence before 6 April 2018.

Until next month.