



The
United
Reformed
Church

Help and Advice

Northern Synod Office, 4 College Lane, Newcastle upon Tyne NE1 8JJ (0191-232 1168)

Bulletin 50: FINANCIAL UPDATE

The Help & Advice Group was set up by Synod in 2009, to support local churches in being informed and effective in their life and mission. The group was disbanded in 2014, as part of a simplification of Synod committees, and its work continues through the Trust Officer, under the oversight of the Trust. We are willing to try to provide specific advice on particular topics. Please get in touch if you have questions or suggestions.

This article is part of a series giving an overview of particular subjects on interest for local churches. We also circulate general updates from time to time. Bulletins will also be posted on the members' area of the website with direct links to other websites.

Where readers are directed to web-based resources, the Synod Office is willing to respond to reasonable requests for printed out information for readers without web access, although they may find it more satisfactory to follow up their interest through their local library's web access.

Gift Aid Declarations

HMRC has updated its model Gift Aid declaration, to ensure donors are aware that they are responsible for ensuring that they pay sufficient tax for the amounts they donate by Gift Aid. Donors would have to refund HMRC for Gift Aid claimed by charities in excess of their tax paid in the tax year.

Accordingly, a revised form should be used for anyone becoming a Gift Aid donor to your church in future. Donors who have signed Gift Aid declarations in the past need take no further action. If your church has a large number of printed declaration forms or donation envelopes in stock, you may continue to use these until they are used up, to save wasting paper.

Guidance on making claims, which includes downloadable templates, is given on HMRC's website: www.gov.uk/guidance/gift-aid-declarations-claiming-tax-back-on-donations.

Churches do not have to use the HMRC templates, and are free to design their own forms, so long as they include the following statements:

- the name of your church charity
- the donor's name
- the donor's home address
- whether the declaration covers past, present or future donations or just a single donation
- a statement that the donor wants Gift Aid to apply (this could be a tick box)

- the date that the donor made the declaration
- a statement that the donor needs to pay the same amount or more of UK Income Tax and/or Capital Gains Tax as all charities and CASCs will claim on the donor's gifts in the current tax year and that the donor is responsible for any tax shortfall

Further details on declarations are given in chapter 3.6 of HMRC's guidance for charities: www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid.

Gift Aid Small Donations Scheme

Good news for church treasurers! The Small Charitable Donations Act (Amendment) Order 2015 will increase the amount you can claim under the Gift Aid Small Donations Scheme to £8,000, from 6 April 2016.

HMRC is also evaluating the scheme, and has issued a call for evidence: www.gov.uk/government/consultations/gift-aid-small-donations-scheme-a-call-for-evidence. If churches wish to respond to this consultation, it would be helpful also to copy their response to Andrew Atkinson at Synod Office.

Non-charitable Expenditure

The Charity Commission in 2015 reminded charities of the need to ensure that their funds are spent only on charitable activities which further their purpose and do not expose their charities to reputational risks.

Whilst the commission recognises that we can further our purposes (that is, the advancement of religion) by funding other organisations, there is a need to take care. Four scenarios are listed which would be of concern:

- a charity funds activities that are either not charitable or not capable of furthering the charity's specific purposes
- trustees do not undertake appropriate due diligence or adequately ring fence grants in the hands of recipients or have not taken adequate steps to protect the charity's position and ensure proper use of the charity's funds
- trustees risk their charity's reputation by making grants without fulfilling their legal duties
- trustees fail to take adequate steps to monitor the use of funding their charity has provided

Church charities benefit from tax breaks, so need to ensure that if significant funds are spent on non-charitable purposes, they are fully taxed on those funds.

(Where a church raises funds *on behalf of* another charity and then passes them on in their entirety to that other charity, the church's own funds are not involved, and therefore the other charity need not be a Christian one. If a church uses its own funds, then it needs to be clear that supporting that other charity is a legitimate means of furthering the church's purposes, for example as a way of loving one's neighbour.)

(The full statement can be read at:

www.gov.uk/government/news/funding-of-non-charitable-organisations.)

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