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**Northern Ireland****Charity Commission appoints chief executive**

Frances McCandless, former director of policy at the Northern Ireland Council for Voluntary Action (NICVA), has been confirmed as the first permanent chief executive of the Charity Commission for Northern Ireland. The Charity Commission for Northern Ireland was officially established, and Commissioners appointed, in April 2009. Since then a secretariat team from the Department for Social Development has been working to implement the provisions of the Charities Act (NI) 2008.

The Register of Charities for Northern Ireland is on course to be established with approval having been granted for the transfer of Northern Ireland charities from the HMRC to the new Commission.

**England and Wales****Charities Act 2006 implementation**

The Office of the Third Sector (OTS) has just published an updated implementation plan for the elements of the 2006 Charities Act that remain to be enacted. The plan proposes that the remaining tranches relating to exempt charities will come into force between June 2010 and early 2011 (depending on the type of charity). It seems that the resolution of the issues regarding the regulation of foundation and voluntary schools is likely to take some time as the document notes that the transitional protection given to them (following their loss of exempt status in January 2009) will probably need to be extended beyond September 2010 while a more permanent solution is sought. To inform this process a set of consultation questions regarding foundation and voluntary schools is included in the document. Responses to this are required by 30 June 2010.

The OTS notes in the document that the delays to the Charitable Incorporated Organisation (CIO) legislation (reported in earlier editions of *Charities Alert*) are likely to mean that CIOs will not be an option for charities until early 2011.

The full document is available at:

[http://www.cabinetoffice.gov.uk/third\\_sector/law\\_and\\_regulation/implementation.aspx](http://www.cabinetoffice.gov.uk/third_sector/law_and_regulation/implementation.aspx)

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**Scotland**Changes to charity accounting  
in Scotland**Expenses group issues report**

In the June 2009 edition of *Charities Alert*, we reported that an independent working party (established by the National Council for Voluntary Organisations and the Charity Finance Directors' Group) was to draw up guidance on the reporting of the expenses of trustees and senior charity staff. Expenses were of course a hot topic at that time, due to the revelations regarding MPs' expenses.

The group has now published its findings. The research carried out by the group, which was informed by comment from a variety of sources including charities, funders and auditors, did not suggest any evidence of a significant problem in the sector regarding expenses. The report does however highlight some key elements of current best practices, including ensuring that formal policies are in place for expenses (for staff and trustees) and that these are clearly communicated.

The report goes on to suggest some new practices to strengthen accountability and the public's trust and confidence in charities. These include ensuring that financial reporting makes it clear that there are adequate systems in place to manage expenses and that expenses do not form part of remuneration. The report also suggests that all staff and trustees should claim expenses they incur and that if they do not wish to keep the amount reimbursed, they donate it back to the charity under Gift Aid.

The report encourages trustees to consider "whether, in the context of their organisations and in the interest of their stakeholders, they should go further and disclose the expenses of individual trustees and senior managers". A number of charities have already started to move in this direction (prior to the report's publication) and it will be interesting to see how the sector reacts to this suggestion. The report also suggests that the SORP Committee should consider the issue of disclosure of expenses in the development of any new Charities SORP, so there is also the question of whether further disclosure will eventually become mandatory.

The full document can be downloaded at:

<http://www.ncvo-vol.org.uk/sites/default/files/ExpensesReportfinal.pdf>

**Commission's latest Economic Survey of Charities**

The Charity Commission recently published its fourth *Economic Survey of Charities*. The results are, as might be expected, quite similar to those of the third survey (released in September 2009), although the charities' perception of the outlook is more positive.

Of those charities surveyed, 59% said they had been affected by the economic downturn (56% in the last survey) with 62% of those having experienced reduced income. Confirmation of the widespread impact on investment income was demonstrated, as 62% of respondents had experienced a fall in investment

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returns in the last six months. Despite this, the sector appears increasingly positive, with 84% stating they were optimistic about the next 12 months as compared to 69% in September 2009. It is also encouraging to note that 86% thought that public support for their charity had either increased or remained stable.

The full report can be downloaded at:

<http://www.charitycommission.gov.uk/Library/downturn4.pdf>

### **Consultation of the definition of 'qualified surveyor'**

The OTS has recently launched a consultation on a proposal to make transactions involving the sale of land easier for charities. At present, the Charities Act requires a charity to obtain a written report from a 'qualified surveyor' when it proposes to dispose of a piece of land. The proposal in the consultation is to widen the definition of a qualified surveyor such that it includes fellows of the National Association of Estate Agents (with relevant experience).

The consultation, which closes on 7 June, can be downloaded from:

[http://www.cabinetoffice.gov.uk/third\\_sector/Consultations/current\\_consultations.aspx](http://www.cabinetoffice.gov.uk/third_sector/Consultations/current_consultations.aspx)

### **Guide for trustees with learning disabilities**

An 'easy to read' guide on the role and responsibilities of trustees called *Being a Trustee* was issued this month by the Charity Commission. It is hoped that the publication, aimed at people with learning disabilities, will help improve the accessibility of trusteeship, as well as providing clearer information to those already acting as a trustee.

A trustee of Mencap, who has a learning disability, commented on the document, saying "Being a trustee is an important job. There is a lot to learn and remember. This guide will help people to know what they have to do. It is good because you can look up things you need to know about. It is also very useful for people who are starting up small charities as a starter pack as it is really clear".

The document can be downloaded at:

[http://www.charitycommission.gov.uk/library/guidance/cc3\\_easy.pdf](http://www.charitycommission.gov.uk/library/guidance/cc3_easy.pdf)

### **Guidance on statutory inquiries and regulatory compliance casework**

April saw the Charity Commission issue guidance on its inquiry and compliance work. Although aimed at charities that are subject to an inquiry or compliance review, it may be of interest to most charities, as it provides guidance on what the Commission would be likely to do and where it would focus during an inquiry. This insight could provide 'headline' focus for an internal review by charities on whether best practice is being applied. We recommend that charities periodically review the results of inquiries, which are published on the Commission's website. They can act as a very useful warning mechanism for charities. Although often at

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the extreme end of non-compliance, the reports may help to focus charities on whether their own activities are drifting outside of best practice.

The guidance can be downloaded at:

[http://www.charitycommission.gov.uk/RSS/News/pr\\_45.aspx](http://www.charitycommission.gov.uk/RSS/News/pr_45.aspx)

### **OTS encourages employers to support volunteering**

The OTS this month launched a campaign aimed at encouraging employers to allow staff to take time off for voluntary work and encouraging employees to become volunteers. The campaign is driven by a publication (produced in partnership with Business in the Community) that provides information on the advantages to employers and employees of volunteering, as well as providing real life examples of people's experiences of voluntary roles.

The pack covers charitable and non-charitable opportunities for voluntary work. Hopefully this, and other recent initiatives, will result in a greater number of people drawn from a broader spectrum becoming charity trustees.

The document is available for download at:

<http://www.communities.gov.uk/documents/communities/pdf/1525481.pdf>

## **Tax news**

### **Budget briefings**

Alistair Darling delivered possibly his final Budget as Chancellor during March. We have published a number of general briefing documents, along with tailored guidance for charities and schools. If you have not already received your copy, please visit the Horwath Clark Whitehall website to download the relevant documents.

<http://www.horwathcw.com/hwClarkWhitehill/budget/index.cfm#IT>

As expected, the announcement of the general election has meant that it is not clear which of the Chancellor's proposals will be enacted with legislation. We will of course issue further updates as information becomes available.

### **Happy New (Tax) Year**

The new tax year began on 6 April and our Employers' Advisory Group has published a year-end survival guide to help you deal with the reporting and similar requirements for the 2009/10 tax year, whilst also preparing you for the year to come.

The guide can be downloaded from:

[http://www.horwathcw.com/hwClarkWhitehill/documents/HappyNewTaxYear2010\\_Final.pdf](http://www.horwathcw.com/hwClarkWhitehill/documents/HappyNewTaxYear2010_Final.pdf)

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## VAT news

### VAT Alerts

Our London VAT Group has issued a number of Charity VAT Alerts recently. If you have not yet downloaded them, a brief summary of the Alerts, along with the web address from where they can be downloaded is detailed below:

#### Healthcare and welfare sector

The VAT liability of peripheral services in the healthcare and welfare sector has been a rather grey area for some time. Whilst the core care and welfare services in themselves are clearly VAT exempt, there has been lack of clarity for the provision of temporary staff, for contracted out services and domiciliary care services. The release of Revenue & Customs Brief 12/2010 to clarify the position is most welcome and the key issues relating to this area are outlined in this VAT Alert:

<http://www.horwathcw.com/hwClarkWhitehill/OurServices/documents/VATCrunch22.03.10.pdf>

#### VAT and freight transport for international aid charities

HM Revenue & Customs has announced a temporary administrative easement in relation to certain supplies of freight transport services, the details of which are covered in this alert:

<http://www.horwathcw.com/hwClarkWhitehill/OurServices/documents/VatandFreigh.pdf>

#### VAT and postal services

HMRC recently released Revenue & Customs Brief 19/10 outlining how businesses should submit a claim for VAT recovery in relation to certain postal services. You may recall that following a European Court of Justice (ECJ) decision in the case of TNT Post UK Ltd, the ECJ ruled that for individually negotiated postal contracts the supply should be taxable at the standard rate and is **NOT** exempt from VAT. Individually negotiated contracts include Parcelforce supplies and mailroom services. If you have such a contract, an opportunity exists to make retrospective claim to recover VAT. To access a copy of the HMRC brief please visit the link below:

<http://www.horwathcw.com/hwClarkWhitehill/OurServices/documents/VATpostalVATversion.pdf>

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**Scotland****Changes to charity accounting in Scotland**

A recent announcement by the Scottish government detailed a number of proposed changes to the Charities and Trustee Investment (Scotland) Act 2005 that will affect charity accounting north of the border. The announcement is in response to consultation that closed at the end of 2009. The main change, which would take effect in 2011, is an increase in the thresholds for both accruals accounting and the audit requirement. With regard to accruals accounting, the income threshold will increase from £100,000 to £250,000. The income threshold for audit will remain at £500,000; however, the total assets threshold (before deducting liabilities) will now increase to £3.26 million (from £2.8 million). This change brings the Scottish requirements in line with those in England and Wales. There are also some changes to definitions of terms, in particular clarification that gross income does not include any endowments received by a charity.

The full response of the Scottish government is available to download at:  
<http://www.scotland.gov.uk/Resource/Doc/303872/0095284.pdf>

OSCR's shorter summary of the proposed changes can be downloaded at:  
<http://www.oscr.org.uk/DocumentViewer.aspx?id=f5f48470-039f-4e12-a692-80bd56eb4f4a>

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