



29 May 2009

Newsletter for organisations with charitable status

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Public benefit update

As reported in earlier Alerts, the Public Benefit reporting requirements of the Charities Act 2006 are mandatory for accounting periods beginning on or after 1 April 2008. This will affect charities with 31 March 2009 and later year ends, and may also be applicable for charities with short periods of account with earlier period ends.

There are examples of compliant reports on the Charity Commission's website and the various public benefit guidance documents issued over the past year also set out the reporting requirements in some detail. All of these can be found on the Charity Commission website:

www.charity-commission.gov.uk

While the Charities Act 2006, and hence Public Benefit reporting requirements, are relevant for English and Welsh charities only, there is an expectation that the Northern Ireland Charities Commission may, after appropriate consultation, seek to adopt similar Public Benefit reporting requirements. Northern Ireland based charities may therefore wish to adopt these requirements as best practice disclosures as an interim step.

Charity Commission appointments

The announcement by the Department of Social Development as to the identity of the new Charity Commissioners for Northern Ireland has been delayed.

Originally due to be announced in April 2009, the Charity Commission's website now reflects a revised date of appointment as "June 2009". Further details of the expected timeframe for the development of the Charity Commission and the new registration and reporting regime can be found on the Charity Commission for Northern Ireland's temporary website at www.dsdni.gov.uk/ccni

Budget news

For a summary of the key impact of the Chancellor's Budget on your charity please see our separate Budget briefings, which were published on 23 April 2009. One briefing looks at the charity sector specifically. Please find these briefings on our budget page: www.asmhorwath.com/publications

VAT matters

Changes for charities which are partly exempt from VAT

We have recently issued separate briefing regarding changes for charities which are partly exempt from VAT which is available from our website at www.asmhorwath.com/publications

Filing of VAT returns

With effect from 1 April 2010, all VAT-registered businesses with annual turnover of £100,000 or greater will be required to file their VAT returns online.



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Employment matters

Day subsistence rates – HMRC changes its policy

In recent years it has become increasingly difficult for employers to obtain a formal HMRC dispensation that allows them to pay fixed rate subsistence allowances. HMRC has been insisting that employers must first carry out an exercise for a month or more on a representative group of employees to determine what their actual levels of expenditure are.

HMRC has now softened its stance just a little and has introduced what it calls 'benchmark rates' that employers can pay. A dispensation is still required – employers will have to apply using form P11DX – but the requirement for the sampling exercise has been waived.

The allowances and the conditions attached are these:

Allowance	Condition
Breakfast rate – up to £5.00	For irregular early starters only. The employee must leave home earlier than usual and before 6.00am on a business journey
One meal rate (five hour rate) – up to £5.00	The employee must be away from home and his normal workplace for at least five hours. He must incur the cost of a meal.
Two meal rate (ten hour rate) – up to £10.00	The employee must be away from home and his normal workplace for at least 10 hours. He must incur the cost of two meals
Late evening meal rate – up to £15.00	For irregular late finishers only. The employee must finish work later than usual and after 8.00 pm. He must incur the cost of a meal that would normally be taken at home

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An essential qualifying condition for all the allowances is that the employee must be travelling on a necessary business journey. Employers wishing to pay rates in excess of the benchmark rates will have to carry out the sampling exercise as before.

Family and friends allowance

Quite a number of existing HMRC dispensations include a fixed rate allowance for employees who stay overnight with family or friends instead of in a hotel when travelling on business. The amount most frequently encountered is £25.00. HMRC has now decided that this relief has no legal basis and no further dispensations of this kind will be issued. Existing dispensations will be allowed to continue, but relief for this item will be withdrawn when the dispensation eventually comes up for review.