



The **Baptist Union Corporation** (BUC) is part of the Support Services Team. This is one of the three specialist teams at Baptist House. We support local Baptist churches by providing guidance on a wide range of legal, property and charity issues, as well as receiving applications for loans from the Baptist Union Loan Fund. Our team has experience in responding to your questions and helping local churches.

## BUC Guideline leaflets

The BUC guidance on legal, property and charity issues and information about loans is available in our eighty guideline leaflets, written specifically for Baptist churches – but we can answer follow-up questions by phone and email.

The leaflets have been comprehensively reviewed and renumbered for the new BUGB website. They can be found in the resources library on the website or via the specialist teams' link. All of the BUC guideline leaflets have been re-indexed and renumbered; we now have:

- C** leaflets 22 leaflets on charity issues
- L** leaflets 15 leaflets on legal issues
- P** leaflets 18 leaflets about property (with 'PC' for church property and 'PM' for manse property)
- LB** leaflets 9 leaflets about listed buildings
- M** leaflets 6 leaflets about money for local churches in the form of loans and grants.

New leaflets have been written:

### **PM06 Manse Occupancy**

This was previously a download from our Ministries Team – it is now with our other Manse leaflets. It is a guide for local churches and ministers about what is usually expected when a Manse is provided.

### **C19 Help I'm a Minister**

This is a short leaflet to be read alongside our leaflets *Help I'm a Charity Trustee, Deacon, Church Secretary, Church Treasurer, we're a Small Church* (numbers C15 – C20). We wrote this leaflet because we are often asked if a Minister in a Baptist church is a Charity Trustee.

The old leaflet *B01 Church Trusts, Model Trusts and Property Trustees* has been divided into four new leaflets. When we are answering your specific queries we can offer a shorter and more relevant leaflet.

### **T01 Baptist Trusts – Beginnings and Patterns**

### **T02 Modern Model Trusts**

### **T03 Appointing Property Trustees – Baptist Trust Corporations**

### **T04 Ultimate Trusts – Recycling Money for Mission**

## The Baptist Union Loan Fund

The BUC currently has over £3.5m available for churches to borrow to enable them to buy, extend, upgrade or renovate their church buildings or Manses. This is money that Baptist churches across the country have on deposit with us – a great example of how we can share our resources for the mission of God.

In July the BUC Directors agreed some changes to the terms of the scheme which will make it easier for more churches to make use of the fund. Unlike other lending institutions we do not charge any arrangement fees, a formal legal charge is not

usually needed and our procedures are as straightforward as possible.

The Baptist Union Loan Fund (BULF) will normally lend between £30,000 and £800,000 at a variable interest rate which is currently 3.6%. Whilst we would want to encourage churches to take out a loan over 10 years if possible, terms of up to 15 years (20 years for a Manse purchase) are now available without any additional interest being charged. The proportion of the cost of a building project or purchase that can be lent has been increased from 60% to 70% which will be good news for those churches who have struggled to raise the 40% previously required.

Churches looking for small loans (up to £30,000) are encouraged to approach their Association or the Baptist Building Fund. Most Associations run some form of loan scheme for their churches – and these are often interest-free or at very low rates.

Churches who would like to enquire about loans from BULF are encouraged to contact:

**Rachel Tole** (Loan Fund Officer)  
Email: [rtole@baptist.org.uk](mailto:rtole@baptist.org.uk)  
Tel: 01235 517742

You can also download the leaflet *M01: Loans to Churches* from the website which provides information about BULF and other loans.

### **New Pension Loans**

In July the BUC Directors agreed that loans could be offered to churches, Associations, colleges and other similar organisations so that they can repay pension deficits relating to the Baptist Pension Scheme. This is to enable churches and organisations to buy out their share of pension deficit liabilities or to pay debts arising from a cessation event.

Subject to meeting the eligibility requirements, loans of up to £200,000 will be available on a 15 year term at the standard variable Baptist Union Loan Fund rate which is currently

3.6%. Churches and others wishing to consider taking out a loan for this purpose should contact:

**Mark Hynes** (Pension Liaison Officer)  
Email: mhynes@baptist.org.uk  
Tel: 07879 690918

## Copyright

Churches are reminded that they should carefully check the copyright ownership of any material that they use on their website. A few website owners have been charged for breaches of copyright relating to photographs that they have used. In addition a church was charged for using a poem that had been promoted to them by an outside organisation. It was suggested that the poem had been deliberately made readily available and targeted at churches, then the publisher's lawyers had trawled church websites to locate instances where the poem had been used and demanded compensation.

## Legacies

When a church is fortunate enough to receive a legacy it is important to note that it is the wording of the Will that governs how the money can be used. Churches should be sure that their expenditure meets the requirements of the Will; they must not be influenced by the interventions of well-meaning friends or relatives of the deceased who may have their own ideas about the testator's wishes or 'what they would have wanted'. Equally, it is important that church members and charity trustees know what the Will says; this is not something that the Treasurer should keep to themselves and it is not appropriate for the Treasurer to apply additional restrictions on the use of the funds, where these restrictions were not specified in the terms of the bequest.

## Charity Commission Trustee Handbook

Charity trustees may be interested in the Charity Commission's new Trustee handbook. This is available from the Commission's website here: [www.charitycommission.gov.uk/media/93191/trustee\\_handbook.pdf](http://www.charitycommission.gov.uk/media/93191/trustee_handbook.pdf)

The handbook is aimed at registered charities but some aspects of it will be helpful for all trustees, particularly those who are new to their role. The handbook mentions the need for a 'conflicts of interest policy' but churches should note that, whilst it may be good practice to have such a policy, it is not a legal requirement.

## Safeguarding News

We are delighted to inform you that we have a new Safeguarding Officer, **Amy Slennett**, who is here to provide support and advice about any safeguarding queries you may have.

An email update has recently gone out to churches regarding the various changes to the Disclosure and Barring Service (DBS). If you have any questions at all about the changes to the DBS, or would like to ask about any other aspect of safeguarding, please do get in touch with Amy and she will be happy to help:

Tel: 01235 517719  
Email: [safeguarding@baptist.org.uk](mailto:safeguarding@baptist.org.uk)

## Pensions News

Pensions matters continue to be important for members and churches so, in the past few months, we've significantly strengthened the Pensions team. Stuart Glen and Hilary Mason have been joined by Mark Hynes (Pensions Liaison Officer) and Naomi Wing (Pensions Administrator).



We're also improving the way we keep you informed. Watch out over the coming months for two great new initiatives.

- » the first pensions newsletter for members and employers. It will be a simple guide to what's happening in the world of Pensions and why and how it affects you. And we'll tell you a little bit more about our team - who we are and what we do.
- » the launch of a new Baptist Pensions website with separate easy-to-access sections for members and employers.

And just to remind you, the team can be contacted at:

### **Stuart Glen:**

Email: [sglen@baptist.org.uk](mailto:sglen@baptist.org.uk)  
Tel: 01235 517748

### **Hilary Mason:**

Email: [hmason@baptist.org.uk](mailto:hmason@baptist.org.uk)  
Tel: 01235 517749

### **Mark Hynes:**

Email: [mhynes@baptist.org.uk](mailto:mhynes@baptist.org.uk)  
Tel: 07879 690918

### **Naomi Wing:**

Email: [nwing@baptist.org.uk](mailto:nwing@baptist.org.uk)  
Tel: 01235 517737

Or via the Pensions mailbox:  
[pensions@baptist.org.uk](mailto:pensions@baptist.org.uk)

## Taxation Topics

*Compiled by Philip Cooke FCA, Honorary Taxation Adviser to the Baptist Union*

### **PAYE Real Time Information (RTI):**

In view of the small number of enquiries which I have received it would seem that church treasurers are coping well with the new RTI reporting requirements. From my own personal observation the system appears to be working well but it is perhaps worth drawing attention to the following:

- » If a FPS (final payments submission) is not necessary for a particular month (eg because a minister has left) it is necessary for an employer to advise HMRC through an EPS (employer payment submission) that an FPS is not required. The EPS has to be sent by the 19th of the following month and it is possible to indicate that there will be no FPS submissions for up to six subsequent months.
- » As long as there is at least one person (eg the minister) for whom RTI reporting is required then it is also necessary to include in a FPS details of payments made to any other employees even though such payments may not give rise to tax or NICs in that particular month.
- » Fees paid to visiting preachers are not within the PAYE regime and do not therefore fall within the RTI reporting arrangements.

### **Small cash donations – GASD top-up payment:**

HMRC has issued a useful guidance note concerning the making of claims under the Gift Aid Small Donations Scheme – the website link to which is: [www.hmrc.gov.uk/charities/gasds/index.htm](http://www.hmrc.gov.uk/charities/gasds/index.htm)

Treasurers are also reminded of the note which appears on the BUGB website (and in *Transform* – issue 34) which contains advice on the recording of cash donations on collection plates.

### **Gift Aid claims:**

Some churches will by now have signed up to the new *Charities Online* electronic repayment claims service (to which reference was made in *Transform* 34) but HMRC is concerned that there has not been a greater response. The service appears to be working very well and I personally received a response, just five days after submitting a claim for the year 2012-13, advising that a repayment had been sent to the appropriate bank account. The link to HMRC's *Charities Online* helpful guidance notes is: [www.hmrc.gov.uk/charities/online/index.htm](http://www.hmrc.gov.uk/charities/online/index.htm)

### **Beneficial loans made to ministers:**

A reminder that the limit which applies to loans made to a minister interest-free, or at a rate below the 'Official Rate' (presently 4% pa), without giving rise to a taxable benefit, has been increased from £5,000 to £10,000. The limit applies to the aggregate of all outstanding loans made to an individual minister.

### **Good news for churches – a £2,000 subsidy towards NICs:**

As from 6 April 2014 every employer will benefit from a £2,000 annual allowance or subsidy in respect of an employer's share of national insurance contributions and the allowance will be available even though an employer may have just a single employee. The allowance will be spread over the year (ie £166.67 per month) and will automatically be taken into account in calculating the amount of tax and NICs due to be paid to HMRC each month or quarter.

### **Unoccupied church-owned manse:**

Treasurers are reminded that whilst a manse remains unoccupied between ministerial appointments there is no liability to Council Tax under a statutory exemption referred to as 'Class H'.

### **Ex gratia gift to Moderator:**

A church may wish to make a gift to a Moderator in recognition of the help and guidance given during an interregnum. Provided there is no employee relationship and there has been no prior agreement concerning any such payment, an ex gratia gift given to a Moderator at the conclusion of an interregnum 'in token of the esteem in which the Moderator has been held by the church' ought not to be liable to tax. A church can, of course, pay a Moderator travelling expenses (including motor mileage allowance within the approved rates) incurred in carrying out his/her duties, as well as fees as an occasional visiting preacher.

### **Expenses paid to voluntary helpers:**

A church is able to reimburse bona fide expenses (including travelling and other out-of-pocket expenses) incurred by individuals (including members of the congregation) providing voluntary service to a church without giving rise to any tax liability. However, if payment is made for services rendered then the whole payment (including the reimbursed expenses) is potentially taxable and reportable under the PAYE-RTI reporting procedures.

### **Form P11D dispensation:**

The issue of a P11D dispensation does not necessarily mean that completion of a P11D form is not required. A dispensation extends only to those expenses or benefits detailed in the dispensation and these will only include expenses which are clearly allowable for tax purposes. Where a church reimburses manse heating and lighting costs this will always give rise to a taxable benefit, even though some part (usually 25%) of the total costs incurred can be claimed by the minister in his/her tax return as a church business expense. The benefit needs to be shown in section N (other expenses) of the P11D form.

### **Income from letting of church premises:**

A reminder that income received from the letting of church premises (including manses) is regarded as non-taxable investment income, except in rare situations where additional services (eg management, personnel, catering, visual/audio hire etc) are provided and the income takes on a 'trading' characteristic. Even then such income may be within the various exemptions mentioned in section 12 of the *Taxation Guidance Notes for Churches and Ministers* – document F06 on the BUGB website.

### **Lease to a church of minister-owned property for use as a manse:**

Some points relating to the leasing by a church of a minister-owned property to enable it to be treated as a church manse seem to be worth re-emphasising.

Firstly, provided there is a valid lease, the normal exemption from income tax on the annual benefit of accommodation provided by the church *for the better performance of a minister's duties* will apply, **but** the net rental income (after deduction of any allowable expenses) will be taxable in the hands of the minister - or minister and spouse if the property is jointly owned. The rental income also has to be taken into account in computing eligibility for child tax credits.

Secondly, one of the requirements for meeting the test of whether a property serves as a manse is that it be situated in 'reasonable proximity' to the church. Whilst it is now unusual for a manse to be located next door to a church, it should be within the community served by the church.

Finally, it should also be borne in mind that the consent of any mortgage lender is usually required before entering into such a lease. Consent is usually forthcoming provided the lease agreement includes a clause protecting the rights of the lender.

Further information can be found in *Taxation Guidance Notes for Churches and Ministers* - additional notes are available on request.

### **A reminder.....**

A reminder that the following tax-related documents are available on

the BUGB website:

- » *Taxation Guidance Notes for Churches and Ministers* (F06)
- » *Self Assessment and the Minister* (FTG03)
- » Specimen application for a P11D dispensation (FTG02)

Items also appear from time to time under the *What's Happening* section of the website.

These notes are issued for general guidance only. Neither the author nor the publisher can accept responsibility for any loss occasioned to any persons acting or refraining from action as a result of material contained herein. If you are in any doubt about the correct treatment of any matter you should seek further advice. The author is willing to respond to questions on a similar 'no responsibility' basis by emailing him at [philipjcooke@aol.com](mailto:philipjcooke@aol.com) stating under 'Subject': Tax query and the name of the church.

## From the Ministries Team

*Whilst there are no new policies or processes in this edition, ministers and church officers are reminded of some aspects of ministry that have been previously circulated.*

### Sick leave

For those ministers who are in the new Baptist Pension Scheme, part of the monthly premium pays for an Income Protection Insurance Plan. The Policy is intended to provide financial protection for ministers in the event that they are unable to work due to illness or injury for a period of more than 26 weeks.

The minister who is sick, or their church treasurer or secretary, will need to ensure that the Pensions Office at Baptist House is notified immediately if the minister has been unable to work for four consecutive weeks due to illness or injury.

The Pensions Office will then need to liaise with the insurer and it is important that the Pensions Office is advised of any minister's inability to work after four consecutive weeks, even if you believe this absence is unlikely to continue for 26 weeks or longer. The insurer may not accept a claim if absence is not notified to it within its required timeframes and it will not commence benefit payments until it has completed its assessment of reports and information received from various parties.

### Life Cover

While the holding of life assurance cover for those not in the Baptist Pension Scheme at a level equivalent or higher than provided in that scheme is no longer a requirement for accreditation (Baptist Union Council removed this requirement and adjusted the Ministerial Recognition Rules accordingly last March) we strongly recommend that all ministers make adequate provision for their dependents should the 'unthinkable' happen, and they die while in service. This will include provision to pay off the mortgage if that minister and spouse own their own housing, or receiving a sufficiently large sum of money so that the minister's spouse is not left immediately destitute (this has been at a level of around £100,000 under the old arrangements).

Council acknowledged that any insistence that such a policy be held as a requirement for accreditation was no longer appropriate, but equally insisted that ministers be urged in the strongest possible terms to act responsibly in making life cover provision themselves. Those in the Baptist Pension Scheme have such a benefit included in membership of the scheme. As always, independent financial advice should be sought by the minister.

### United Army, Royal Navy and Royal Air Force Board

We often highlight the work of our Baptist military chaplains, who exercise such an extraordinary ministry among soldiers, sailors and Air Force personnel. In 2014 it will celebrate the centenary of its founding at the start of the Great War. This will grant opportunities to give thanks to God for the gospel witness of those chaplains, and to remind us all to hold in our prayers those currently serving as United Board chaplains (which now includes those from The Baptist Union, The United Reformed Church, Assemblies of God and Elim Pentecostal Churches). It also acts as a prompt to remember that there is a continuing need to recruit to this ministry, both as fully commissioned chaplains, and the increasing numbers of Reserve Army chaplains (previously called TA chaplains) who can continue in their local congregational ministry while offering service as a chaplain to the Army

Reserve (and its equivalents in the two other services). Initial enquiries can be made to the Convenor of the Board, the Revd Ian McFarlane, via the Ministries Team.

### Financial support for continuing ministerial development.

We have previously outlined the reduction in the financial support for ministry development resulting from the financial challenges the Baptist Union has faced. We can no longer offer sabbatical grants nor give grants for in-service training. However, Further Study Grants are still being made, albeit on slightly different terms, and applications for new grants can be made to Ian Millgate in the Ministries Team.

We want to congratulate especially two recent recipients of the Baptist Union Scholarship, on the successful completion of their research and the award of a doctorate: Dr Sally Nelson (through Northern Baptist Learning Community) and Dr Anne Clements (through Spurgeon's College).

## Crisis Media Support

We all hope that this is never needed, but from time to time things go wrong - in the local church, or because of a local disaster or tragedy. At times like this the local church can feel very vulnerable and unable to cope with the media attention (newspapers, radio, TV, online media). How would you respond if, say, someone in your fellowship was charged with downloading child pornography or committed another crime? Your church premises were inadvertently used for a controversial event? Your church secretary was murdered? All of these have happened in the last three years within BUGB churches.

With this in mind we want to make sure that each church knows that there is support and help available from the wider Baptist community.

If you need it, please do either email [media@baptist.org.uk](mailto:media@baptist.org.uk) or call 01235 517709. Out of hours, there is a message giving a mobile number for emergency support. You may find it useful to store this information somewhere, just in case.