

## FOR CHURCH LEADERS AND OFFICERS TO PULL OUT AND KEEP

### Finance Matters

Like many treasurers and finance teams in local churches, the Finance Team are in the middle of preparing end of the year financial statements for many organisations. However, we are always available to assist you with any queries you have relating to financial matters. Please email finance related enquiries to [financeoffice@baptist.org.uk](mailto:financeoffice@baptist.org.uk).

#### 2016 Home Mission Stipend

The Trustees have fixed the Home Mission Stipend for 2016 at £22,200, an increase of 2.3% on the 2015 Stipend.

#### Standing order or bank transfer

Please quote your Church Number as reference, when you pay into the account, quick reminder of account details.

Bank details

Bank: HSBC  
Sort Code: 40-19-35  
Accounts: 41083635

### Taxation Topics

#### Changes taking effect from 6 April 2016

##### Abolition of form P11D dispensation:

The form P11D dispensation regime will cease to exist with effect from 6 April 2016 and will be replaced by a statutory exemption in respect of expenses payments and BIKs provided to employees where an

employee would have been eligible for a deduction had they incurred and paid an amount equal to the expense themselves. From this date there will be no need either to report these payments to HMRC or to apply for a dispensation or any other agreement. Instead it will be up to the employer to determine whether each expense payment qualifies for tax relief, and operate PAYE or not accordingly. In most cases this means that an expense that is currently paid free of tax or NICs because it is in a dispensation will still be able to be paid tax and NICs free under the new exemption. For further details please refer to the Taxation Alert dated 14 October 2015 which appears in the Treasurers Area on the Baptists Together website ([www.baptist.org.uk/treasurers](http://www.baptist.org.uk/treasurers)).

Form P11D (or the online version) will, however, continue to exist and must be completed if there are any taxable expenses or benefits which require to be reported to HMRC. For many churches the most likely item which will need to be reported will be the reimbursement by the church of manse lighting and heating expenses which should be shown at Section N (or the comparable section of the online return) and will not give rise to a Class1A NIC charge. If, however, the energy accounts are in the name of the church the appropriate section is Section K and will give rise to a Class 1A NIC charge, which will not be covered by the Employment (NICs) Allowance.

Other items which need to be reported include (but not exhaustively) the annual value of any interest-free or low interest loans; the payment of any personal (as distinct from church business) expenses; motor mileage allowances to the extent that they exceed the HMRC approved rates; qualifying relocation expenses to the extent that they exceed £8,000; and the annual value of any assets provided for, or placed at the disposal, of an employee. Items which do NOT have to be reported are the annual value of manse accommodation and related payments of council tax and water charges.

#### Voluntary payrolling of certain benefits:

Whilst the option to payroll some benefits in kind is set to commence from 6 April 2016 this is unlikely to be of interest to churches since the only benefit involved in the case of most ministers is the reimbursement of manse lighting and heating expenses. Provided these expenses are reimbursed, rather than paid by the church, there is no liability to NICs – either Class 1 or Class 1A and it is therefore probably best if these are dealt with through the form P11D (in Section N) as a reimbursement of expenses. If a church wishes to opt to payroll other benefits then it is necessary to register for the service not later than 5 April 2016 but, even if an employer has opted to payroll benefits, it will still be necessary to complete the annual form P11D(b).

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### **Trivial benefits in kind:**

As indicated in a Taxation Alert issued on 13 July 2015, trivial benefits in kind (other than cash or vouchers) accorded to employees valued up to £50 each will be exempt from tax or NICs. This will permit an employer to make modest birthday, Christmas or anniversary gifts etc, and the £50 exemption is per gift rather than per annum – though there are provisions to prevent such gifts being used as part of a ‘salary sacrifice’ arrangement.

### **Employment Allowance:**

The allowance towards employers national insurance contributions is being increased from £2,000 to £3,000 pa with effect from 6 April 2016.

### **Gift Aid Top-up payment in respect of small cash donations:**

With effect from the tax year 2016-17 the maximum ‘top-up’ payment in respect of small cash donations will be increased from £1,250 to £2,000 (on maximum donations of £8,000 instead of the present £5,000).

### **Tax status of churches:**

As mentioned in a Taxation Alert issued on 13 October 2015, HSBC Bank has written to business and community customers requesting completion of a declaration concerning their tax status as part of an inter-government initiative to counter tax avoidance. These forms have been received by a number of churches and it is probable that other banks will follow HSBC’s lead. Whilst churches (like other charities) are exempt from UK tax on their income and capital gains, HSBC has confirmed that they do require churches to complete the IGA (inter-government agreement) declaration, and guidance on how to complete the declaration is contained in the Alert posted in the Treasurers Area on the Baptists Together website ([www.baptist.org.uk/treasurers](http://www.baptist.org.uk/treasurers)).

### **Gift Aid Declarations:**

The wording of the Gift Aid declaration has been amended by HMRC in order to make clear that a donor is responsible for making good any over repayment of tax as a result of not having paid sufficient tax to cover the tax repaid to charities on all donations made in a tax year. A copy of the revised declaration has been posted on the BUGB website. The revised wording must be used in new declarations made from 6 April 2016

and whilst existing declarations do not need to be replaced it is recommended that they should be in order to make clear to donors their responsibility.

### **A few other points in brief arising from questions raised:**

**Rental income from letting church manse and property** – Such income (including donations for the hire of church rooms etc) received by churches is exempt from tax.

**Computer** – A minister can claim a tax deduction for the cost of a computer and ancillary equipment used for church-business purposes.

**Motor car expenses** – There is no tax relief either for the purchase or maintenance of a motor car - other than the HMRC approved scale of mileage allowances for church business, namely, 45p per mile for the first 10,000 miles pa and 25p per mile thereafter. If mileage allowance is not paid or is paid at a lower rate, a minister may claim (in the tax return) relief in respect of the difference.

**Preaching and casual fees** – Ministers are reminded that in determining the net taxable amount of any preaching or casual fees received in respect of other engagements, they are entitled to deduct any travel or subsistence costs (including car mileage at the approved rates).

If you have any further questions, Philip Cooke FCA (Honorary Taxation Adviser) is happy to respond to tax questions of a general nature. Please email him at [philipjcooke@aol.com](mailto:philipjcooke@aol.com)

## **Pensions Round Up**

### **Important Reminder re Cessation Events and Periods of Grace**

Under pensions law, a church which is a participating employer under the closed defined benefit pension plan, may trigger a ‘cessation event’ when it ceases to employ an active member of the scheme.

Since most churches employ only one active member at a time (the minister), a cessation event can easily arise when a minister moves on from a church, retires, or dies.

When a cessation event arises, the church becomes liable for an ‘employer debt’. This means that it has an immediate legal obligation to pay its share of the overall pension fund

deficit. The amount of an employer debt depends on the church’s history of employing people who were members of the defined benefit plan and it will normally be a substantial sum.

Hence, cessation events and their associated employer debts are to be avoided unless a church is clear that it has the resources to meet the debt and wishes to pay it off.

A church can avoid or postpone a cessation event by requesting a ‘Period of Grace’. The process for such a request is:

- » The church must give the Baptist Pensions Scheme (BPS) Trustee a written period of grace notice in the correct format
- » The notice must be given no later than two months after the church ceases to employ an active member of the BPS

This process is set out in pensions law and there is no flexibility in its application, so it is essential that the church complies if it wishes to avoid an employer debt becoming due.

You can find more details on the BPS website including a template Period of Grace request letter. The link is: [www.baptistpensions.org.uk/churches-employers/the-closed-defined-benefit-db-plan/periods-of-grace-and-interim-ministers](http://www.baptistpensions.org.uk/churches-employers/the-closed-defined-benefit-db-plan/periods-of-grace-and-interim-ministers)

### **New Pension Employers Group**

The new employers’ group has been effective since 1st January 2016. It will provide an improved mechanism for gathering church views and for working more closely with the pension trustee, on pension matters. The group will be communicating directly with churches during the course of this year. Details of who the members of the Group are will be appearing on the BPS website in due course.

### **Autumn 2015 Regional Road Shows for Churches**

Many of you will have had the opportunity to attend the regional road show events last Autumn and a few in January. Feedback from attendees has been very positive and we would like to thank everyone who came along for their engagement in such a challenging subject and the insightful questions and constructive suggestions put forward. The Pension Trustee will be working with the new

employers group to consider and respond to your feedback. The slides from the roadshow are available on the BPS website at [www.baptistpensions.org.uk](http://www.baptistpensions.org.uk)

### **Delay in calculation of pension employer debts**

Unfortunately, a new technical issue relating to the completion of employer debt calculations has arisen and consequently, we are unable currently to prepare any new employer debt assessments for individual churches. We realise that this news is frustrating for those churches which wish to know their employer debt and apologise for the delay. We are doing everything we can to resolve this matter as quickly as possible.

## **Baptists Together Pastoral Fund**

The Baptist family has a long history of caring for each other and a significant number of 'benevolent funds' have been introduced over the years. These are managed at both Association and national level but have not always been well used or publicised. The various funds have now been brought together in a new 'Baptists Together Pastoral Fund – empowering acts of kindness'; the vision is to provide a fund which is easily accessed, widely publicised, flexible and quick to respond wherever needs arise within the Baptist family. These needs may result from financial hardship or may represent a personal difficulty which can be assisted by financial support.

Applications to the Pastoral Fund are encouraged on behalf of, or from, any 'Baptist Worker'. This will normally include people who are:

- » Accredited or non-accredited Baptist ministers or youth or family workers, in a BUGB church
- » Other people employed by a BUGB church, Association, College or by the Baptist Union
- » Mission workers working with BMS World Mission or other people employed by BMS.

It is expected that the average grant will be in the range £250 - £500 but applications are welcome up to £1,000. Applications will not be accepted for student bursaries or sabbatical study.

An online application process has been developed and further information

can be found at: [www.baptist.org.uk/pastoralfund](http://www.baptist.org.uk/pastoralfund). If you do not have internet access you can request an application form from Fiona Myers, Baptists Together Pastoral Fund, Baptist Union of GB, Baptist House, 129 Broadway, Didcot OX11 8XD.

In addition, we are delighted to be working alongside the Psalms and Hymns Support Fund (registered charity no. 1089179) and we are promoting their fund alongside ours. Applications to the Psalms and Hymns Support Fund can be made using the same application form and are welcome from:

- » Widows, widowers and orphans of Baptist ministers, mission workers and accredited church workers
- » Retired Baptist ministers, retired mission workers and retired accredited church workers.

## **BUGB Legal and Operations Team**

### **CIO Training Days**

The BUGB Legal and Operations Team will be holding further training days on Charitable Incorporated Organisations (CIOs) in the New Year. As before, these will be co-hosted by Associations and Jenny Smith of Anthony Collins Solicitors LLP will be presenting together with Caroline Sanderson of BUGB. Further details will be posted on the BUGB website.

### **Annual Returns to our Union**

At the time of writing we are anticipating that we will be contacting churches in January to ask them to complete their 2015 Annual Returns. This is where we ask you to check we are holding correct contact details for your church as well as providing us with various statistics.

The return can be completed online (preferred method) or using a paper copy which will be sent to churches where we do not have a contact email address.

For the most up to date information about this year's Annual Returns please visit our website [www.baptist.org.uk/annualreturns](http://www.baptist.org.uk/annualreturns)

### **Church Manses and The Smoke and Carbon Monoxide Alarm (England) Regulations 2015**

Churches in England need to be aware that from 1 October 2015 the new

Smoke and Carbon Monoxide Alarm Regulations applied to their manses and to any other residential tenancies.

Private sector landlords are now required to have at least one smoke alarm installed on every storey of their property and a carbon monoxide alarm in any room containing a solid fuel burning appliance (eg a coal fire or wood burning stove). After that, the landlord must make sure the alarms are in working order at the start of each new tenancy.

The requirements will be enforced by local authorities who can impose a fine of up to £5,000 where a landlord fails to comply with a remedial notice. Churches need to ensure that their manses comply with these requirements whether they are occupied by a minister or by any other tenant.

A detailed and helpful Q&A booklet is available at [www.gov.uk](http://www.gov.uk) by searching for 'smoke alarms'.

More general information can be found in guideline leaflets *PM06 Manse Occupancy* and *PM04 Letting a Manse* which can be found on the Baptists Together website.

### **Charity Commission publication 'The Essential Trustee'**

Following extensive consultation the Charity Commission has updated its key publication 'The Essential Trustee – what you need to know, what you need to do'. This can be found on the Commission's website.

This publication is recommended to all church charity trustees. It is a comprehensive outline of the Commission's expectations for people in this role. The guidance explains the key duties of all trustees of charities and what they need to do to carry out these duties competently.

Charity trustees are also encouraged to read the guideline leaflet *C15 Help I'm a Charity Trustee* which is available on the Baptists Together website.

### **Residential tenancies and the Immigration Act 2014 – 'right to rent' checks**

The Immigration Act 2014 prohibits private landlords of residential properties from allowing certain people to occupy those properties.



The prohibition is based on the immigration status of the occupiers and landlords will have to check the status of prospective tenants, and other authorised occupiers, to ascertain whether they have the right to occupy the premises before granting a tenancy. Landlords must also make sure that someone's right to occupy the premises does not lapse.

A person is disqualified from occupying property under a residential tenancy agreement if they:

- a Are not a 'relevant national', which is:
  - » a British citizen;
  - » a national of an EEA state; or
  - » a national of Switzerland
- b Do not have a right to rent in relation to the property. A person does not have a right to rent if they require leave to enter or remain in the UK and do not have it, or they have leave but it is subject to conditions that prevent them from occupying the premises.

On 20 October 2015, the government announced that from 1 February 2016 all private landlords in England will have to check that new tenants have the right to be in the UK before renting out their property. Right to rent was introduced in the Immigration Act 2014; the first phase was launched in parts of the West Midlands and this announcement is the next stage of the scheme's national roll out.

Under the new rules, landlords who fail to check a potential tenant's 'Right to Rent' will face penalties of up to £3,000 per tenant. It should, however, be made fairly straightforward for people to give evidence of their right to rent and a range of commonly available documents can be used.

Landlords affected by this will have to:

- 1 Check adult tenant(s) will live in the property as their only or main home;
- 2 Ask tenant(s) for the original document(s) that show they have the right to be in the UK;

- 3 Check the documents are valid with the tenant present;
- 4 Make and keep copies of the documents and record the date the check is made.

Further information is available at <https://www.gov.uk/check-tenant-right-to-rent-documents> and there is a Home Office telephone enquiry line for landlords on 0300 069 9799.

### **Communal heating in premises with multiple occupancy - individual metering**

The Heat Network (Metering and Billing) Regulations 2014 as amended impose new obligations on landlords of some multi-let buildings who provide communal heating, hot water or cooling systems. This affects all residential and commercial premises with multiple occupiers supplied with heat by a communal or district heating system. There was an obligation on heat suppliers to notify the National Measurement and Regulation Office (NMRO) of existing systems by 31 December 2015 and thereafter to notify the NMRO of new systems before the first date of operation.

From 31 December 2016 the heat supplier must ensure that individual meters are installed in all buildings with a communal heating system (where it is cost-effective and technically feasible) to accurately measure, memorise and display the consumption of heating, cooling or hot water to each final customer in the building and install temperature control devices for each final customer. There is a risk of civil or criminal sanctions for non-compliance with the regulations.

### **Guideline leaflets from the Legal and Operations Team**

Churches are reminded that we publish an extensive range of guideline leaflets which are tailored to the needs of Baptist churches. There are about 70 different leaflets available covering a wide range of legal, charity, property and other church related topics. They can all be found in the Resources section of the Baptists Together website.

## **Safeguarding update**

### **New Safe to Belong policy published**

We are pleased to confirm that the new *Safe to Belong* policy, dealing with safeguarding adults at risk, is up on our website ([www.baptist.org.uk/safetobelong](http://www.baptist.org.uk/safetobelong)) and available for download.

### **New safeguarding training coming soon**

Our National Safeguarding Contacts Group has been working on some new training to accompany this new policy. This will be a holistic safeguarding training that looks at children, young people, and adults. We really believe that this is the best approach to ensure that everybody is aware of the various elements of safeguarding. Your local association will let you know when this training is starting in your area.

### **Safeguarding guides available**

We are also publishing a series of guides on particular areas of safeguarding. New guides on DBS checks and cyber-safety are already available on our website, and further guides on domestic abuse, self-harm and supporting survivors will be published in the coming months.

Please see the Safeguarding section of our website for all these resources. [www.baptist.org.uk/safeguarding](http://www.baptist.org.uk/safeguarding)

### **DBS checks**

On 1st November 2015 we changed our DBS checking providers to Due Diligence Checking Ltd (DDC). We hope that any questions that were raised during this transition were answered but if you find that you have any queries, please do contact DDC directly on 01162 603055.

If you need to add or change a verifier then please contact [safeguarding@baptist.org.uk](mailto:safeguarding@baptist.org.uk)

### **Any questions**

If you have a safeguarding concern, please contact your local association in the first instance who will be able to support and guide you.

These notes are offered to provide general information for Baptist churches. We hope they will be helpful in highlighting new guidance and providing reminders about other important matters relating to the life of a local Baptist church. Although every effort is made to ensure that the information is correct at the time of publication, we make no representations, warranties or guarantees (whether express or implied) that the information is accurate, complete or up-to-date. Further, these summary notes are not intended to amount to advice on which you should rely and cannot be a substitute for formal professional or specialist advice. We do not assume and will not be liable to any party (who has either taken or refrained from taking action in reliance on these notes) for any loss or damage caused by errors or omissions, whether resulting from negligence or any other cause. If you want to ask detailed follow-up questions, please contact us through the Baptist Union website.