

FOR CHURCH LEADERS AND OFFICERS TO PULL OUT AND KEEP

Ministries Team

Changes to Ministerial Recognition Rules

From 1 January 2017, all Ministers and Church Workers who are accredited, along with all Nationally Recognised Pastors, will need to meet new requirements for regular safeguarding training.

The intention is to ensure that all active Ministers have training that is relevant to the context they are ministering in. These changes have come out of the Historic Cases Review, which we've been undertaking, and will be phased in.

Ministers will need to undertake safeguarding training to level 2 and 3 with BUGB every four years and undertake an online module each year. The specific circumstances of Chaplains, Ministers who are seconded to other roles and retired Ministers will be taken into account.

For more details please refer to 'Enhanced Disclosures and Safeguarding Training for Accreditation' that can be found in the Ministries resources section of the website (www.baptist.org.uk/enhanceddisclosures); along with the latest version of the 'MR Rules' (www.baptist.org.uk/minrecrules), which include a number of other changes intended to improve the accreditation system.

BUGB Legal and Operations Team

Charity Commission new warning power

The Charities (Protection and Social Investment) Act 2016 introduced a new legal power for the Charity Commission to issue official warnings, and to make them public. This came into force on 1 November. The power will supplement the Commission's existing powers for dealing with wrongdoing in charities; it will be able to issue an official warning when it considers there has been a breach of trust or duty, or other misconduct and mismanagement in the charity.

Government Counter Terrorism Advice

The National Police Chiefs' Council has recently issued protective security advice specific to Christian places of worship which reads:

While there is no specific intelligence relating to attacks against the Christian community in the UK, police are urging the community to be alert but not alarmed, report concerns to the police and review their security as a precaution.

The government's National Counter Terrorism Security Office (NaCTSO) has issued comprehensive guidance on security in places of worship.

The guide has been written to help churches to think about the level of security that is appropriate for their building in order to reduce the risk of a terrorist attack and limit the damage an attack might cause. It is particularly aimed at those places of worship where there may be a risk of a terrorist attack either because of the nature of the place of worship or the number of people who congregate in it. The guide can be found online here: <https://www.gov.uk/government/publications/counter-terrorism-protective-security-advice-for-places-of-worship>

Charity Commission guidance: Prevention of fraud, theft and money laundering

Charity trustees should be aware of the Commission's 'Compliance Toolkit' which offers advice on how to safeguard your charity from terrorism, fraud and other abuse. This can be found online here: <https://www.gov.uk/government/collections/protecting-charities-from-harm-compliance-toolkit>

The Charity Commission, in collaboration with members of the Charity Sector Counter Fraud Group, has recently launched www.charitiesagainstfraud.org.uk, a new website dedicated to helping charities to protect themselves from fraud. It includes guidance and case studies, as well as signposting users to other organisations tackling charity fraud.

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The Commission also offers comprehensive guidance on how to manage your charity's financial activity and use internal financial controls to reduce the risk of loss. This can be found in publication *CC8 Internal Financial Controls for Charities* which is available on the Commission's website.

In particular, churches are reminded that cheques should be signed by two signatories and that those signatories should never be tempted to sign blank cheques. Other appropriate controls include ensuring that cash collections are counted by two people and that charity trustees maintain an appropriate level of oversight on financial matters on an ongoing basis rather than leaving everything to the treasurer. Charity trustees need to remember that as a group they share legal responsibility and accountability for the finances of the church even though day to day tasks are usually delegated to the role of the treasurer.

Annual Returns to the Baptist Union

At the time of writing we are anticipating that we will be contacting churches in January to ask them to complete their 2016 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 Annual Returns please visit our website www.baptist.org.uk/annualreturns

From this page you will also be able to see statistical information from previous annual returns.

National Minimum Wage

Any worker aged 25 or over is entitled to be paid a minimum of the National Living Wage of £7.20 per hour (as of April 2016). This is likely to rise on review in April 2017.

There is a national minimum wage of £6.95 per hour for any person aged 21 to 24 (as of 1 October 2016).

The wage for those aged 18-20 is £5.55 per hour. The development rate for 16 and 17 year olds is £4.00 per hour. (There is also an apprentice rate of £3.40 per hour for apprentices aged 16 to 18).

Accommodation, if provided for an employee, may count at the rate of £6.00 per day up to a maximum allowable amount of £42.00 per week (as of 1 October 2016).

All employers are required by law to ensure that employees receive at least the minimum wage. Deliberate failure to pay the minimum wage is a criminal offence and employers who do not pay it face a penalty of up to £20,000 per employee. Employers must keep sufficient records to be able to demonstrate that their employees are not being paid less than the minimum wage and these records must be available for inspection.

Finance Matters

2017 Home Mission Stipend

The Trustees have fixed the Home Mission Stipend for 2017 at £22,500 - an increase of £300pa which is in-line with RPI inflation for the previous 12 months.

Taxation Topics

compiled by Philip Cooke FCA – Honorary Taxation Adviser

Manse lighting and heating expenses:

At the risk of possible 'overkill' it is perhaps worth reiterating the changes which are taking place in the tax treatment of reimbursed manse lighting and heating expenses.

1 For the current tax year (2016-17) (**but for the last time**) it will still be necessary to report on form P11D (at section N) the amount of expenses reimbursed to the minister. There is no liability to NICs – neither Class 1 nor Class 1A – unless, of course, the church has made the gross error of being the account holder for these utilities, when there will be (and will continue to be) a taxable and a Class 1A NIC chargeable benefit reportable at section K of the form P11D.

2 As from 6 April 2017 the treasurer must determine in consultation with the minister the 'church-business' proportion of the reimbursed lighting and heating expenses, which can then be paid free of tax to the minister as 'allowable expenses' (*the tax-deductible amount*) with no requirement to report these as part of the RTI monthly routine, or on form P11D or in the minister's personal tax return.

3 HMRC is unable to agree to a uniform percentage deductible amount so that church and minister need to agree the church-business proportion having regard to the particular circumstances, but provided reasonable steps have been taken at the commencement of the tax year to ascertain that proportion - and there are no subsequent material changes in circumstances – it can remain undisturbed for the remainder of the year. For many years HMRC has accepted (based on an average church-business usage of two rooms out of eight) that a deduction of 25% of total costs was reasonable and it is therefore likely that in many cases there will be no change in the tax-deductible proportion. However, the onus is upon the church and minister to make a reasonable assessment in each case.

4 As from 6 April 2017, any reimbursement in excess of the *tax-deductible amount* will need to be 'payrolled' (ie treated as pay) **for income tax purposes only**. The whole of the reimbursed amount remains exempt from NICs under a provision which applies to ministers of religion. It will therefore be necessary to make clear, in the monthly PAYE-RTI report, the lower amount of 'pay' that applies for NIC purposes.

5 If a church does not reimburse all or any part of the manse lighting and heating costs then the minister is entitled to claim (at box 25 of the *Minister of Religion* pages of the personal tax return) a deduction for tax purposes of the whole or (as the case may be) any balance of the *tax-deductible amount*, though there will, of course, be no relief in respect of NICs in this situation.

6 Where a church uses a payroll agency to perform payroll and related PAYE tasks it is important that the agency is made aware of the foregoing changes.

Other ministerial expenses:

A reminder to any who may have overlooked the fact that the former P11D dispensation regime came to an end on 5 April 2016. However, churches can continue to pay or reimburse, free of tax, all of those expenses which are incurred for church-business purposes, ie of the kind which would previously have been included in a P11D dispensation. Such expenses do not have to be reported on form P11D.

Gift Aid Small Donations scheme (GASDS):

Again, by way of reminder, the maximum amount of small cash donations (ie not exceeding £20 each) which can qualify for a gift aid top-up payment was increased from £5,000 to £8,000 per tax year with effect from 6 April 2016, provided the minimum 1:10 ratio between ordinary gift aid donations and small cash donations is satisfied. The maximum top-up payment is therefore increased from £1,250 to £2,000 pa.

A few changes aimed at simplifying the scheme are set to come into force from 6 April 2017 including the following:

» the need for a charity to have been in existence for at least the two previous complete tax years and for it to have made successful Gift Aid claims in at least two of the previous four tax years will be removed;

» a church/charity which also carries on activities in a community building will only be able to claim (at its choice) one top-up payment, namely in respect of small donations up to £8,000 pa received in respect of the community building activities, or small donations up to £8,000 pa received from anywhere in the UK;

» small donations made by contactless payment (but not cheques or electronic transfers) will also qualify – though it is unlikely that many, if any, churches will wish to introduce swipe cards!

Sabbatical expenses:

Expenses incurred or reimbursed by a church in relation to an approved sabbatical project are likely to qualify as tax-exempt ‘work-related training’ expenses, but there is no tax relief in respect of any expenses borne by the individual minister. Please refer to the *Taxation Guidance Notes for Churches and Ministers* – document F06 on our website.

Gift Aid Declaration:

A church treasurer has noted that the revised form of Gift Aid Declaration which appears on our website does not contain space for a signature. HMRC has confirmed that a signature is not necessary since declarations are frequently made in electronic format, but if a church wishes to include a signature in the declaration it is free to do so.

Higher rate of stamp duty land transaction tax (SDLT):

Yet another reminder that a property bought by a minister (or minister and spouse) which is to be leased to a church to enable it to provide manse accommodation for the minister is not regarded as a normal ‘buy to let’ transaction attracting the higher rate of SDLT, provided that this is the minister’s only property.

Ministers’ tax returns:

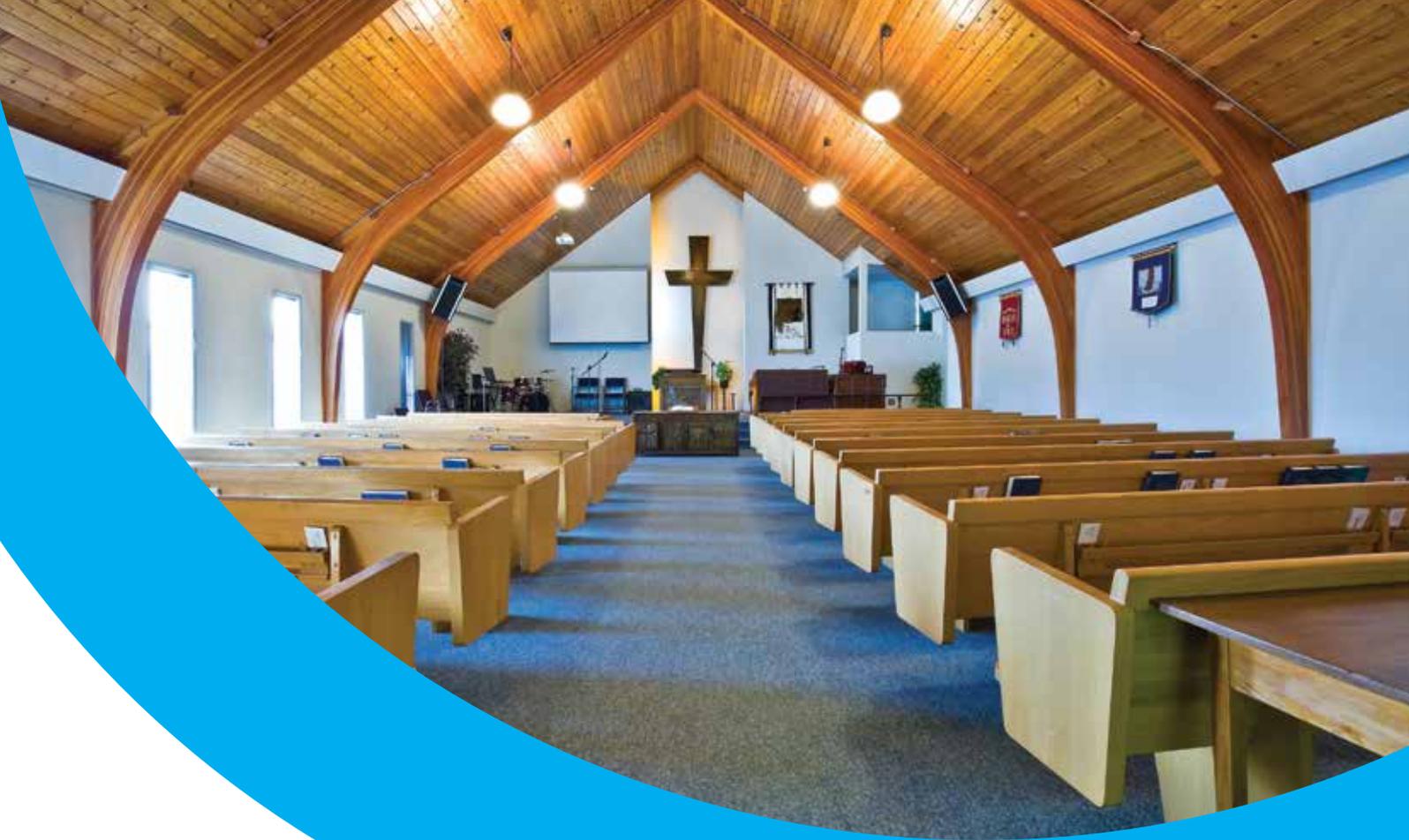
Fewer ministers are likely to need to complete a personal tax return as a result of changes such as the introduction (from 6 April 2016) of the tax-free savings and dividend allowances, and the change (from 6 April 2017) in the treatment of reimbursed manse lighting and heating expenses. However, where a minister is in receipt of casual preaching or other fees, or rental income from leasing a property, or wishes to claim for expenses not borne or reimbursed by a church (including, for example, the purchase of a computer and related equipment) then completion of a return will still be necessary – at least for the time being. You may have heard that HMRC are in the process of trying to ‘Make Tax Digital’ - the ultimate goal being the elimination of tax returns by 2020 - because all salient income details will by then find their way to the taxpayer’s personal tax account from external sources! I can’t help but add – ‘shock, horror’ - at the mere thought of what this might lead to!

Further information:

Please remember that items relating to tax and related matters are posted from time to time on our website at: www.baptist.org.uk/treasurers

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

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.



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