

# CHARITY & NOT FOR PROFIT E-NEWS

## 01 FEBRUARY 2018

**haysmacintyre**  
chartered accountants & tax advisers

Welcome to haysmacintyre's regular email update for charities and not for profit organisations, keeping you up to date with compliance matters, legislative developments and financial best practice. We welcome your feedback on this update and would love to hear about any areas you would like to see covered in future editions. Please email [Anna Bennett](mailto:anna.bennett@haysmacintyre.com), Charities Partner, with any comments.

### RETURNING DONATIONS

Following the recent Financial Times story about The Presidents Club fundraising event, there have been discussions in the media about whether charities should return donations made to them from the event. The Charity Commission have responded by [issuing advice](#) to any charities who have received donations and may be unsure about what to do.



### HMRC FOCUS ON CHARITY TAX RETURNS

We have seen a rise in recent months in the number of requests from HMRC for charities to complete tax returns. It appears that HMRC have an ongoing project in which charities are chosen at random and will be expected to file annual returns until further notice. They have informed us that, although charities can appeal against ongoing returns, any appeal is likely to be rejected. If you have received a request for a charity tax return, or have any questions about charities and direct tax, please email your usual haysmacintyre contact, [Jo-Ann Beisty](#) or [Alice Palmer](#).

## FRC AMENDMENTS TO ACCOUNTING FOR GIFT AID PAYMENTS FOR SUBSIDIARIES

The Financial Reporting Council (FRC) has completed the first triennial review of FRS 102, which was published at the end of last year and is effective for accounting periods commencing on or after 1 January 2019. For most charities this will mean either the year ending 31 December 2019 or 31 March 2020.

The [amendments to FRS 102](#) may affect the way that trading subsidiaries account for Gift Aid payments to their parent charities. The review confirms that Gift Aid payments should be accounted for as a distribution and should only be accrued in the accounts where there is a legal obligation to make the payment. This may see more charities putting in place Deeds of Covenant with their trading subsidiaries, although this has other implications that would need to be considered, or making payments during the year rather than waiting until after the year end. Please speak to your usual haysmacintyre contact if you have any questions.



## THE END FOR SOME HIDDEN PAYMENT CHARGES

On 13th January 2018 the Government [banned the imposition of surcharges](#) on payments made by credit and debit cards. The ban will be enforced by Trading Standards who will be able to take civil enforcement action against traders who breach the regulation. We have been working with some membership organisations who have charged members surcharges in past, although this will apply to any not for profit organisation who accepts payments via credit or debit card. The change will not stop traders from charging all customers for making payment as long as it is irrespective of the payment method.

## HMRC GUIDANCE ON THE VAT TREATMENT OF GRANTS AND CONTRACTS UPDATED

HMRC has published updated replacement guidance on the VAT treatment of grants and contracts. The [Charity Tax Group](#) has been working with HMRC for some time to clarify their guidance and continue to engage with HMRC where they feel further clarification would be useful.

haysmacintyre are hosting a Charity Tax Group meeting on Tuesday 6 March to discuss the new guidance. For more information, or to register, click [here](#).

## CONVERSION TO CHARITABLE INCORPORATED ORGANISATION (CIO)

Changes to legislation have been approved which allow charitable companies and Community Interest Companies (CICs) to [convert to charitable incorporated organisations \(CIOs\)](#). Until now, only newly registered charities were able to become CIOs. Conversion is possible from 1 January 2018 for smaller charities, with a phased approach based on annual income for other charities. Those with annual income over £5m will be able to convert from 1 August 2018.

## CONSULTATION ON FUNDRAISING CODE OF PRACTICE

The [Fundraising Regulator](#) has launched a consultation on the Code of Fundraising Practice, looking in particular at complaints handling, compliance with the telephone preference service and use of online fundraising platforms. Responses are invited by 28th February 2018 (or 14th March for online fundraising platforms).

## TRUSTEE TRAINING

Register now for our [training courses for charity trustees](#), including an introduction to charity finance and reporting, a charity law update, and our ever popular 'What Every Trustee Should Know'.

### ABOUT HAYSMACINTYRE

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**t** 020 7969 5500  
**e** [marketing@haysmacintyre.com](mailto:marketing@haysmacintyre.com)  
**w** [www.haysmacintyre.com](http://www.haysmacintyre.com)  
**in** [haysmacintyre](https://www.linkedin.com/company/haysmacintyre)  
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haysmacintyre,  
10 Queen Street Place  
London EC4R 1AG



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