

Charities: Budget – November 2017

In a Budget aimed at showing the Government understands the worries of the millennials, there were several announcements aimed at this group including increases to the Minimum and National Living Wage rates together with more money for the NHS and education. There were once again few specific charity measures.

Overview

Following the trend of recent Budgets the latest announcement from the Chancellor contained few measures that directly impacted on the sector.

The changes to the Gift Aid donor benefit rules have finally been introduced following lengthy consultations and the introduction of the new grant scheme for Accident and Rescue charities will be well received by those that qualify.

Income tax changes

The personal allowance will increase to £11,850 with effect from 6 April 2018 and charities should consider the impact of this increase on Gift Aid claims.

Since 2010-11 the personal allowance has increased from £6,475 and during that time a significant number of individuals will have fallen out of the tax net and therefore cannot make valid Gift Aid declarations.

The higher rate threshold will increase to £46,350 with effect from 6 April 2018.

Gift Aid donor benefit rules

Following a call for evidence and two consultations, it has been announced that the three current monetary thresholds will be reduced to two. All existing extra-statutory concessions will be legislated. This includes the rules regarding the following:

- split payments;
- life-time benefits
- literature concession of inconsequential value;
- averaging method.

The changes will come into effect from April 2019.

National Living Wage

The National Living Wage will increase by 4.4% from £7.50 to £7.83 with effect from April 2018.

Whilst this is a welcome move from a social welfare perspective, it inevitably brings additional costs to the sector.

VAT registration threshold

Following the publication of the review by the Office of Tax Simplification into the future of VAT, rumours circulated in the popular press that the VAT registration threshold may be reduced to £20,000. Thankfully these rumours have proved wide of the mark with the Chancellor deciding to freeze the current £85,000 threshold which will remain for two years from April 2018. This may lead to more charities being required to register for VAT as a consequence.

Accident and Rescue Charities grant scheme

A grant will be provided to help accident and rescue charities meet the cost of irrecoverable VAT. The effective date is yet to be announced.

Apprenticeship levy

In his speech, Philip Hammond commented that the Government will continue to work with employers regarding how the levy can be spent so that it works effectively and flexibly. The sector is hoping that in future the levy funds will be eligible for use against the cost of volunteer training – watch this space!

Business rates

Revaluations

From 2022, non-domestic properties will be subject to revaluations for business rate purposes every three years, rather than the existing 5 year period.

Retention

The Government will continue to pilot business rates retention for councils across England. The new pilots for 2018-19 are to be announced. The sector is concerned that this may lead to councils restricting discretionary relief currently provided to charities.

Banking fines

Fines totalling £36m have been committed over the next 3 years which completes the LIBOR Charity Funding Scheme. This brings the total funding to £773m which has been provided since 2012. The fines support Armed Forces and Emergency Services charities and other good causes.

Reducing plastics waste

A call for evidence will take place in 2018 to obtain opinions on how the tax system can reduce the level of single-use plastics waste. Will this provide a source of donations to the sector? Watch this space.

Start the conversation today

For further information on any of the above measures or any other charity related query contact your BHP account manager or one of our tax specialists.

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