WATSON BUCKLE
CHARTERED ACCOUNTANTS

CHARITY BULLETIN

April 2017

Welcome to Watson Buckle's Charity Bulletin, bringing you the latest news on financial issues facing the not-for-profit sector.

This Charity Bulletin looks at news that eleven national charities have been fined for data protection breaches; suggestions that trustees should be entitled to statutory leave from work; developments in Making Tax Digital; and finally, why charities relying on legacy donations could soon lose a significant percentage of their income.

We hope you enjoy reading our Charity Bulletin and that you find it useful. We would welcome your feedback on the content, or ideas for topics that you'd like to see featured in future issues. Please get in touch with Susan on 01274 516700 or email SusanS@watsonbuckle.co.uk.

Eleven charities fined for data protection breaches

The Information Commissioner's Office (ICO) has fined eleven charities more than £138,000 for misusing donor's personal data.

The charities include Cancer Support UK, Macmillan Cancer Support, and the Royal British Legion.

ICO said charities "must follow the law".

Its investigations found that the charities involved secretly screened millions of donors so that they could target them for additional funds.

It says that some charities traced and targeted new or lapsed donors by piecing together personal information obtained from other sources.

It adds that some traded personal details with other charities creating a large pool of donor data for sales.

Information Commissioner Elizabeth Denham said she had exercised her discretion in significantly reducing the level of fines, taking into account the risk of adding to any distress caused to donors by the charities' actions.

"Millions of people will have been affected by these charities' contravention of the law. They will be upset to learn the way their personal information has been analysed and shared by charities they trusted with their details and their donations," she said.

"No charity wants to alienate their donors. And we acknowledge the role charities play in the fabric of British society. But charities must follow the law." The fines ranged between £6,000 and £18,000.

Keep up to date with charity news and developments by following Watson Buckle on Twitter and Facebook.

For more information on any if the issues discussed in this bulletin, contact us.

Trustees should be entitled to expenses and time off work, says Lords study

Charity trustees should be entitled to expenses and dedicated leave from work to attract the best quality candidates, a House of Lords committee has suggested.

The suggestions follow a study into the sustainability of the charity sector carried out last year.

It recommends that the Government should consult on statutory time off work to be a trustee, and that charities must ensure trustees receive expenses.

It recommends implementing statutory leave for trustees so that charities can benefit from the commitment of high-ranking and senior executives stationed in other roles.

The committee said that this would bring the role in line with similar positions, such as a magistrate or school governor.

But it reaffirms that trustees should remain volunteers.

The "voluntary principle of trusteeship is an important one and that trustees should not receive payment for undertaking the role", it said in its report.

The committee also suggested remuneration in "exceptional circumstances" where trustees could not otherwise perform their duties.

It said trustees "should be able to claim relevant expenses to ensure that financial considerations do not unduly deter people from taking up the role".

Commenting on the report, Sir Stuart Etherington, chief executive of NCVO, said: "Putting trusteeship on a footing with other public duties by ensuring employers had to make allowances for trustees, as they would for school governors or magistrates, would raise its profile and help broaden the range of people able to contribute by volunteering as a trustee."

Watson Buckle works with trustees across the country to support their charities financially.

For a free, no obligation chat about what we can do for yours, contact us today.

Charities will not have to use Making Tax Digital, says HMRC

HM Revenue & Customs (HMRC) has confirmed that charities will not have to use Making Tax Digital, the Government's new digital tax platform.

It further revealed that the smallest of businesses will have access to free software where it is unfair or unreasonable for them to buy it themselves, and any business with a turnover of £10,000 or less will be exempt from digital tax reporting.

However, trading subsidiaries belonging to charities will be required to report under Making Tax Digital procedures, it said.

Last year, HMRC had suggested that almost all landlords, businesses, and self-employed workers will have to keep year-round digital records and update HMRC on a quarterly basis using the new tax system.

But experts argued that charities and small and rural businesses will struggle to comply with the demands of digital tax reporting and quarterly updates.

Jim Harra, director general of customer strategy and tax design at HMRC, said: "We know that the majority of businesses want to get their tax right first time, but the latest tax gap figures show that too many find this hard, with more than £8bn a year lost in tax as a result of avoidable taxpayer error by small businesses.

"Making tax digital will help businesses to get their tax right first time; it will help reduce the likelihood of errors, lower the chance of unwelcome compliance checks and give them greater certainty that they are getting things right."

Our tax experts at Watson Buckle are happy to advise your charity on whether it should switch to digital tax or continue using paper returns. Contact us for a free, no-obligation consultation.

Probate fees could cost sector seven per cent of legacy income, says research

Impending changes to probate fees could cost the charity sector more than £18 million a year, research has revealed.

The figure, published by the Institute of Legacy Management (ILM), is based on the Ministry of Justice's (MoJ) new fee structure for executors.

From May this year, the fixed £215 fee will be increased to £1,000 on estates worth more than £300,000, and all the way up to £20,000 for estates worth more than £2 million.

The ILM estimate that the additional fees could cost charities £8 million – or seven per cent of all money raised from legacy donations.

It added that this was a conservative estimate, and the true figure could be much higher.

Chris Millward, chief executive of the ILM, said: "We are fairly disappointed that the Government has ignored the wishes of 80 per cent of the respondents to its consultation, and gone ahead with these plans anyway.

"Probate fees are a charge for a service, and these increases seem quite disproportionate. We will be making further representations to the Ministry of Justice."

Andrew O'Brien, head of policy and engagement at the Charity Finance Group (CFG), added that the Government was making a U-turn on incentives previously handed out to encourage charitable giving in wills.

Commenting on the report, he said: "Legacies are a growing and important way that the public supports good causes. It is critical that we make giving as easy and effective as possible.

"So it is important that the government does not undermine existing incentives through increasing probate fees on estates that leave money to charity which could have significant unintended consequences."

Every day, Watson Buckle works with charities to meet their goals. If you feel that your charity would benefit from a free, no-obligation chat about its finances, contact us today.

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