AUDIT • TAX • ADVISORY

Not for Profit eNews

March 2024

Now, for tomorrow

mha | An independent member of bakertilly INTERNATIONAL

Welcome to the latest edition of MHA Not for Profit eNews.

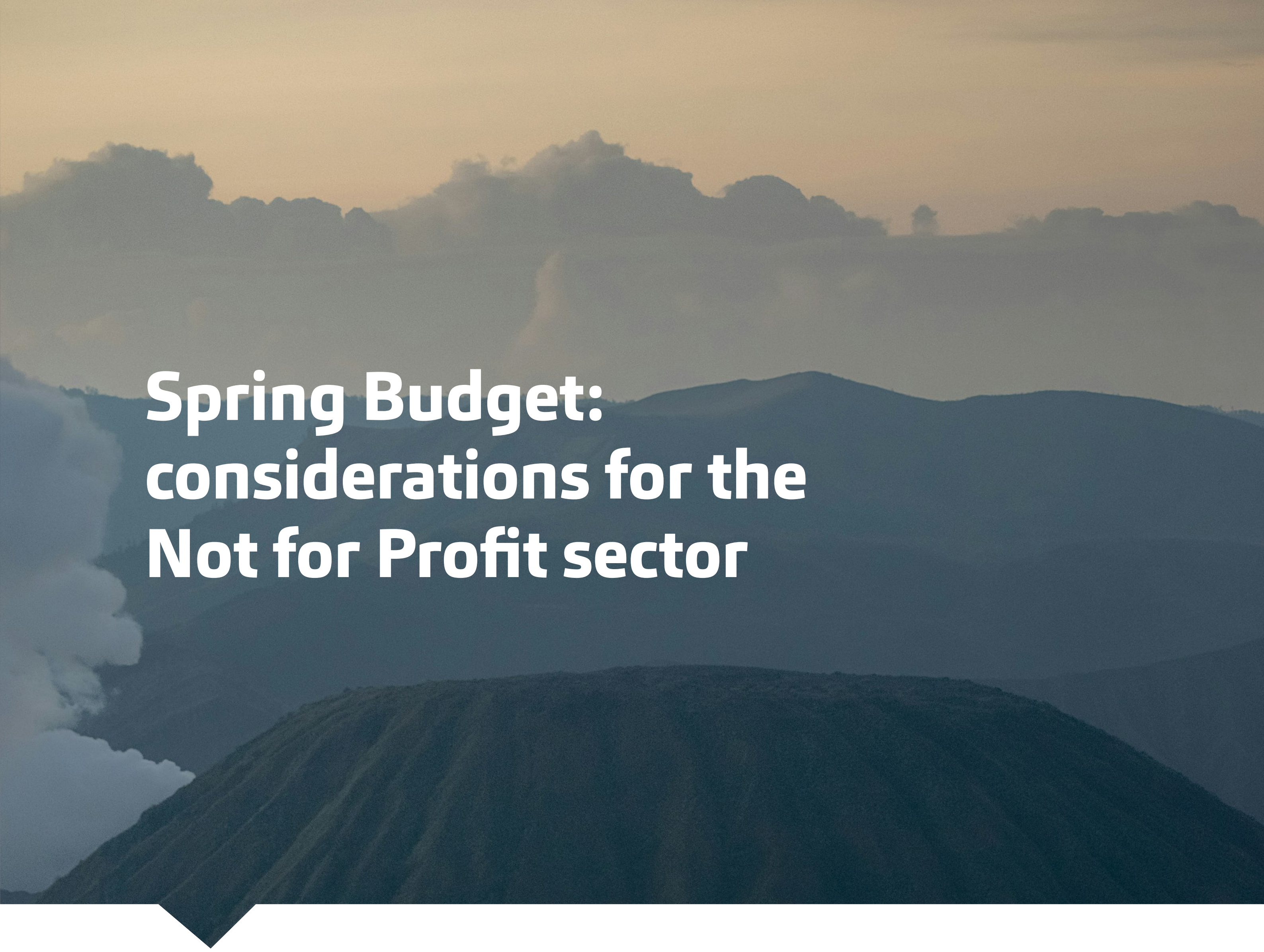
The Spring Budget, most likely the Government's last before the next general election, did not promise the Not for Profit sector reason to celebrate and indeed the sector has not provided the Chancellor with too much praise following its release on 6 March. In this edition of eNews we highlight the most relevant announcements included in the Budget, and share the thoughts thereon of several sector bodies.

We also highlight new guidance issued by the Charity Commission regarding accepting, refusing and returning donations. The guidance coincides with the launching of the Commission's new 'Donate with Confidence' website, helping donors make sure their donations are made safely, especially during periods of increased giving, such as during Ramadan.

Finally, we highlight recent and upcoming changes made at Companies House, and confirm that the latest series of changes under the Charities Act 2022 – reported in last month's edition of eNews – came into force this month.

As ever, if there are any points you wish to discuss further in this issue please do get in touch.

Best Regards,
MHA Not for Profit team



Spring Budget: considerations for the Not for Profit sector

As the National Council for Voluntary Organisations (NCVO) reported, the Spring Budget, released on 6 March, was likely the Government's final opportunity to set out spending plans before the next general election. They also noted that whilst the Budget could have also been a key moment to bolster and empower the voluntary sector, the Government have yet again missed this opportunity. This sentiment has been echoed across sector bodies and sector media outlets.

The Charity Tax Group (CTG) have **summarised** the areas of the budget most relevant to the sector:

- The VAT registration threshold for small businesses will increase to £90,000 from 1 April 2024.
- The Government will cut the main rate of National Insurance Contributions for employees from 10% to 8%. The main rate of national insurance for the self-employed will reduce from 8% to 6% on Class 4 National Insurance Contributions.
- Amendments have been tabled to the Digital Markets, Competition and Consumers Bill to allow charities to continue to claim Gift Aid on subscription contracts, which could otherwise have been affected by the provisions in the Bill.
- Theatres, orchestras, museums and galleries will be given permanent higher rates of tax relief from 1 April 2025. These will be 40% for theatres, museums, and galleries, and 45% for all orchestra productions and other touring productions.
- £45 million will be provided to medical charities with life-saving research agendas.
- £5 million will be added to the Platinum Jubilee Village Halls Fund for local village halls across England.

CTG Chair, Richard Bray, welcomed the increase in the VAT registration threshold and the increase in relief for museums and galleries, but noted that there were, overall, very few measures to help the charity sector.

The Charity Finance Group have produced a **Spring budget analysis 'policy briefing' document** which also welcomes certain announcements in the Budget but also notes that a lot of critical issues for the sector remain unaddressed, including how the Government will put local authorities on a sustainable financial footing.

Donations: new guidance on acceptance and new 'Donate with Confidence' site

Earlier in March, the Charity Commission released its new 'Accepting, refusing and returning donations to your charity' guidance setting out the legal rules for trustees to consider.

The new guidance starts by reminding trustees that donations are not exclusively represented by cash, but can also include donations of land, goods or other property, and grants, and that trustees have a legal responsibility to refuse certain types of donations, such as those they suspect derive from illegal sources or come with illegal conditions and those from **vulnerable donors** who may lack the mental ability to decide to donate. It continues to set out types of donations that a charity is likely to need to refuse or return – such as those which may involve unacceptable levels of private benefit – and the legal rules surrounding 'failed' fundraising appeal, specific **guidance** for which was updated as part of the implementation of the Charities Act 2022.

Acknowledging that a trustee may find themselves in a potentially difficult situation of deciding whether to refuse or return a donation, having satisfied themselves that they have the legal power to do so, the guidance signposts an approach which it recommends trustees take:

- Consider the risks involved in refusing or returning the donation, and how likely and serious these are. These could include negative financial impact, ability to deliver services and ability to attract donations in the future.
- Consider the risks involved in accepting or keeping the donation, and how likely and serious these are. These could include the likelihood of reduced support or reputational harm, particularly among supporters or beneficiaries.
- Determine how any decision aligns with their charity's purposes.
- Determine what steps they can take to mitigate the risks. These could include negotiating the terms of a conditional donation with the donor or developing a public explanation for a decision.

It is considered best practice for charities to have a 'donation acceptance' (or similar) policy to ensure consistent decision making with regards to donations and to set out who should be involved in the decision-making process. The release of this guidance may act as a timely prompt for charities to review and update such an existing policy or development one if it does not already have one in place.

The release of this new guidance has also coincided with the launching of the Commission's new **'Donate with Confidence'** website. With increases in fraudulent fundraising activities during times of increased giving – such as at the outbreak of the war in Ukraine, as we have previously reported, and more recently during Ramadan – the website sets out a series of simple checks donors should make before donating:

- Check the charity register
- Find out more information about the recipient charity
- Look out for the fundraising badge
- Be careful when responding to fundraising appeal emails or clicking on links within them
- Ask the collector for more information

Such a checklist will undoubtably be of interest to charities looking to provide donor confidence in their current and future appeals.

Companies House changes

There are changes currently in progress at Companies House as a result of The Economic Crime and Corporate Transparency Bill.

The first set of changes, which will be introduced in phases, took place on 4 March. From this date Companies House require all companies to:

- supply a registered email address;
- confirm they are forming a company for lawful purposes, when first incorporating, and/or confirm its intended future activities will be lawful on the annual confirmation statement.

The lawful purpose requirement declaration is simply a tick box on the confirmation statement.

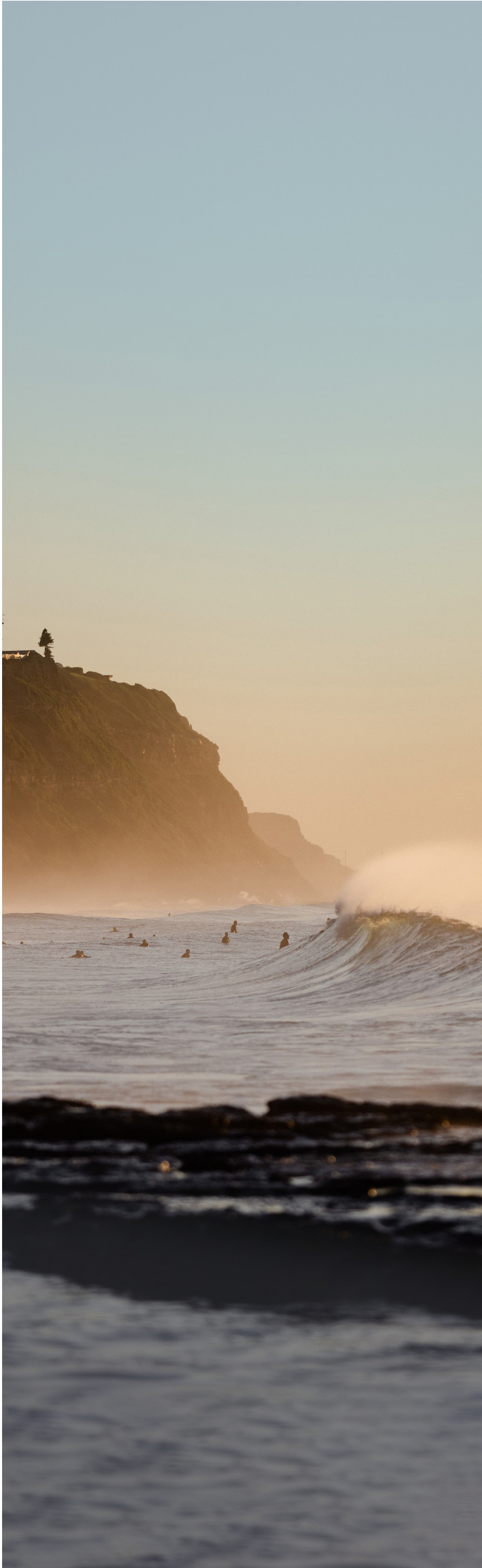
The second phase will be effective from 1 May 2024 and will see a new price list being introduced, with a notable increase in the fee for filing the confirmation statement from £13 to £34. This phase will also include the introduction of a **new identity verification process**, with the intention of deterring those wishing to use companies for illegal purposes. All directors of new and existing companies will need to verify their identity, with existing directors afforded a transitional period to do so.

There are also a number of big reforms coming down the road for Companies House that will see it become more of a regulatory power that will do more to police the register of companies. We will keep you abreast of the changes as they arrive.

Latest changes being introduced by the Charities Act 2022 come into force

In **last month's edition** of eNews, we noted the latest changes under the Charities Act 2022 would be coming into force in 'early 2024', the Charity Commission having not confirmed the precise date.

On **7 March**, such changes were officially brought into force and a summary of these changes – and those made in October 2022 and June 2023 – has been published on the Commission's **website.**



MHA Not for Profit Contacts

Sudhir Singh
Head of MHA Not for Profit, Partner
E: sudhir.singh@mha.co.uk

London & South East
Stuart McKay, Partner
E: stuart.mckay@mha.co.uk

North West
Nicola Mason, Director
E: nicola.mason@mooreandsmalley.co.uk

South West
Bianca Silva
Head of Education, Partner
E: bianca.silva@mha.co.uk

North East
Rebecca Hughes, Partner
E: rebecca.hughes@mha.co.uk

London
Chris Rising, Internal Audit Director
E: chris.rising@mha.co.uk

South East
Cara Miller, Partner
E: cara.miller@mha.co.uk

Cardiff
Julia Mortimer, Partner
E: julia.mortimer@mha.co.uk

Swansea
Rachel Doyle, Partner
E: rachel.doyle@mha.co.uk

MHA Not for Profit Team
A national commitment to charities

A national Not for Profit team with local specialists that understand the sector in your area.

Broad Not for Profit expertise covering charities, social enterprises, education, housing and the public sector, with organisations at all stages of their life cycle.

With over 1,000 Not for Profit clients, we have extensive experience of all sizes and types of organisations.

Strong relationships established with both executives and trustees.

Insights from our long standing experience at a policy setting level and from working with sector bodies and regulators.

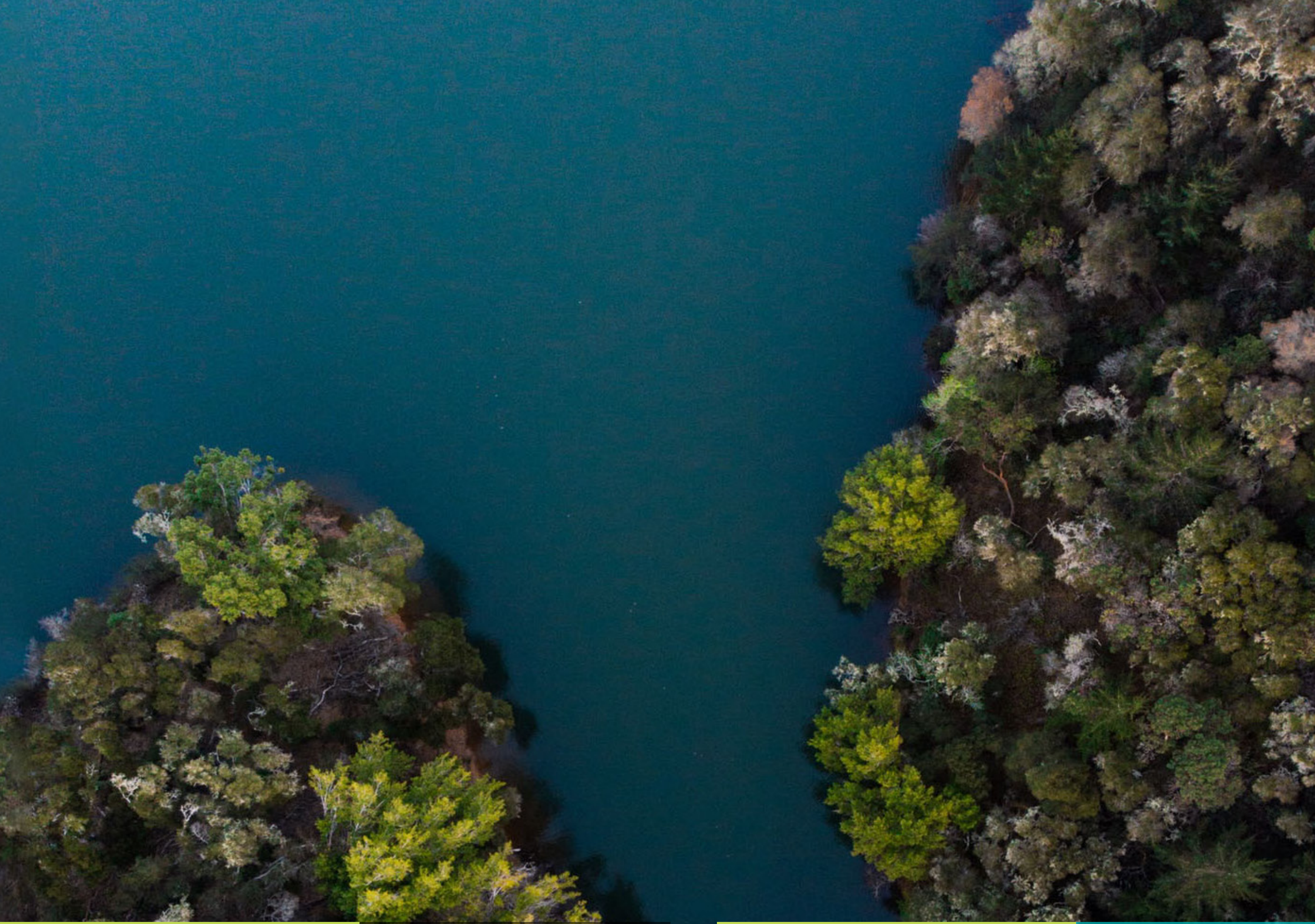
A wide range of tailored services: assurance, tax, compliance, advisory, training and more, delivered with practical understanding.

Practical support for strong and effective financial governance at #MHATrusteeHub.

Worldwide specialist sector support through our independent membership of Baker Tilly International.

Disclaimer

MHA Hub offers clients and contacts a diverse programme of professional events, training, and publications that has been created to offer the latest in best practice, good governance, and regulatory updates and insights.



About MHA

MHA is an association of some of the best independent regional UK accountancy firms

£200
Million turnover

20 Offices nationwide

1204 Staff

115 Partners

About Baker Tilly International

Baker Tilly International is a network of independent accountancy and business advisory firms; our firm is an independent member of the network

658
offices

43,000
people

141
territories

To find out more about the services MHA can offer, please contact

T: 0207 429 4147

mha.co.uk

Now, for tomorrow

An independent member of
bakertilly
INTERNATIONAL