

## **CLAS CIRCULAR 2018/20 (25 September 2018)**

### **Disclaimer**

**CLAS is not qualified to advise on the legal and technical problems of members and does not undertake to do so. Though we take every care to provide a service of high quality, neither CLAS, the Secretary nor the Governors undertakes any liability for any error or omission in the information supplied.**

It would be very helpful if members could let us know of anything that appears to indicate developments of policy or practice on the part of Government or other matters of general concern that should be pursued.

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## CHARITIES & CHARITY LAW

### Charity Commission: accounts submission reminder

**For action if you need to file with the  
Commission**

The Charity Commission reminds registered charities that the deadline for submitting 2017 charity accounts is **31 October 2018** if your charity has a 12-month accounting period. Make sure you file early to avoid any last-minute rush: details on filing [here](#).

[Source: Charity Commission – 18 September]

## HEALTH & SAFETY

### Fire safety

For information **and possibly for action**

It is some considerable time since we mentioned fire safety. The Methodist Church's website carries information about the state of the [Fire Extinguisher Service contract for churches](#) operated by Chubb Fire Limited - National Accounts Division Manchester. The contract has been extended until **at least May 2021**. Any new church premises wishing to participate in this agreement must apply through the address below, via post, telephone, or e-mail:

Mrs Joanne White  
National Accounts Division  
PO Box 16  
Manchester  
M24 4JY  
Tel – 0161 654 2256  
E-mail – [joanne.white@chubb.co.uk](mailto:joanne.white@chubb.co.uk).

Full details are available at the link above. Current service charges are as follows:

- Inspection of all portable fire extinguishers in accordance with BS5306 Part 3 including the provision of all parts, refilling at the time of service, discharge testing and recharging: **£6.25 each**.
- Inspection of fire blankets (if carried out while on site servicing the extinguishers): **£0.50p**.
- Service Attendance Fee: **£1.50**.
- Minimum invoice value per location for servicing: **£12.00**.

The £6.25 inspection charge should be considered over a five year period to include the discharge tests and re-charges as per the British Standard recommendations. The above service price **excludes** Nu-Swift spare parts, refilling and extinguisher bodies.

The Government's guidance on fire safety risk assessment for small and medium places of assembly is available [here](#).

[Source: The Methodist Church Property Handbook – June 2018 Version V2]

## NORTHERN IRELAND

### Abortion law: Commons committee inquiry

For information

The House of Commons Women and Equalities Committee has [announced](#) an inquiry on abortion law in Northern Ireland. The Committee notes that in June 2018 the Supreme Court dismissed an appeal against the current law on the grounds that the Northern Ireland Human Rights Commission did not have standing to bring the case; however, though the Court did not make a formal declaration of incompatibility a majority expressed the view that the current law is incompatible with Article 8 ECHR in cases of fatal foetal abnormality, rape and incest.

The Committee is seeking views on the following :

- What are the views of the general public, women and medical and legal professionals in Northern Ireland about the law on abortion and whether it should be reformed? How have those views changed over time?
- What are the experiences of women in Northern Ireland who have been affected by the law on abortion?
- What are the responsibilities of the UK Government under its international obligations for taking action to reform abortion law in Northern Ireland? How should these be reconciled to the UK's devolution settlement?

The deadline for written submissions is **10 December**.

[Source: Women and Equalities Committee – 20 September]

## TAXATION

### HMRC: *Making Tax Digital*

For information **and possibly for action**

HMRC has published a reminder to VAT-registered organisations with a taxable turnover above the VAT registration threshold (currently £85,000) that under the *Making Tax Digital* project they will be required to keep digital VAT business records and send returns using MTD-compatible software for VAT periods starting **on or after 1 April 2019**.

1. [Overview](#)
2. [When MTD for VAT will be mandatory for your business](#)
3. [What happens if your taxable VAT turnover is below the VAT MTD threshold](#)
4. [What your business needs to do to be ready to sign up for MTD](#)
5. [Using spreadsheets for your business records](#)
6. [Records that you need to keep digitally for MTD for VAT](#)
7. [MTD-compatible software](#)
8. [Bridging software](#)
9. [Finding out what software is available for MTD](#)
10. [Income Tax](#)
11. [Additional Help](#)

Very few individual congregations will be registered for VAT because hardly any of the services that they provide are VAT-able; however, some of the cathedrals and larger individual churches and some of the wider church charities are certainly registered.

*There is no exemption from MTD for charities.* If you are registered for VAT and your taxable turnover exceeds £85,000, we would strongly advise you to start preparing for MTD *now* if you have not already done so.

[Source: HMRC – 18 September]

**VAT and annexes to existing buildings**

For information

New buildings and annexes to existing buildings that are erected for charitable purposes are zero-rated for VAT. Churches often erect new structures attached and linked to an existing building, rather physically separate, but it often difficult to decide whether a development qualifies as an annexe, as distinct from being a simple extension or enlargement – which is not zero-rated. *Roman Catholic Diocese of Westminster v Revenue & Customs* (VAT - ZERO-RATING : Building work) [2018] UKFTT 522 (TC) was about new building at St Joseph's, Stevenage. HMRC refused relief on the basis that the new fabric did not create an 'annexe' in the VAT sense. The Diocese appealed successfully.

The new building is wholly given over to use as a church hall, and therefore has separate functionality from the church. It is of similar design to the church but distinguishable from it. It has its own lavatories and is mainly accessed by its own entrance. All these aspects appeared to be accepted by HMRC. HMRC's objections were as follows:

- The original building had incorporated a church hall, and the idea was to dedicate that building solely to worship, and to recreate the church hall function in the new fabric. That suggested that there was no new function created by the new part, so it was not, functionally, an annexe of the old building.
- The heating boiler system was sited solely in the old building, so the church hall was not independently operable from the church.

Neither of these points convinced the tribunal. There is no clear remit in the VAT legislation for viewing an annexe as something that must take on a new function. It seems rational to interpret it as a place that can take on a different function from the existing building's function, following the development. The fact that the old building had had a church hall with a worship area within it should not prevent a structure that would, apart from that, be treated as an annexe being treated equally to an annexe that contained a new function. As to the heating issue, given that completely new free-standing buildings can share a heating plant – as, for example, in a district heating scheme – the argument that an annexe must have its own boiler seems difficult to sustain.

The case has some interesting factors and an appeal cannot be ruled out; alternatively HMRC might accept this decision but decide not to apply it to other cases.

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*This is an abbreviated version of a note prepared by Graham Elliott, Technical Adviser to the Charity Tax Group and Director at City & Cambridge Consultancy – to whom our thanks. The full version is [here](#).*