

CLAS CIRCULAR 2024/16 (30 October)

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.

AUTUMN BUDGET 2024

NATIONAL MINIMUM WAGE	2
EMPLOYER'S NATIONAL INSURANCE CONTRIBUTIONS	2
RENTS FOR SOCIAL HOUSING	2
BUSINESS RATES	2
CHARITY COMPLIANCE MEASURES.....	3
VAT ON PRIVATE SCHOOL FEES	3
LISTED PLACES OF WORSHIP GRANT SCHEME	4

National Minimum Wage

The Government intends to create a unified adult National Minimum Wage over time as a policy goal. From April 2025, the adult NMW will rise to £12.21 an hour and the 18-20 rate to £10 an hour.

Employer's National Insurance Contributions

The rate of Employer NICs will rise from 13.8% to 15% and the threshold at which the employer has to pay NICs per employee will be lowered to £5,000 from April 2025, down from the current £9,100.

Smaller employers will, however, benefit from the increase in the Employment Allowance to £10,500 next year. The current Employment Allowance gives employers with NICs bills of £100,000 or less a discount of £5,000 on their employer NICs bill. The Employment Allowance will be expanded by the removal of the £100,000 eligibility threshold, to simplify and reform employer NICs so that all eligible employers now benefit.

Rents for social housing

Social housing providers will be allowed to increase rents above inflation.

Business rates

The Chancellor announced “permanently lower business rates multipliers for retail, hospitality and leisure (RHL) properties from 2026-27” and 40% relief on bills for retail, hospitality and leisure properties, up to a £770,000 cash cap. She also announced a freeze on the small business multiplier in 2025-26. Both of these might possibly have a beneficial effect on any charity shops/cafés that currently pay business rates.

The Treasury also announced a consultation, [*Transforming Business Rates*](#), which is to look primarily at:

- the period between revaluations;
- the current two-year gap between the date on which properties are revalued and the date on which the new valuation list comes into force; and
- possible abuses of Empty Property Relief.

The Treasury will be conducting what it describes as an “engagement” between November 2024 and March 2025, with an initial phase before Christmas. Those who to be involved should contact transformingbusinessrates@hmtreasury.gov.uk by **15 November**. Written evidence submissions should be sent as soon as possible and no later than March 2025.

Charity compliance measures

“The Government will support charitable giving by legislating to prevent abuse of the charity tax rules, ensuring that only the intended tax relief is given to charities. These changes will take effect from April 2026 to give charities time to adjust to the new rules.”

In the documents accompanying the Budget, the Government published its [response](#) to the previous Government’s consultation on charity compliance measures. Possibly of most interest to CLAS members is the conclusion on the possibly withholding of Gift Aid payments to charities regularly in default of their obligation to file:

“The Government will tackle this issue through a change to the Fit and Proper Persons test. This will provide a proportionate approach by addressing the risk, but giving charities the opportunity to correct it before sanctions are applied ... a manager of a charity who persistently fails to comply with the charity’s tax obligations, including timely filing of returns, will fail the Management Condition. HMRC will give the manager(s) opportunity to rectify their non-compliance but if this is not done it may require the manager to be removed which may ultimately result in the withdrawal of tax reliefs. Once the failures have been corrected and systems put in place to ensure they are not repeated then reliefs could be reinstated. The Government expects there will not be many instances when reliefs will need to be restricted.

The Government is grateful for the suggestions about annual and simplified filing for charities and will explore this further.

To support these changes the Government will implement a short-term education programme in collaboration with sector representatives, alongside a communications campaign highlighting the changes and how to ensure compliance. The Government will share the changes to the Fit and Proper Persons test in draft with sector representatives and seek their views before publishing the amended rules.”

VAT on private school fees

The Government confirmed its intention to remove the current exemption from VAT on private school fees. It did, however, confirm that where a pupil with Special Education Needs and Disabilities had been placed in private education by a local authority under an Education Health and Care Plan, local authorities will be able to reclaim the VAT on the fees from HMRC. Any school that is ‘wholly or mainly’ concerned with providing full time education to pupils with an Education, Health and Care Plan will remain eligible for relief.

Listed Places of Worship Grant Scheme

Perhaps unsurprisingly, the Budget contained no mention of the future of the Scheme.

We have today received a letter from Chris Bryant MP, Minister for Creative Industries, Arts and Tourism, saying that the future of the scheme beyond March 2025 will be a matter for the forthcoming Spending Review.