

Past issues are available at www.baptist.org.uk/transform

Baptist Assembly 2020

Tickets for Baptist Assembly 2020 are now on sale from the Assembly website (see www.baptistassembly.org.uk). The event will be at the Bournemouth International Centre, 8-10 May 2020. The programme begins with an opening celebration on the evening of Friday 8 May and finishes with closing worship before lunch on Sunday 10 May 2020. For the latest updates, please visit the website. As the Government has moved the May bank holiday to Friday 8 May, we recommend early booking of your accommodation as Bournemouth is likely to be busy.

Pension Scheme Matters

Contributed by Steve Kaney, Pensions Manager (skaney@baptist.org.uk). Please note that the Baptist Pension Scheme is operated by Baptist Pension Trust Limited, a separate legal entity from BUGB. See www.baptistpensions.org.uk for more details on the scheme.

Since the last edition of *Transform*, Colin Higham has retired, and Marshall Rowan is settled into her new support role in the Baptist Pension Team. Marshall is on hand as a first point of contact for all non-routine pension matters and can be contacted at mrowan@baptist.org.uk

or 07909 310941. Routine pension administration matters should continue to be raised with BBS.

Double cessation debts

We have made great progress with the 'double debt issue' and the Family Solution. Documents have been issued to all churches effected by this issue and many have already been signed-off by all the relevant parties. If you have received the Deed but have not yet signed and returned it, then we'd urge you to do so as soon as possible. If you have any questions, please contact Marshall Rowan.

CIO Conversions

We are aware that many churches are considering conversion to a CIO structure (see Legal Operations Section of this issue for more details on CIOs) and would like to do this without triggering a cessation event and consequent settlement of an employer debt. Unfortunately, the process had to be paused for much of 2019 due to a review of the legal advice relating to this change. The process is now moving again and the relevant documents are being issued to churches, although a backlog had built up. We thank you for your patience. If you are unsure about any aspect of the pension impact on a potential CIO conversion, guidance can be found on our website at <https://baptistpensions.org.uk/churches-employers/cio/>

Valuation

The next full actuarial valuation for the Scheme is now underway with a valuation date of 31 December 2019. The Pension Trustee and Baptist Pensions Scheme Employers' Group are working collaboratively on the valuation which will take much of 2020. Employers and scheme members will be kept updated with progress.

HR and Safeguarding Matters

Contributed by the HR and Safeguarding Team at Baptist House (safeguarding@baptist.org.uk)

We have updated our guidance and now recommend that the Designated Person for Safeguarding (DPS) has an Enhanced-level DBS check. If the DPS already has a DBS for a different role within the church, then there is no need for an additional check.

This change recognises the work that the DPS undertakes with children and adults at risk who may have disclosed abuse or where there are concerns about their immediate well-being. DBS verifiers will notice that there is an additional role description specifically for the DPS when they start to complete a new application through the DDC portal.

Fixed-cost motoring for Baptists

Leasing your next new car with Newgate is easy, convenient and comes with the added reassurance of fixed monthly payments.

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Ministry Matters

Contributed by the Ministries Team at Baptist House
(ministries@baptist.org.uk)

Ministerial Recognition Rules

The Ministerial Recognition Rules have been updated slightly following approval by Council in November. The main change has been to close a loop hole to ensure that ministers who are unsuitable to work with children, young people and /or adults at risk can always be removed from the register. The latest version can be found at www.baptist.org.uk/ministries.

Register of Nationally Accredited Church Workers

In 2010 Council approved the creation of a Register of Nationally Accredited Church Workers. Council has now closed this register to new entrants as there has been very little demand for it. The remaining 2 individuals on the register will continue to be accredited.

Terms of Appointment

We are often asked about holiday entitlement for ministers, both for full and part time. The guidance notes on the terms of appointment (available at www.baptist.org.uk/ministries) have been updated to provide greater clarity on this issue.

Ministers in Training (MiTs)

For a church-based MiT it is important that a MiT is called and inducted into the office of MiT to benefit from tax benefits such as the tax exemption for the provision of housing. If you have any question about this, please consult with your college. Please also see the further notes on this in the taxation section of this issue of *Transform*.

Legal News

Contributed by the Legal and Operations team at Baptist House
(legal.ops@baptist.org.uk)

Charity Registration – ending of the exempting regulations in 2021

Currently the exempted charities regulations mean that Baptist churches only need to register with the Charity Commission if their annual income exceeds £100,000. These regulations are due to expire at the end of March

2021. As things stand, after that date churches will be treated the same as all other charities and registration will be required for every church with an annual income over £5,000.

This will have significant resourcing implications for the Charity Commission, and we anticipate that there will be a phased programme of church registrations from April 2021. At the time of writing we are still waiting to hear from the Commission with details of their plans but expect to have heard by the time *Transform* is published.

This will be a very significant issue for our Baptist family because we anticipate over 1,000 Baptist churches will have to register. To support churches through this process we have created a dedicated page on our website, www.baptist.org.uk/charityregistration where we will provide the latest updates and links to relevant information to guide churches through this process.

In order to register, churches must have a constitution that is acceptable to the Charity Commission. Churches that have not yet adopted the Baptist model constitution, known as the Approved Governing Document, are strongly encouraged to do so in preparation for registration. Further information is available in Guideline Leaflet C06 *Churches and Charity Registration* (www.baptist.org.uk/resources/C06)

This would also be a good opportunity to consider whether incorporation as a CIO (charitable incorporated organisation) would be appropriate for your church. Further information is available in Guideline Leaflet C11 *Churches, Charities and Incorporation* (www.baptist.org.uk/resources/C11) and you may wish to watch the recording of our CIO training webinar that can be found at www.baptist.org.uk/webinars

Five Year Inspection Reports – Church Buildings

We recommend that an inspection and report on the condition of every church building should be undertaken every five years by a suitably qualified architect or building surveyor. This is a particular kind of detailed report that gives a clear assessment of

the condition of the building and the need for and priority of repairs. These reports are also called Quinquennial Inspection Reports.

We have recently developed a new process to help churches find a suitable architect or surveyor in partnership with the Ecclesiastical Architects and Surveyors Association. Details can be found in our Guideline Leaflet *PC03 Five Year Inspection Reports – Church Buildings* (www.baptist.org.uk/resources/PC03).

Data Protection

We have recently seen a growth in Data Subject Access Requests ('SARs'), where an individual exercises their legal right under data protection legislation to see all information an organisation holds on them. We have recently updated our guidance on handling such requests which can be found at www.baptist.org.uk/gdpr, along with our suite of Data Protection documents for churches.

The recently updated BUGB Data Protection Policy and Data Retention Schedule is also available via the same webpage. Any questions can be emailed to dataprotection@baptist.org.uk.

Finance Matters

Contributed by the Finance Team at Baptist House
(financeoffice@baptist.org.uk)

Key financial figures for 2020

Standard Stipend

2019 rate	£23,450
2020 rate	£24,000

Manse allowance

2019 rate	£6,144
2020 rate	£6,248

BUGB Subscription per church member

2019 rate	£4.60
2020 rate	£4.70

Please note that the manse allowance should solely be used for the calculation of Pensionable Income for calculating contributions to the Baptist Pension Scheme. The cost of renting a suitable property in the local market should be the basis of deciding a cash housing allowance in lieu of a manse.

Taxation Topics

Contributed by Philip Cooke FCA, our Honorary Taxation Adviser (philipjcooke@aol.com).

VAT and Churches

(a) Power and energy supplies:

A reminder that power and energy supplies to church premises carry the reduced domestic 5% rate of VAT provided any non-qualifying (i.e. non-charitable) use does not exceed 40% of the whole. If non-charitable use exceeds this level VAT is charged proportionately at the reduced and standard rates. The supplier will usually require a declaration and if there has been a change of supplier treasurers should check to ensure that the reduced rate is being applied on the bill. If not, please contact your supplier who should be able to back-date the change which may result in a substantial refund.

(b) Listed building repairs and maintenance:

Unfortunately, churches are not exempt from VAT on expenditure incurred on repairs and maintenance to church buildings. However, for listed buildings there is currently a means of securing some assistance towards VAT incurred on the cost of qualifying repairs and maintenance under the Listed Places of Worship Grant Scheme. Details of the scheme and how to apply can be found at: www.lpwscheme.org.uk.

(c) Goods and services provided for disabled persons:

Expenditure on goods and services provided for disabled persons will usually qualify for zero-rating for VAT. For churches this will usually include the provision of means of access (ramps, doors, aisles etc) and toilet facilities. Full details are contained in HMRC's VAT Notice 701/7 which can be accessed at: <https://tinyurl.com/yxo4l3f2>. Suppliers or contractors will require a declaration of entitlement (as a charity) to such zero-rating and a sample declaration can be accessed at: <https://tinyurl.com/y3vjprxc>.

(d) Coffee shops and sales of other goods:

The turnover threshold for the imposition of VAT on sales remains at £85,000 per annum so that most churches operating coffee shops and the like are not required to register for VAT. However, where VAT is applicable, the provisions now fall within the quite demanding Making Tax Digital (MTD) regime which means that everything (registration, quarterly returns, payment etc) is required to be done online. As an aside – and by way of 'warning' – HMRC intends extending MTD to every aspect of taxation!

(e) New church buildings and annexes:

Expenditure relating to a new church building is zero-rated for VAT purposes and this may also be the case in relation to an annex to an existing building. However, the dividing line between an annex and an extension is exceedingly fraught and has been the subject of a number of cases brought by HMRC. If this kind of situation arises it is imperative that professional advice be sought.

Accommodation provided for community workers etc

If a church-owned manse is made available to a community or similar church worker, either rent-free or at less than the property's annual value, it is likely that a taxable benefit will arise – which is reportable on form P11D. The tax exemption normally afforded where accommodation is provided to a minister exercising a pastoral role is not available in these circumstances. The annual value of a property is difficult to summarise in the space available but further information can be supplied on request. In determining an appropriate rental, trustees should also bear in mind their responsibility for management of a church's resources.

Minister living in rented accommodation

It is essential that churches understand that for rented accommodation provided for a minister, to qualify as being provided by the church (thereby not giving rise to a taxable benefit),

the lease or tenancy **must** be in the name of the church. If the rent is paid by the minister, the payment or reimbursement of the rent by the church, or the payment of a housing allowance in lieu, must be treated as additional earnings of the minister, and thus subject to tax and NICs under the PAYE system, which amount to thousands of pounds per year.

Ministers in Training (MiT)

The tax exemption in respect of manse accommodation provided to an MiT is very much dependent upon the MiT fulfilling the role of 'minister.' It is therefore extremely important that a minister in training be duly 'called, appointed and inducted' as minister in training by the relevant church on terms broadly in line with those which apply to a minister. The use of terms such as 'student' and 'placement' and the use of a contract of employment are also not appropriate.

Gift Aid Relief

The Government and HMRC are increasingly concerned about what is referred to as the 'tax gap' – the difference between the amount of relief paid out to charities and the amount of tax actually borne by donors. Treasurers or gift aid relief co-ordinators should therefore ensure that donors understand that if they have not paid sufficient income or capital gains tax in the relevant tax year to cover all of the tax reclaimed by all of the charities to which they have made gift-aided donations in that year, such donors are personally liable to account to HMRC for the difference.

Employment Allowance

As from April 2020 it will be necessary to renew each year (online) the claim for entitlement to the Employment Allowance (relief for employers' NIC contributions up to £3,000 pa). The allowance will not automatically be carried over from one year to another. The allowance is also being limited to one employer where employers are 'connected' – as in a group of companies – but for the avoidance of doubt each Baptist church is a quite independent entity and is therefore not connected for this purpose.

These notes are offered to provide general information for Baptist churches. We hope they will be helpful in highlighting new guidance and providing reminders about other important matters relating to the life of a local Baptist church. Although every effort is made to ensure that the information is correct at the time of publication, we make no representations, warranties or guarantees (whether express or implied) that the information is accurate, complete or up-to-date. Further, these summary notes are not intended to amount to advice on which you should rely and cannot be a substitute for formal professional or specialist advice. We do not assume and will not be liable to any party (who has either taken or refrained from taking action in reliance on these notes) for any loss or damage caused by errors or omissions, whether resulting from negligence or any other cause. If you want to ask detailed follow-up questions, please contact us through the Baptist Union website.



Baptists Together Deposit Accounts

Baptist member churches with savings and reserves are encouraged to lodge these in a Baptists Together Deposit account.

These accounts, provided by the Baptist Union Corporation Limited, offer a competitive rate of interest to depositors. They also provide funds which are used to make loans to finance the purchase of new church sites and manses and fund the construction of new churches, as well as redevelopment and improvement projects. Such projects help churches to develop their mission in their community and it is a fantastic way for churches with surplus funds to support mission across the Baptist family.

For more information visit

www.baptist.org.uk/depositaccounts

CURRENT RATES:

1.35% interest
on 1 year fixed rate deposit

1.10% interest
on 3 month notice account

0.85% interest
on 7 day notice account

(all rates subject to regular review)

**Minimum deposit £1,000
for all accounts**

