

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

This edition of *Transform* was originally put together and was about to go to print, just prior to the announcement of the lockdown by the UK government. We decided to delay publication as our staff team focussed on providing support for our churches in adapting to the new circumstances. We have now completed a full review of the content and believe it is still helpful to publish. As with the *Baptists Together Magazine*, we have decided to go with an online-only version of *Transform* for this edition.

Coronavirus

To support churches we have created a new section of our website, www.baptist.org.uk/corona with specific advice relating to Coronavirus. A new legal Guideline Leaflet L18: *Covid-19 Coronavirus Legal Issues* (www.baptist.org.uk/resources/L18) has been created to cover a number of legal issues relating to the pandemic. Because the situation continues to evolve rapidly, we feel that a web-based communication mechanism is the most appropriate way to provide up to date information and we encourage churches to review this section regularly.

Baptist Assembly 2020

As you will be aware Baptist Assembly 2020 in Bournemouth has been cancelled. Options are being explored for a scaled-down event in the Autumn and we will let you know once we have more details. All those who had booked to attend in May should now have received a refund. Please check www.baptistassembly.org.uk for news of the revised dates.

HR and Safeguarding Matters

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

National Minimum Wage increases from 1 April 2020

National Minimum Wage rates increased by 6.2% with effect from 1 April 2020. Please see the table below for current and new rates information.

| Age of employee | Rate per hour from 1 April 2019 | Rate per hour from 1 April 2020 |
|---|---------------------------------|---------------------------------|
| National Living Wage (25 years old and over) | £8.21 | £8.72 |
| 21-24 years old | £7.70 | £8.20 |
| 18-20 years old | £6.15 | £6.45 |
| 16-17 years old | £4.35 | £4.55 |
| Apprentices under 19, or 19 or over who are in the first year of apprenticeship | £3.90 | £4.15 |

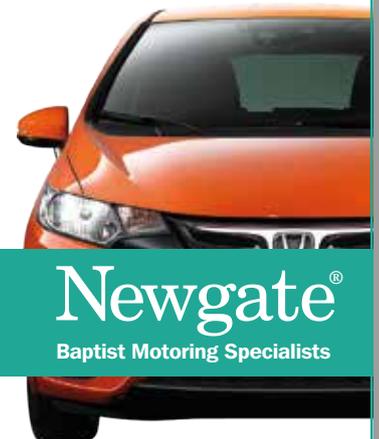
DBS checks for Designated Person for Safeguarding

Our DBS policy guide has been updated to confirm that anyone taking on the Designated Person for Safeguarding role for their church will need to have a current DBS check to confirm their suitability to work with children, young people and adults at risk.

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.

Depending on the car you choose, your package could also include servicing, road tax – and even breakdown cover. So it really is hassle-free!



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Additional requirements statements of terms and conditions of employment

New legislation means that employers need to include more information in their statutory terms and conditions statements (sometimes referred to as a 'Section 1 Statement') for new employees starting on or after 6 April 2020. The right to such a statement now extends to workers as well as employees and the information must be provided before the first day of employment.

The additional information includes:

- » Working schedule - the days of the week the worker is required to work, whether the working hours are variable and how any variation will be determined;
- » Paid leave;
- » Details of all remuneration and benefits;
- » Probationary period (if applicable); and
- » Any entitlement to training provided by the employer and whether this is mandatory and/or paid for.

Other information will need to be included but can be placed in a staff handbook or policy folder rather than in the statement or contract. This includes incapacity and sick pay, any paid leave entitlement which is additional to annual leave and holiday pay (such as maternity and paternity leave), particulars of training provided by the employer, pension schemes, notice periods and certain information about disciplinary and grievance procedures.

Our Guidance Leaflet on *L08 Employment* (www.baptist.org.uk/resources/L08) includes a template employment contract and example policy statements and this was updated at the beginning of April to reflect the new requirements.

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.

Double cessation debts

We have made great progress with the 'double debt issue' and the Family Solution. Documents have been issued to all churches affected by this issue and the vast majority 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. Where the document is not signed, it is likely the Pension Trustee will need to pursue payment of the debt. If you have any questions, please contact Marshall Rowan (mrowan@baptist.org.uk).

Valuation

The statutory December 2019 Valuation process is well underway, with the Pension Trustee and the Pension Scheme Employers' Group working collaboratively. The regulatory deadline for completion is not until March 2021, but it is expected that we will have finalised matters long before then. Please note that until this valuation is completed, the pension notes for church accounts referring to the 2016 valuation are still correct; details can be found here baptistpensions.org.uk/churches-employers/what-the-employer-needs-to-do/guidelines-for-pension-notes-to-accounts

Legal News

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

Grant from Historic England

We're delighted to have been awarded a substantial grant by Historic England to support our churches in England that have listed buildings. The grant will support a full time Church Historic Buildings Support Officer.

Whilst recruitment for this role was initially delayed by the Coronavirus lockdown, we have now made an appointment and they will be working in the role full time from mid-June. The Church Historic Buildings Support Officer will be working on developing our support for Baptist churches with listed buildings, which will include the administration of a grant scheme to support listed churches in obtaining a 5-year inspection report for their church buildings, where a report is not already held. We will be communicating further about work on this project over the summer.

CIO Training Events

The BUGB Legal and Operations Team and Anthony Collins LLP will be hosting another training day on Charitable Incorporated Organisations (CIOs) on Tuesday 29 September at West Bridgford Baptist Church in Nottingham. This will run from 10:30 until 15:00. Esther Campsall from Anthony Collins LLP will be presenting together with Caroline Sanderson from BUGB. A booking facility and further information will be available on the BUGB website in the summer.

We were also planning to hold a CIO training event at the end of June in Birmingham but this event has been postponed until the autumn due to the pandemic.

Charity Registration – ending of the excepting regulations in 2021

Currently the excepted charities regulations mean that most 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. We anticipate that there will be a phased programme of church registrations from April 2021, but at the time of writing we are still waiting to hear from the Commission with details of their plans. We will communicate any update as we have them and have created a dedicated page, www.baptist.org.uk/charityregistration where we will provide the latest updates and links to relevant information to guide churches through this process.



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 manse 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.

CURRENT RATES:

1.00% interest on 1 year fixed rate deposit
0.45% interest on 3 month notice account
0.20% interest on 7 day notice account
(all rates subject to regular review)
Minimum deposit £1,000 for all accounts

For more information visit

www.baptist.org.uk/depositaccounts



Finance Matters

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

Subscriptions and Direct Debit

Thank you to everyone who has paid their annual subscription for 2020. We continue to encourage churches who have yet to convert to Direct Debit to do so as it reduces our subscription administration costs. Details can be found in guidance leaflet F10 (www.baptist.org.uk/resources/F10). It is now too late to pay by quarterly payments this year as the deadline has passed for the second payment collection, however we are still able to do a single Direct Debit payment this year and can change it to quarterly for 2021 if that is your preference. If you would like to make an amendment to your Direct Debit from quarterly to annual or vice versa then please email subscriptions@baptist.org.uk stating your preference and most importantly your church name and subscription number.

Stamps and Collectibles

Thank you to everyone who has supported us in collecting stamps and collectibles, which enabled us to raise almost £2,500 for Home Mission in 2019. Please go to www.baptist.org.uk/collectibles for more information. Collectibles include medals, coin collections, old bank notes, cigarette and tea cards, telephone cards, Dinky, Corgi and matchbox toys. Why not have a spring clean and see if you have any of these items which you would like to donate to help us support our Home Mission projects within the Baptist Together family.

If sending items directly to Baptist House in Didcot, please mark them clearly with 'BUGB Home Mission stamps and/or collectibles'.



Taxation Topics

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

Employment Allowance reminder

The recent Budget included an announcement that the Employment Allowance (contribution towards employers' NIC contributions) will be increased from £3,000 to £4,000 pa as from 6 April 2020 - but churches are reminded that claims for this allowance now need to be renewed (online) on an annual basis and will no longer be automatically carried over from one tax 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 an independent entity and is therefore not connected for this purpose.

Church tax return

It is apparent from recent enquiries that some treasurers may not have taken on board the note which appeared in *Transform 52* explaining that HMRC

is in the process of requiring some churches to complete a corporation tax return. Again, the note is repeated here for convenience. Because charities are exempt from tax on investment and property income or capital gains, they are not routinely required to submit a tax return, but there are occasions (such as the receipt of certain trading income) which might trigger a charge to corporation tax. With a view to keeping track on the activities of charities HMRC randomly issues notices requiring them to make a return of income, and they announced recently that they intend to do so more extensively this year. If a notice is received you may find it helpful to refer to section 11 of guidance leaflet X03: *Taxation Guidelines for Churches and Ministers* (www.baptist.org.uk/resources/X03) for some initial guidance.

Preventing tax evasion

Readers may not be aware that failure to prevent tax evasion is a serious criminal offence, though you may wonder what this has to do with churches! A new Corporate Criminal Offence impacts all incorporated churches, regardless of size and including those registered as a charitable incorporated organisation (CIO). The new rules apply where a person acting on behalf of an incorporated church (eg a trustee, employee or a volunteer) knowingly facilitates someone else's tax evasion, and they impose a new legal requirement on church trustees.

In order for the church to be guilty of an offence: criminal tax evasion must have taken place on the part of a taxpayer; a person 'associated' with the church (trustee, employee, volunteer, contractor or agent) must deliberately and dishonestly have facilitated that evasion; and the church must have failed to prevent the 'associated' person from committing the facilitation.

Some examples (but by no means exhaustive) of possible offences include making cash payments in order

to avoid VAT; making payments in cash in respect of services rendered (eg for church cleaning) rather than through the PAYE system; and incorrectly claiming Gift Aid relief where it is not due (eg by the inclusion of donations from other persons with amounts given by a donor who has made a gift aid declaration).

If an offence occurs the church is criminally liable, even if it is unaware of the offence, unless it can be shown that 'reasonable procedures' were in place at the time to prevent the 'associated' person from committing the offence. Conviction could result in an unlimited financial penalty, trustee disqualification and, of course, reputational damage. HMRC (who will police the new law) have issued detailed guidance 'Tackling tax evasion' - the link to which is: assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/672231/Tackling-tax-evasion-corporate-offences.pdf

Gift Aid relief in respect of small cash donations

The closure of churches during the coronavirus lockdown might have resulted in a loss of gift aid relief on small **cash** donations (not exceeding £30) which would normally have been placed on the weekly offering plate - but HMRC has responded to a request for flexibility during this period. When such gifts are eventually 'made up' and result in a total gift exceeding £30 they will qualify for relief provided the treasurer is satisfied (eg by a note included in the envelope containing the delayed contributions) that the amount represents offerings of **£x** per week for **y** weeks - or by their being included in separately dated envelopes. The limit per tax year of £8,000 such donations remains.

Lease to a church of minister-owned property

It is not always possible for a church to provide a church-owned manse to a minister, eg because it does not possess one, or because it may not be suitable for a particular minister

or family, or because the church has more than one minister. In some situations, a minister may be able to provide their own property, but it would not be treated as a 'manse' for taxation purposes because the church does not hold an 'interest' in the property. It is, however, possible for a minister (and spouse where the property is jointly owned) to lease it to the church in return for an agreed rental, thus enabling the church to 'provide' manse accommodation for the minister with associated tax reliefs.

This leasing arrangement has been used in appropriate circumstances for many years, but where a mortgage is involved the consent of the lender to any lease or letting might be a condition of the mortgage. It is therefore important to point out to a potential lender that this leasing arrangement is altogether different from a 'buy to let' situation and, importantly, that the owner(s) of the property will continue to be the sole occupants of the property throughout the duration of the lease. Some lenders seem to be more understanding than others in this respect.

Housing allowance paid in lieu of the provision of accommodation

It is necessary once again to emphasise that payment of a 'housing allowance' in lieu of the provision of manse accommodation is equivalent to additional stipend and is liable to income tax and NICs under the PAYE system. Similarly, if council tax and/or water charges are paid or reimbursed by the church these, too, will also be taxable.

Is there a volunteer out there!

Having served as the Union's honorary taxation adviser for 35 years or so, and recently attaining the age of 90, I wonder whether someone might feel that they would like to take over from me. If anyone feels attracted, or knows someone who may, please do get in touch with me or with Richard Wilson (rwilson@baptist.org.uk) and we will gladly provide further details.

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.

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