



May 2009

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Dear Treasurer,

[If you are receiving this letter by email, then please follow the links given in the text beside the references to enclosures to download your copy.]

Current Status of the Parish Share Account

Please find enclosed a statement of your PCC's Parish Share account. *[Recipients of this letter by email will receive this shortly attached to a separate message].* This includes all remittances received up to 15th May 2009 and also debits in respect of the parish share for the current quarter ending 30th June 2009. A separate statement is included for SEE ROUND and outstanding amounts for Intercession Leaflets where applicable.

I would like to thank all those of you who pay parish share monthly by Direct Debit or Standing Order. This helps the diocesan common fund cash-flow, particularly with the monthly payment of clergy stipends. It also helps to keep our bank charges to a minimum by receiving payments electronically rather than by cheque.

For those of you who pay parish share by cheque, I would be grateful if you could consider making future payments to the DBF's bank account electronically. If your bank currently charges you for making cheque payments from your account then it is likely that their charges for making electronic payments will be at a lower rate. If this is something which you are able to do, I have included for your reference the DBF's bank details on your parish share statement. Please quote the relevant parish share reference number with your payment.

Annual Budget Presentations to Treasurers, Incumbents and Churchwardens

The Archdeacons will shortly be writing to you with fuller details including a copy of the draft budget for 2010. You should receive this early in June. In the meantime you might like to make a note of the following dates and venues in your diaries.

<u>Archdeaconry</u>	<u>Date</u>	<u>Venue</u>
Hertford	Thursday 2nd July 2009	All Saints, Hertford
St Albans	Monday 6th July 2009	Christ Church, St Albans
Bedford	Wednesday 15th July 2009	Woburn Church Crypt

Each meeting will start at 7:45pm with a break for tea or coffee at around 8:30pm. We aim to close the meetings by approximately 9:30pm. If you are unable to attend the meeting in your own archdeaconry, then you are welcome to attend one of the other two meetings.

Annual Financial Returns 2008

Thank you to those of you who have already sent in the financial returns form and a copy of the PCC accounts for last year. To date we have received copies of accounts from 183 out of 331 parishes, and we have received 140 financial returns. Can I remind those of you who have not yet done so, to send us the relevant information as soon as possible. Additional copies of the financial return can be downloaded from:

<http://www.stalbans.anglican.org/Resources/Finance/Finance-Forms>

Fees for retired clergy

I enclose (<http://www.stalbans.anglican.org/Resources/Finance/Circular-letters-to-Treasurers>), for your reference, a copy of a guidance note recently sent to clergy concerning fees. It includes a reference to a recently agreed change to fees payable to retired stipendiary clergy conducting services of divine worship.

Association of Church Accountants and Treasurers

We have been advised by ACAT that they are about to distribute to Diocesan Offices further supplements to the ACAT Handbook. We will distribute these to you in the next available "Bundle" to incumbents.

The ACAT Conference and AGM will take place in London on Saturday 27th June at The School of Pharmacy University of London, Brunswick Square, WC1N 1AX. I have enclosed a flyer for this event (<http://www.acat.uk.com/acat/page6.html>)

I have enclosed a copy of ACAT's latest Newsletter for your information (<http://www.acat.uk.com/acat/page3.html>)

PCC Registration for PCCs with income over £100,000

Following the recent workshops held at the diocesan office, here is a link to the page on the diocesan website where you can find references to relevant information to help you with the registration process:

<http://www.stalbans.anglican.org/Resources/Finance/PCC-Registration-with-the-Charity-Commission>

I have recently added references to Trustee Indemnity Insurance, and will add more material in the course of answering further questions arising from parishes.

Once you are registered, you will be required to quote your registration number on your accounts, official stationery, cheques, and also on your website. Please could I ask you to also let me have a note of your number once it has been notified to you.

Charity Reporting

The Charity Commission have recently announced the raising of the threshold for accruals accounting. With respect to all accounting periods **ending after 1st April 2009**, the threshold above which charities should prepare accruals accounts is raised from £100,000 to £250,000.

If you would like to purchase a copy of the most recent guide to accounting for PCCs please contact Ron Upton, Resource Centre Manager, on 01727 818158. The publication is called *The Charities Act 1993 and the PCC (third edition)*. There is an abridged version of this guide available for PCCs reporting on a "receipts and payments" basis instead of the "accruals" basis.

HMRC – changes to time limits for gift aid claims

There will be a new four-year time limit for gift-aid claims - a reduction from six years – which will come into effect from 1st April 2010.

HMRC believes that the vast majority of charities will not be affected by this change as far as their income is concerned as only a few big charities trace back donations for six years. However, HMRC realises that this new rule will be an important administrative change to implement for charities and are therefore keen to give the charity sector early warning.

HMRC – Employee status for tax purposes

This is a matter which I receive enquiries about from time to time, and has come up more recently in the course of recent discussions on PCC Charitable Registration. I therefore thought that I would repeat the information given in an earlier circular letter.

If your PCC is paying someone for services provided, then HMRC (formerly Inland Revenue) may require the PCC to deduct National Insurance Contributions and Income Tax, (under the PAYE scheme). This will only apply if the relevant thresholds are exceeded, and the person concerned is regarded as an employee of the PCC rather than a self-employed person. The primary threshold for the current tax year (2009/10) is £110 per week or £476 per month.

As to whether someone is an employee or self-employed depends on the specific circumstances of the engagement, particularly if a contract of employment exists either explicitly or implicitly.

There is a useful guide available from HMRC (IR56) written for taxpayers which includes a checklist of questions which test self-employed status and employed status respectively:

Broadly, you are

- *self-employed* if you are in business on your own account and bear the responsibility for the success or failure of that business, and
- *employed* if you personally work under the control of someone and do not run the risks of having a business yourself.

If you can answer ‘Yes’ to all of the following questions, you are probably an employee.

- Do you have to do the work yourself?
- Can someone tell you at any time what to do, where to carry out the work or when and how to do it?
- Do you work a set amount of hours?
- Can someone move you from task to task?
- Are you paid by the hour, week, or month?
- Can you get overtime pay or bonus payment?

If you can answer ‘Yes’ to all of the following questions, it will usually mean you are self-employed.

- Can you hire someone to do the work for you or engage helpers at your own expense?
- Do you risk your own money?
- Do you provide the main items of equipment you need to do your job, not just the small tools many employees provide for themselves?
- Do you agree to do a job for a fixed price regardless of how long the job may take?
- Can you decide what work to do, how and when to do the work and where to provide the services?
- Do you regularly work for a number of different people?
- Do you have to correct unsatisfactory work in your own time and at your own expense?

In cases where PAYE should have been operated but gross payments were made to an individual, HMRC may seek to recover the tax and NICs from the employer in the first instance.

If you are in any doubt whether someone being paid by your PCC should be regarded as an employee or a self-employed person, then you should contact the HMRC for further advice. The new employer helpline is 0845 60 70 143.

I am aware of the following organisation which specialises in providing payroll bureau services to churches and other charities:

Stewardship, PO Box 99, Loughton, Essex. IG10 3QJ tel: 020 8502 5600 or: 08452 26 26 27; fax: 020 8502 5333

Email / website:

enquiries@stewardship.org.uk

http://www.stewardship.org.uk/payroll_bureau.htm

Utilities

Fuel and power

A reminder that fuel and power supplied to a church can be supplied at the reduced rate of VAT (5%). Check your invoices and contact your supplier for further details. If the church qualifies for the reduced rate it will also be excluded from the climate change levy. For more information see:

<http://www.hmrc.gov.uk/charities/vat/fuel-power.htm>

Water Rates

In an earlier letter I mentioned that certain water companies, including United Utilities had changed their method of calculation of charges for charities from rateable value to drainage surface area. Changes in water charging structures in a number of regions mean that churches are charged on the same scale as businesses, leading to large (for example, 1300%) increases in annual water bills. There was a concern that this practice would spread to water companies serving the areas within our diocese.

This gave rise to the following e-petition on the 10 Downing Street Website:

“We the undersigned petition the Prime Minister to instruct water companies to return to charging churches as charities rather than as business premises.”

There has been the following welcome development, which hopefully will set a precedent for other water companies.

United Utilities now proposes to set its surface water drainage charges for 2009/10 at 2007/08 levels for customers such as faith buildings, community amateur sports clubs and scout huts (i.e. at levels prior to the introduction of site area charging), and is also committed to finding a long term solution to this problem for 2010/11 and beyond. This is a very welcome step forward although Defra will continue to monitor this issue and engage further with Ofwat as necessary.

More information can be found on:

<http://www.number10.gov.uk/Page19160>