

Tax Sub-Committee of the Bursars' Committee

Minutes of a meeting held on 12th July 2017

Present: Mr Gardiner (Murray Edwards), Mrs Ainger-Brown (Corpus), Mr Boyd (Peterhouse), Mrs Clayson (Selwyn), Mrs Espley (Hughes Hall), Mr Haddock (Downing), Mr Moore (University), Dr Russell (OIS) and Mrs Thompson (Lucy Cavendish)

1. Apologies

None.

2. Declarations of Interest

None.

3. Minutes

Minutes of the meeting of 2nd May 2017 were agreed.

4. Matters Arising

a. **2017 Rating Revaluation progress and update**

Mr Gardiner reported that there were no pressing matters or updates on the 2017 rating revaluation. He would contact Mr Ayres of Gerald Eve (GE) for an update.

Action: Mr Gardiner to follow up.

b. **University Temporary Employment Services (TES) VAT arrangements**

The subject of TES charging a "finders fee" versus passing on the costs at hourly rates for any temporary contract staff was discussed. Mr Moore agreed to continue to follow this up. Recently it had been noted that recently TES had not been able to supply suitable or appropriate staff for some Colleges needs either due to availability or the timescales of the requirement.

Action: Mr Moore to follow up with TES.

c. **Unincorporated associations**

Dr Russell had been unable to locate the "old" advice from Dr Reid and so had agreed to write a paper on the subject that would also include student societies. The paper would cover information on charitable status (the trading position with a view to profit and threshold of returns), VAT and corporation tax.

Action: Dr Russell to prepare a paper.

Action: Committee members to research and feedback information to Dr Russell.

5. Taxation of accommodation benefit - status

There was nothing to report on this at this time.

It was noted that the survey being compiled by Jemma Burgess may give a sense to the scale of those staff, Fellow and academics living in University/College accommodation.

6. **VAT on Cambridge in America (CAm) levy (a paper for information and consideration had been circulated by Mr Gardiner prior to the meeting)**

This is the first time in four years that Colleges have paid a levy to Cam. Part of the CAM levy to Colleges is based on contactable alumni (this has already been charged to Colleges) and the final part of the levy is based on donation receipts (to be invoiced in September). All levies for CAM are charged by OIS to the Colleges.

There followed a discussion about supply and whether the levies are charges for goods and services (as CAM do contact USA alumni and update information on AMACUS) and the VAT position of the charges. The charging of the levies raised the question of whether Colleges' should be considering a VAT reverse charge. The question was posed about services and payment for these services, there was a discussion around the "goods or services" provided by CAM. There is no current agreement or College control with/over CAM and limited interaction with CAM. The University is reviewing the CAM position at this time and it is clearly desirable that any solution the University reaches should be applied consistently within Colleges' too and vice versa.

Advice to College Bursars at this time would be that it is each individual College's decision to take a view on a VAT reverse charge until such time that a more permanent structural solution is reached.

Action: Mr Gardiner will refresh and recirculate his paper.

7. **AOB**

CTG had recently sent a memo on the parliamentary question of VAT relief on listed buildings.

Summary of action points from the meeting:

- 4a. 2017 Rating Revaluation progress – Mr Gardiner to contact Mr Ayres at Gerald Eve
- 4b. University TES VAT arrangements - Mr Moore to follow up with TES
- 4c. Unincorporated associations – Dr Gardiner to prepare a paper
- 6. VAT issues on Cam levies – Mr Gardiner to refresh paper and recirculate

Date of next meeting: 12th October 2017, 2pm, location tba

Tax Sub-Committee of the Bursars' Committee

Minutes of a meeting held on Thursday 18th January 2018

Present: Robert Gardiner (Murray Edwards) (Chair), Sue Ainger-Brown (Corpus), Jeremy Boyd (Peterhouse), Sally Clayson (Selwyn), Victoria Espley (Hughes Hall), Spencer Moore (University), Matthew Russell (OIS), Lesley Thompson (Lucy Cavendish)

In attendance: Helen Gaby (Murray Edwards) taking the minutes

1. Apologies for absence

Apologies received from Mike Haddock (Downing).

2. Declaration of conflicts of interest

None were declared.

3. Minutes of the meeting held on 12th October 2017

The minutes were corrected to show that Jeremy Boyd attended the meeting and did not resign.

4. Matters arising

a. US Tax:

Robert Gardiner reported that he has spoken to Thomas Dick of DLA Piper regarding s510(c)(3)'s and reported that he has done significant work on this subject with one of the Oxford Colleges which has previously had s510(c)(3) status but was struck off due to non-reporting of US Taxes over a 3 year period. The s510(c)(3) is of use to a college in the case of testamentary gifts only, it is not equivalent to gift aid. If a college is not certified as a s510(c)(3) then it is possible to rely on an opinion for withholding tax purposes but this option is, seemingly, not open to those who have been struck off. The Chair has therefore asked Thomas Dick to suggest a scope of works which covers the three situations which may apply to the Cambridge Colleges: Colleges that are currently in possession of a live s510(c)(3) certificate; Colleges that have previously had a s510(c)(3) but have been struck off and Colleges that have never applied for s510(c)(3) certification

Action: Robert Gardiner to follow up with Thomas Dick

5. Unincorporated associations – an extract from a draft manual

The paper was reviewed. A discussion was had as to whether a society enabled under college statutes was treated as a part of the corporation that is the college and it was agreed there was no common practice. It was generally agreed that societies should not be trading for profit and should (likely) be separate entities despite potentially being referenced in the college statutes. It was agreed to amend the Corporation Tax section to include a statement that it is unlikely to apply unless the society has substantial investments or assets.

Mathew Russell was asked to include a section on how to set up a bank account and circulate the draft document to the Legal Affairs Sub-Committee.

Action: Matthew Russell

6. Any other Business

a. VAT on JISC changes

The intercollegiate levy for the JISC charge has been rolled out despite not yet having University approval. If it is approved it is expected to bear VAT. The Committee discussed an alternative option for colleges to become part of a cost-sharing group with JANET so that VAT can be excluded.

Action: Matthew Russell to discuss options with Robin Walker, Chair of the Joint Network Management Committee

b. CTG Donation

The donation has been set at £400 for several years. A decision was taken to apply to the Levies Panel to increase the donation to £425.

Action: Robert Gardiner to arrange current year donation of £400 via OIS

c. PAYE Reviews

Ten colleges have been advised that they will be reviewed. Two have already provided data, Pembroke and Christs, one has been cancelled (Peterhouse) and the remaining seven are still to be reviewed. Finance managers have been sharing information on this subject and Sue Ainger-Brown is collating it.

d. VAT Review:

Victoria Espley reported that Hughes Hall have commissioned a VAT review through Price Bailey. This is being led by an independent consultant who although tasked with reviewing whether Hughes Hall should set up some subsidiary companies is actually doing additional work to understand broader college activities for VAT purposes.

e. Making Tax Digital for VAT

Robert Plumbly (PEM) will be presenting on this subject on 8th February 2018.

Next Meeting: To be scheduled

Tax Sub-Committee of the Bursars' Committee

Minutes of a meeting held on Friday 20th April 2018

Present: Robert Gardiner (Murray Edwards) (Chair), Sue Ainger-Brown (Corpus), Jeremy Boyd (Peterhouse), Mike Haddock (Downing), Victoria Espley (Hughes Hall), Spencer Moore (University), Lesley Thompson (Lucy Cavendish)

In attendance: Helen Gaby (Murray Edwards) taking the minutes

1. Apologies for absence

Apologies received from Sally Clayson (Selwyn) and Matthew Russell (OIS).

2. Declaration of conflicts of interest

None were declared.

3. Minutes of the meeting held on 18th January 2018

The minutes were **approved**.

4. Matters arising

a. VAT on JISC changes

Spencer Moore agreed to look further into the alternatives for bundling of charges into a single tax exempt supply.

Action: Spencer Moore and OIS

5. US Tax s501c3

A paper by Thomas Dick of DLA Piper has been circulated to Bursars giving general guidance to the Colleges. Current college status; if revoked, can be determined from the IRS website. Jeremy Boyd has agreed to act as a point of contact for anyone wishing to discuss filing a Section 990 or filing for an extension.

Action: Jeremy Boyd

6. Revenue Canada receipts

It is understood that Revenue Canada have accepted the Colleges position but have not yet formally responded. Any Canadian donations can be handled through the University as they have dispensation.

7. Business rates 2017 valuation progress

Murray Edwards, Queens and St Johns have agreed to take part in the check, challenge, appeal process conducted by Gerald Eve.

8. PAYE reviews

Several colleges have had PAYE reviews but they have been light touch with requests for a lot of the information up front. Pembroke is due to have an IR35 specific follow-up. It is believed that HMRC are looking to see if there is consistency in the treatment of supervisors. There is a belief that HMRC consider a person might count as not employed if they only work up to 5 sessions per term and no more than 14 per year but it is difficult to accept this basis. If the employment status of supervisors becomes an issue, an option would be for them to be employed by OIS.

Other members of the Committee reported on VAT visits. No issues of general college importance had arisen.

The Making Tax Digital seminar date clashes with the Bursars Committee on 24th May. A request to be made to change the date.

Action: Helen Gaby

9. Tax-free childcare

A user guide to be developed.

Action: Victoria Espley

10. Any other business

a. National living wage

Accommodation rented to staff by the University or College and charged through the payroll can affect the national living wage. Other items which could affect the NLW are uniform charges and potentially free lunch if they are treated as a benefit.

b. Apprenticeship levy

Charges for study through the registered approved providers are much higher than those contracted directly.

Next Meeting: The meetings for the next academic year will be in early October, late January and late April, a doodle poll will be set up.