
The Charity Law & Practice Review

TAXATION NEWS

Robert Venables QC¹

The Getting Britain Giving Reforms

Substantial reforms to the taxation of gifts were announced in February. Most of the changes are contained in the Finance Bill 2000 which is currently going through Parliament, although some will be made by statutory instrument. The Inland Revenue has published helpful guidance notes, which I set out below with my annotations in italics. The notes are on the whole very clear and accurate. They contain, in my view, some element of concession and/or sympathetic interpretation. In a very limited number of cases they do not set out correctly the new law. The most important example is in the compulsory content of a gift aid declaration. Under draft regulations, the effect of Finance Act 1990 section 25(8) (as proposed to be inserted by the Finance Bill 2000) should be explained. In my respectful view, the Revenue has misunderstood the effect of this key provision.

Loans to Charities

The notes do not discuss two special situations. The first concerns loans made to charities on beneficial terms. While there has always been a concern that they constituted "settlements" and thus could have had unfortunate income tax and/or capital gains tax consequences for lenders and borrowers, in practice the Revenue has never taken the point.² There will now be a statutory exemption, but one which is not as wide as one would like. It is not retrospective to before April 6th 2000. It does not cover the situation where the lender receives any consideration other than interest e.g. a premium on redemption. In my view, by necessary implication, one ignores the consideration consisting of the assumption by the

¹ Robert Venables QC, Benchers of the Middle Temple, Council Member of the Chartered Institute of Taxation. Chambers: 24, Old Buildings, Lincoln's Inn, London WC2A 3UP. Tel: + 44 (020) 7242 2744; Fax + 44 (020) 7831 8095. e-mail: taxchambers@compuserve.com

² It is discussed extensively in the second edition of *Tax Planning and Fundraising for Charities* by James Kessler and myself.

charity of the obligation to repay, at least if it is to repay the same amount of the same currency lent. Nor does it cover a loan made not directly to a charity but, say, to a wholly owned subsidiary of a charity.

Income Payments to Charities out of Trusts

The second situation concerns certain payments of income out of trusts to charities. These have worked well on the whole. If the charity is entitled to the income as it arises, the charitable exemption should be available in the normal way. If the trustees of a discretionary trust pay income to charity as income (i.e. without having first capitalised it), the charitable exemption should again be available and the charity should be able to reclaim tax paid by the trustees. The Revenue have correctly identified one technical problem. Where the settlor has an interest under the settlement, the income arising is normally deemed to be his for income tax purposes. Where such income is in fact paid to charity, it is only right that it be exempt from tax. This is particularly the case nowadays where, if the settlor had actually been entitled to the income, he could have gifted it to the charity by a gift aid payment and thus avoided any personal liability to tax.

Section 44 of the Finance Bill (as originally ordered to be printed) prevents the settlor being taxed on such income, but only if certain conditions are satisfied. The first is that the trustees are United Kingdom resident. There is no justification for this requirement which is no doubt generated by a general prejudice against non-UK resident trusts.³ The second is that if the charity is not entitled to the income under the terms of the trust it must be given by the trustees to a charity in the year of assessment in which it arises. The third requirement is that the income must be "qualifying income". I have not yet been able to fathom how income can belong to or be given to charity without falling within the definition of "qualifying income".

³ If the section were to be extended to non-UK resident trusts, it would need to exclude the operation of Taxes Act 1998 section 739 too.

GETTING BRITAIN GIVING

INLAND REVENUE GUIDANCE NOTE FOR CHARITIES

1 This Guidance Note

- 1.1 This note contains guidance for charities on the proposed Getting Britain Giving measures, details of which were announced by the Chancellor in his Budget Statement on 21st March 2000.
- 1.2 The guidance will help you to take advantage of the new measures when they come into force in April 2000. You should note, however, that the details of the measures are subject to the will of Parliament.
- 1.3 This guidance note replaces the earlier guidance of 21st February 2000. In particular, it contains new guidance on:
 - Gift Aid donations by non-UK-resident individuals and companies (4.9)
 - the removal of the requirement for signatures on written declarations (5.7)
 - the donor benefit rules for Gift Aid donations (7.1 – 7.24)
 - the extended range of shares and securities that can qualify for the new tax relief for gifts of shares and securities (10.6 – 10.7).
- 1.4 The Inland Revenue will publish updated guidance for charities in the summer, after the Finance Bill has become law.
- 1.5 Please send any comments on this guidance note to the Inland Revenue's Financial Intermediaries and Claims Office (FICO).⁴ Your comments will help the Inland Revenue to improve its service to you.

2. Background

- 2.1 The proposed Getting Britain Giving measures were announced by the Chancellor in his Pre-Budget Report on 9th November 1999. Improvements to the proposed measures were announced in the Budget Statement on 21st March 2000.

⁴ For details of how to contact FICO see page 220.

2.2 All of the measures will come into force in April 2000.

2.3 The main proposals are to:

Gift Aid

- abolish the £250 minimum limit for Gift Aid donations, so that the scheme will apply to any donation, whether large or small, regular or one-off

While this is theoretically true, charities will have to decide for themselves a cut-off point below which it is not worth while their reclaiming tax.

- withdraw the separate tax relief for payments made under a Deed of Covenant and give all relief for such payments in future under the Gift Aid scheme

This is a welcome change. The deeds of covenant rules were on the whole more irksome but could be more beneficial in the context of benefits to donors. Charities may still wish to encourage donors to enter into deeds of covenant or at least to make standing orders in their favour. It is only the deed of covenant rules which are abolished and not the annual payment rules, which can still apply to payments by non-trusts (whether charitable or not) to charities.

- replace the requirement for donors to give the charity a Gift Aid certificate with a requirement to give a new, simpler and more flexible Gift Aid declaration
- allow donors to give a Gift Aid declaration over the phone or over the Internet if they wish, without having to complete and sign a paper declaration

This is less advantageous than at first appears. If the declaration is made verbally, the charity will be responsible for the paper work and there is the possibility of the donor changing his mind during a thirty-day cooling-off period.

- remove the requirement that donors must pay income tax at the basic rate equal to the tax deducted from their donations – in future donors will simply have to pay an amount of income tax or capital gains tax, whether at the basic rate or some other rate, equal to the tax deducted from their donations

This is a little misleading. In the case of an individual who is neither resident in the United Kingdom nor is a Crown employee working abroad whose duties are treated (by virtue of Taxes Act 1988 section 132(4)(a)) as being performed in the United Kingdom, it is correct. If the donor in such a case does not pay enough UK income tax and capital gains tax to "frank" the payment, none of it can qualify as a gift aid payment: Finance Act 1990 section 25(2)(i)(ii), as proposed to be inserted by Finance Bill 2000. If, the donor does fall into one of these two categories, the payment can still rank as a gift aid payment but the donor will be making a larger gift in that he will be liable to pay the Revenue the difference between the amount of tax recovered by the charity and the amount of tax he would have paid but for the gift. See Finance Act 1990 section 25(8), as proposed to be inserted by Finance Bill 2000.

- allow donors to claim higher rate tax relief for their donations against either income tax or capital gains tax
- allow
 - Crown servants and members of the UK armed services serving overseas,
 - other non-UK-resident individuals who make donations out of income or gains charged to UK tax, and
 - non-UK-resident companies to use the Gift Aid scheme

For the position where a non-UK resident individual makes a gift but does not pay sufficient tax to "frank" it, see my comment above.

In the case of a non-resident company, a payment will still be a "qualifying donation" even if it is made only partly out of profits brought into charge to tax. As the charity now receives the gift gross, it does not reclaim tax. The company will seek a deduction for the amount paid but this cannot, of course, result in it having negative income and being entitled to a payment from the Exchequer. The main drawback is the new rule that "whenever a company gives a sum of money to charity, the gift shall in the hands of the charity be treated for the purposes of this Act as if it were an annual payment": Taxes Act 1998 section 339(4), as proposed to be inserted by Finance Bill 2000. That means that the charity will be taxable in respect of it if it does not satisfy the conditions for exemption from tax and in particular if it is caught by the non-qualifying expenditure rules.

- remove the requirement for companies, including companies owned by a charity, to deduct tax from their donations and give a Gift Aid declaration to the charity

Payroll Giving

- abolish the £1,200 a year ceiling for Payroll Giving
- as part of a Government campaign to promote the Payroll Giving scheme, pay a 10 per cent supplement on top of all Payroll Giving donations for three years
- tighten the regulations for the time limit within which Payroll Giving agencies must distribute donations to charity

Shares and securities

- introduce a new tax relief for gifts of certain shares and securities to charity

Settlor-interested trusts

- introduce a new income tax relief for people who settle property on UK-resident trusts where beneficiaries include a charity – the income on which the settlor of a settlor-interested trust is chargeable to tax under Part XV of the Taxes Act will be reduced by an amount equal to the income that is paid by the trust to the charity

Other measures

- introduce a new tax exemption for charities that carry on small trading and other fund-raising activities
- extend the concessional exemption for charity fund-raising events and bring it into line with the (also extended) VAT exemption.

2.4 There are also some further VAT measures for charities. Details of the VAT measures – including the new, extended VAT exemption for fund-raising events – are available on the Customs & Excise website

(www.hmce.gov.uk). Customs & Excise will publish guidance for charities on the new VAT measures shortly.

3. Legislation

- 3.1 The Inland Revenue published draft legislation for the Getting Britain Giving measures on 21st February 2000 for comment. Final legislative proposals, reflecting the comments received and the improvements announced in the Budget Statement, will be published shortly in the Finance Bill and Inland Revenue regulations. You will be able to get copies of the Finance Bill and the regulations from the Inland Revenue's website (www.inlandrevenue.gov.uk).
- 3.2 Subject to the will of Parliament, the legislation will become law in the summer. However, the measures will apply from April 2000 and you will be able to take advantage of them in the meantime, before the legislation is passed.

4. Gift Aid: The New Scheme

When will the new Gift Aid measures come into force?

- 4.1 In the case of donations by individuals, the new Gift Aid measures will apply to:
- covenanted payments falling due on or after 6th April 2000, and
 - all other donations made on or after 6th April 2000.
- 4.2 This means that where a covenanted payment that falls due before 6th April 2000 is made on or after that date:
- the new Gift Aid measures will not apply to the payment
 - instead, the existing rules for Deeds of Covenant will continue to apply to the payment
 - in particular, the rule entitling you to reclaim tax at the basic rate in force when the covenanted payment falls due, rather than when it is made, will continue to apply to the payment.

So, if you receive a covenanted payment on or after 6th April 2000 that fell due before that date, you will not be disadvantaged by the reduction in the basic rate from 23 per cent to 22 per cent that is to come into force from 6th April 2000.

- 4.3 In the case of donations by companies, the new Gift Aid measures will apply to all donations – including covenanted payments – made on or after 1st April 2000.

Donations by Companies and Donations by Individuals

- 4.4 From 1st April 2000 companies – including companies owned by a charity and unincorporated associations, such as clubs and societies – will no longer:

- deduct tax from their Gift Aid donations
- have to give you a Gift Aid declaration.

- 4.5 This applies to all Gift Aid donations by a company made on or after 1 April 2000 – including covenanted payments (even if under a Deed of Covenant executed before that date). For example, suppose a Deed of Covenant executed on 1st April 1999 provides for a company to make covenanted payments of “such an amount as after deduction of tax equals £1,000”. While the basic rate is 22 per cent, the company is required to make gross payments of £1,282 (£1,282 – tax at 22 per cent = £1,000). From 1st April 2000, the company will simply pay you this gross amount and claim tax relief for it when calculating its profits for corporation tax.

- 4.6 Therefore, you should not reclaim tax on donations you receive from a company on or after 1st April 2000. If a company incorrectly deducts tax from its donation, you should tell the company about the new rule and ask it to pay you the sum it has incorrectly deducted. The Inland Revenue will be informing companies of the new rule in a note to be issued with quarterly CT61 returns.

- 4.7 Individuals will still have to deduct tax from their Gift Aid donations and give you a Gift Aid declaration. The guidance below regarding tax reclaims and Gift Aid declarations applies only to donations by individuals.

Abolition of the £250 minimum limit

- 4.8 From April 2000, the £250 minimum limit for Gift Aid donations is being abolished. From then, you will be able to reclaim tax on any donations, whether large or small, regular or one-off – provided the other conditions for the tax relief are satisfied. In particular, you will still have to be able to show an audit trail from the donation to a donor who has given you a Gift Aid declaration which covers that donation.

Non-residents

- 4.9 In the past, only donations by UK-resident individuals and companies could qualify as Gift Aid donations. From April 2000, the following will qualify:
- donations by individuals who are resident in the UK
 - donations by individuals who are Crown servants or members of the UK armed forces serving overseas
 - donations by other non-resident individuals, provided they have income or capital gains charged to UK tax that are at least equal to the gross amount of the donation (i.e. the donation before deduction of basic rate income tax)
 - donations by companies, whether or not they are resident in the UK.

5. Gift Aid: Getting A Gift Aid Declaration

- 5.1 From April 2000, Gift Aid certificates will be replaced by new, simpler and more flexible Gift Aid declarations. Before you can reclaim tax on a donation by an individual, you must have received a Gift Aid declaration from the donor containing certain information and confirming that the donation is to be treated as a Gift Aid donation. Companies will no longer have to give you a Gift Aid declaration in respect of their donations.

5.2 Donors will be able to give you a declaration:

- in advance of their donation, at the time of their donation, or at any time after their donation (subject to the normal time limit within which you can reclaim tax – normally around six years)
- to cover a single donation or any number of donations
- in writing (e.g. by post, by fax or electronically through the Internet) or orally (e.g. over the phone).

In the case of an oral declaration, the charity must confirm in writing: see below.

5.3 The amount of information required on a Gift Aid declaration has been kept to the minimum consistent with proper administration of the tax relief and the need for you to be able to show an audit trail. You may well wish to add further information and notes of your own. And you may have to add further information to satisfy other legal requirements. For example:

- if you plan to use the information provided by the donor for any use other than reclaiming tax, the Data Protection Act 1998 requires you to explain this
- if you are a registered charity and you incorporate the Gift Aid declaration in your appeals literature, the Charities Act 1993 requires you to include a statement that you are a registered charity.

5.4 You will probably want to design your own Gift Aid declaration. You should ensure that it satisfies all the requirements set out below and any other legal requirements under the Data Protection Act, the Charities Act, etc. There is no need to get the Inland Revenue's approval for your own-design declaration, but FICO will be happy to approve it if you wish. 13.2 tells you how to contact FICO.

5.5 The Appendix to this guidance note contains an Inland Revenue model declaration form, which you can use or adapt if you wish. The model declaration contains some notes over and above the minimum requirement. You do not have to include all of these notes in your own-design declaration form.

What A Gift Aid Declaration Must Contain

5.6 All Gift Aid declarations must contain:

- the donor's name
- the donor's address
- the charity's name
- a description of the donations to which the declaration relates
- a declaration that the donations are to be treated as Gift Aid donations

and, except in the case of a declaration given orally:

- a note explaining the requirement that the donor must pay an amount of income tax or capital gains tax equal to the tax deducted from his or her donations
- the date of the declaration.

I am unable to agree with the statement that the declaration must contain "a note explaining the requirement that the donor must pay an amount of income tax or capital gains tax equal to the tax deducted from his or her donations". The draft regulations require that the effect of Finance Act 1990 section 25(8) (as proposed to be inserted by the Finance Bill 2000) should be explained. In my view, that will be satisfied provided the declaration contains a statement along the following lines:

"I appreciate that the effect of Finance Act 1990 section 25(8) [as proposed to be inserted by the Finance Bill 2000] will be as follows:

- (a) *each [such] gift will be treated as made under deduction of income tax at the basic rate*
- (b) *to the extent to which tax treated as so deducted exceeds the amount of income tax and capital gains tax with which I am charged for the year of assessment in which the gift is made, I shall be assessable and chargeable with income tax at the basic rate on so much of the gift as is necessary to recover an amount of tax equal to the excess."*

- 5.7 There is no requirement for a declaration to contain the donor's signature.

As a matter of evidence, it would be desirable if it did.

- 5.8 In the case of a written declaration, you may pre-print the information on the declaration form if you wish. For example, you may wish to pre-print your charity's name. In the case of an oral declaration, you may recite the information to the donor and ask him or her to confirm it, rather than asking the donor to recite the information.

Written Records of Oral Declarations

- 5.9 If you receive an oral declaration you must send the donor a written record of the declaration showing:
- all the details provided by the donor in his or her oral declaration
 - a note explaining the requirement that the donor must pay an amount of income tax or capital gains tax equal to the tax deducted from his or her donations
 - a note explaining the donor's entitlement to cancel the declaration retrospectively (see 5.13)
 - the date on which the donor gave you the declaration
 - the date on which you sent the written record to the donor.
- 5.10 An oral declaration will not be effective unless and until you send the donor the written record. So, you cannot reclaim tax in respect of a donation covered by an oral declaration until you have sent the written record. Once you have sent the written record, you can reclaim tax in respect of any donations covered by the declaration, even if you received them before you sent the written record.

Given the revocability of an oral declaration, charities might decide it is better to wait for thirty days before reclaiming tax. See 5.13 below

Cancellation of Declarations

- 5.11 Donors are entitled to cancel their declaration at any time. They may do so by notifying you in any form of communication. You should keep a record of the cancellation of a declaration, including the date of the donor's notification to you.
- 5.12 Subject to 5.13, cancellation of a declaration has effect only in relation to donations received by you on or after:
- the date on which the donor notifies you of the cancellation, or
 - such later date as the donor may specify.

You must not reclaim tax in respect of such donations. Any donations received by you before the date of the donor's notification will still qualify as Gift Aid donations.

- 5.13 If a donor who has given you an oral declaration cancels it within the period of 30 days after you sent him or her the written record, the cancellation will have retrospective effect, so that it will be as if the declaration had never been made. You do not have to wait for the 30 day period to expire before reclaiming tax in respect of donations you have received. But if you reclaim tax and the donor subsequently cancels his or her declaration within the 30 day period, you must pay the tax back to the Inland Revenue. It may be possible for you to pay the tax back to the Inland Revenue by deducting it from your next tax reclaim. You should contact FICO if you wish to do this. 13.2 tells you how to contact FICO.

The Donor's Name and Address

- 5.14 In order to ensure that you can establish an audit trail to the donor from a donation, you should get as full details of the donor's name and address as possible. In the event that FICO audits your tax reclaim and the information you hold is insufficient to enable the auditor to trace the donor, you may have to get further information to show that your tax reclaim is correct.
- 5.15 Ideally, you should get the donor's full title, forenames and surname. At the very least you should get his or her initials and surname. And you should get the full postal address, including the post code.

- 5.16 If a donor subsequently changes his or her name or address, this will not invalidate the declaration. If you are notified of a change in the donor's name or address, you must keep a record of the updated information.

The Charity's Name

- 5.17 The charity's full name, usual name or acronym will suffice, provided it is adequate to identify the charity.

Description of the Donations to Which A Declaration Relates

- 5.18 You can use any description you like. For example, you might choose one of the following:

- "the donation of £x I made to you on dd/mm/yy", or
- "the enclosed donation", or
- "all donations I make under the direct debit mandate below", or
- "all donations I make on or after the date of this declaration", or
- "all donations I make from this date until further notice", or
- "all donations I have made since 6 April 2000 and all donations I make hereafter".

For the time being, I would have thought the last formulation was the desirable one in most cases.

- 5.19 Whether you choose one of the above descriptions or devise your own, it is important that you get the description right. The declaration will not cover any donations you receive that fall outside the description used.
- 5.20 Depending on the description used, a declaration may apply to future donations, indefinitely. There is no requirement for such declarations to be renewed periodically. As a matter of good practice you might, however, wish to remind your donors periodically that they have opted to treat their donations as Gift Aid donations, in case their circumstances change and they no longer pay income tax or capital gains tax equal to the

tax deducted from their donations. Otherwise, your donors may incur an additional liability to tax.

- 5.21 If a donor wishes to alter the description of the donations to which a declaration relates, they should cancel the declaration and make a fresh one.

Declaration That Donations Are to Be Treated As Gift Aid Donations

- 5.22 Again you can devise your own wording. For example, you might choose one of the following:

- “Please treat my donations as Gift Aid donations”, or
- “I want my donations to be Gift Aid donations”, or
- “Please reclaim tax on my donations”, or
- “I want the charity to reclaim tax on my donations”, or
- “I want the charity to reclaim tax on my donations
Yes/No (*delete as appropriate*)”, or
- “Tick here if you want us to reclaim tax on your donations []”.

Note Explaining the Tax Requirement

- 5.23 Again, you can devise your own wording. For example, you might choose one of the following:

- “You must pay an amount of income tax or capital gains tax equal to the tax we reclaim on your donations (currently 28p for every £1 you give)”, or
- “Remember to notify us if you no longer pay an amount of income tax or capital gains tax equal to the tax we reclaim on your donations (currently 28p for every £1 you give)”.

As mentioned above, this is in my view misleading.

Missing Details

Charities should note that there is no requirement that the donor should state that he is an eligible donor on account of his residence status, the duties he performs or the amount of UK tax he pays. Indeed, where the declaration is made in the year of assessment in which the payment is made, the donor will not be able yet so to certify. If charities reclaim tax on what are thought to be valid gift aid payments, they may have to refund it with interest to the Revenue if the payment turns out not to have qualified. Ideally, any liability should be that of the donor. Yet one can understand why the Revenue would not wish to have to pursue non-UK residents.

Getting Declarations Before 6th April 2000

- 5.24 You can go ahead and get new-style Gift Aid declarations from your supporters before 6th April 2000. They will not, of course, apply to donations made before that date.

Partnerships

- 5.25 In England, Wales and Northern Ireland a partnership does not have legal personality. So, a donation by a partnership is treated as made by the underlying partners. One partner may make a Gift Aid declaration on behalf of all the partners, provided he or she has the power to do so under the terms of the partnership agreement or some other instrument given under seal, in which case it will be sufficient for the declaration to show the name and address of the partnership. Otherwise, it will be necessary for each partner to make their own Gift Aid declaration, in which case they may do so on the same declaration form, provided it lists all their names and addresses.
- 5.26 In Scotland, a partnership has legal personality. So, in all cases one of the partners may make a Gift Aid declaration on behalf of the partnership, showing the name and address of the partnership.
- 5.27 In order to claim higher rate relief, the partners should enter their share of the donation on their own Self Assessment returns. How the donation is apportioned between the partners is a matter for them, but will normally be in accordance with their share of the partnership profits.

Deeds of Covenant – Transitional Arrangements

- 5.28 From April 2000 there will no longer be a separate tax relief for payments made under a Deed of Covenant – in future all tax relief for such payments will be under the new Gift Aid scheme. As a transitional measure, you do not have to get a Gift Aid declaration in respect of payments under a Deed of Covenant that is already in existence before 6 April 2000. The Deed of Covenant will stand in place of the Gift Aid declaration. However, any donations made outside the terms of the Deed, or after expiry of the Deed, must be covered by a Gift Aid declaration.

Hence, the old law on deeds of covenant will continue to be important for some time. Charities may wish to consider whether they should in any event request a general gift aid declaration from covenantors to cover any part of a gift which would not have qualified for relief under the old rules.

- 5.29 Payments made under a Deed of Covenant executed on or after 6 April 2000 must be covered by a Gift Aid declaration.

6. Gift Aid: Keeping Records

- 6.1 You must keep sufficient records to show that your tax reclaims are accurate. In other words, you must keep records that enable you to show:
- an audit trail linking each donation to an identifiable donor who has given you a valid Gift Aid declaration, and
 - that all the other conditions for the tax relief are satisfied.
 - If you do not keep adequate records you may be required to pay back to the Inland Revenue tax you have reclaimed, with interest. You may also be liable to a penalty.
- 6.2 The form of records you should keep is not prescribed in the legislation and has not changed significantly as a result of the new Gift Aid measures. In practice, it will depend on the size of your charity, the number of donors you have and the kind of systems you use.
- 6.3 In the event that FICO audits your tax reclaim, the auditor will usually ask to see in respect of a donation:
- any written Gift Aid declaration

- in the case of an oral Gift Aid declaration, a copy of the written record sent to the donor
 - any correspondence to or from the donor which relates to the donation, including
 - any notification of a change of name or change of address
 - any notification of the cancellation of the Gift Aid declaration
 - your bank statements
 - your paying-in book stubs showing details of cheques and cash banked
 - statements you receive from credit card companies showing details of credit card donations
 - your cash book recording the receipt of cash donations
 - if you use envelopes to collect cash donations (see 6.9 – 6.12), a sample of the envelopes and a record of the sums enclosed
 - any other records you keep relating to the donation.
- 6.4 You do not have to keep your records on paper. They may be held on the hard drive of a computer, floppy disc or CD ROM, or stored on microfiche. If you keep your records on computer, it is advisable to make regular back-ups and store these in a different location to the computer.
- 6.5 The Inland Revenue have published a Code of Practice (Code of Practice 5) entitled *Inspection of Charities' Records*. This leaflet tells you how FICO carry out their audit inspections. In particular, it explains your rights, and promises that you will be treated fairly and courteously. It also promises that FICO will provide help where appropriate. You will be sent a copy of Code of Practice 5 before any audit inspection.

How Long Must I Keep Records?

- 6.6 If your charity is a charitable trust, you must keep records until the later of: