

**CLAS CIRCULAR**  
**2008/15 (11 September 2008)**

# TAXATION

## Tax advice

Our predecessors published occasional circulars on tax matters, all of which are now horribly out of date. While we hope that members find it useful to be informed of those tax changes of which we are aware, such expertise as we possess is in the field of VAT – and we are certainly not personal tax specialists.

Clergy taxation, in particular, is a very specialised topic: however, the problems are rarely specific to an individual denomination. The Methodist Church maintains a [Tax Dictionary](#) on its website which is kept up to date and which we commend to members. We shall also post a link on the CLAS website.

# WATER

## Recent developments

In July, the Chairman wrote to Lord Rooker, the Minister for Sustainable Farming and Food and Animal Welfare to request a meeting to discuss the issue of charging for surface water drainage. He has now replied in rather uncompromising terms, as follows:

*Thank you for your letter of 16 July about drainage charges. I am sorry for the long delay in replying.*

*I am afraid that no customers, including churches or other places of worship, have ever been exempt from paying water or sewerage charges under the law. Where Surface Water Drainage (SWD) charges are based on rateable value, churches and other places of public worship have not historically had to pay these charges because they were exempt from paying rates. This has meant that the cost of these services has been met by other bill payers. As you note, a number of water companies are now moving to area-based charging for SWD. Where water companies have changed to area-based charging for SWD churches must pay a SWD charged based on their site area.*

*In 2000 the Secretary of State issued guidance on matters to be taken into account by Ofwat, the industry's independent economic regulator, in agreeing companies' charges for charging non-household users that are not businesses, including places of worship. The guidance stated that 'those making similar demands on a service should be charged on the same basis' and that 'surface water drainage charges should be set in a way that is sensitive to the actual use of this service by different types of premises'.*

*The guidance goes on to say that 'premises with large grounds, such as burial grounds, schools and hospitals, may have a large proportion of their land not draining to a public sewer' and that 'companies should be prepared to set their charges to such premises accordingly.' You might like to consider whether this accurately reflects the surface water draining from church premises. If a customer can show that the surface water draining from their premises does not enter a public sewer, then a customer will be entitled to a reduction in the chargeable area of the property, and therefore their SWD charges. This would apply to permeable areas of church grounds such as graveyards.*

*In RD35/03, 'Surface water drainage – charging policy' (September 2003), Ofwat's review of charging for SWD, Ofwat concluded that charging according to site area was the best and fairest method of charging for SWD. This approach is in line with the Government's water strategy, 'Future Water' for fair, affordable and cost reflective water and sewerage charges which incentivise environmentally responsible behaviour.*

*Whilst we have no current plans to change the guidance on charges for SWD, we announced in 'Future Water' that we would review whether funding for SWD charging should better reflect the polluter pays principle. We will look into this issue further during the course of the review.*

*I note that you have already met with Ofwat to discuss this issue so I regret that a meeting with me or Defra officials is unlikely to take things any further forward.*

*Jeff Rooker*

So far as we are aware, the Archbishop of York has not yet received a reply to his letter to the Prime Minister – though in the light of Lord Rooker's response, it is unlikely that Gordon Brown is going to be any more forthcoming.