

Briefing Note: Scottish Government Water Charges and Sewerage Exemption Scheme

This briefing note sets out the answers to some of the questions we are asked about the Water Charges and Sewerage Exemption scheme.

Please note this is a [Scottish Government](#) scheme. We, the [Scottish Charity Regulator \(OSCR\)](#), are not involved in general administration of the scheme itself.

What is the scheme?

In January 2015, Scottish Government introduced a new scheme to assist charities and Community Amateur Sports Clubs (CASCs) with the payment of water and sewerage charges. The scheme is subject to certain conditions.

Full information is available on the [Scottish Government website](#).

Who is Eligible?

- Charities with an annual income of less than £200,000 no longer need to pay charges.
- Charities with an annual income between £200,000 and £300,000 pay a reduced charge.

The new scheme increases the number of charities that are eligible for exemption or for a reduction in charges.

How does the scheme work?

Organisations that meet the eligibility criteria must apply each year for an exemption by contacting their Water Retailer (also known as Licensed Provider). To check the income level of the charity, your Licensed Provider will check your latest set of accounts submitted to OSCR.

Please make sure that you meet the deadlines for submitting your accounts to OSCR as this may affect your eligibility for the Scheme and in some cases your charity status.

Are there eligibility criteria?

There are a few exceptions; OSCR registered charities and CASCs will not be eligible for the scheme where one or more of the following conditions are met:

- The organisation holds a permanent alcohol licence to sell alcohol at the premises.
- The premises are a charity shop or other premises used for the purposes of retailing new or second hand merchandise.
- The premises operate as a café that is open to the public and operated on a regular basis to generate income. This excludes canteens that have been provided by the charity to support its own volunteers.
- The organisation is a Local Authority or an Arms Length External Organisation (ALEO).

I am not a charity and previously got exemption?

The previous scheme was open to organisations that were not registered charities. However, organisations must now be a charity or a CASC to be eligible.

Scottish Government has announced that the exemption scheme will be back-dated to the 1 April 2016, provided that those organisations seeking to be part of the scheme obtain charitable status before 31 March 2017 (current financial year) and meet all of the eligibility criteria of the scheme.

How do I become a charity or a CASC?

First, you should consider whether becoming a charity or CASC is the right decision for your organisation. Organisations wishing to be recognised as CASC's must register with HMRC. Further details can be found [here](#).

In Scotland, organisations must apply to [OSCR](#) and meet the [Charity Test](#) to become a charity. For more information on what it means to be a charity and how to apply see our [website](#).

The charity test is the legal set of requirements that an organisation must pass to become a charity and be entered in the Scottish Charity Register. The charity test is in two main parts:

1. an organisation has to show that it has only charitable purposes and
2. that it provides public benefit in achieving those purposes.

We are a Village/Public Hall and not a charity?

We are aware that there are many organisations which own or occupy village halls for the benefit of the local community that are not charities, but would be eligible for the exemption scheme if they were charities.

Such organisations should consider the following before applying for charitable status:

- To be eligible for the backdated exemption scheme, you will have to have **obtained charitable status** before 31 March 2017. It is not sufficient that you simply **apply** to become a charity before 31 March 2017. The average time taken to award charitable status is 3 months. Therefore, the sooner you apply for charitable status the better.
- You must submit a copy of your organisations [governing document](#) with your application for charitable status. Please note that many village halls and their management committees were originally established by Trust Deeds and in many cases, this deed remains the governing document. If your hall was originally established by such a deed, we would recommend you send a copy of this document with your application for charitable status.
- Organisations registered as charities are subject to ongoing regulation by OSCR and are required to complete an [Annual Return](#) and provide [accounts](#) annually. Details of other considerations that should be taken into account in making this decision is outlined [here](#) and we would also suggest speaking to your local [Third Sector Interface](#) for advice.
- If your organisation is awarded charitable status before 31 March 2017, you still have to apply to your Licensed Provider for backdated exemption from the Water Charges and Sewerage Exemption scheme. In the meantime you must continue to pay the water charges. These will be refunded once eligibility for the Scheme is confirmed.
- You will be expected to provide evidence that your organisation either owns or occupies the premises, for example a lease or rental agreement and failing this, something like a utility bill.

Published: 10 August 2016