

MAY 2023 (NO. 244)

TREASURERS' NEWS

The latest news for Presbyterian & Cooperating Venture parishes

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Hello there

How is it May already! As we head into winter it's a busy time of year here at Assembly Office, and no doubt in your parish too. We've been immersed in preparing next year's budgets, completing the 2022 consolidation, planning for the 2023 consolidation, and getting ready for 30 June year end.

It's also that time of year when we are calculating and notifying stipend increases and Assembly Assessment and Cooperating Venture (CV) levy allocations.

In this edition of Treasurers' News we place a spotlight on stipends, new IRD rules for tax invoices, updates on the consolidation and the Beneficiary Fund, and where you can find church statistics forms. As noted in the last newsletter, we also begin our series of Assembly Office staff profiles with Bela Shmatko and me. In the next edition of Treasurers' News, we'll profile Katrina Graham, Finance Administrator.

Next week, look out for a memo I will be sending you with further information about the 2023 Consolidation, including the timetable, year end accounting requirements, and information about what assurance requirements will apply for 2023.

I am heading overseas soon on a Covid-postponed holiday. Bela will be covering my role from 11 June to 21 July. You can contact Bela at: bela@presbyterian.org.nz and 027 332 0030.

Thank you, as always, for all the work you do.

- Michaela



In the Spotlight: Stipend Increases

The basic stipend increases to \$58,763.07 for full-time ministry from 1 July 2023. This is a 4.3% increase based on the Labour Cost Index published by Statistics New Zealand for the March 2023 quarter.

The following payments also increase by 4.3%: from 1 July 2023:

- Seniority allowance
- Ministers' contributions to the Beneficiary Fund which are calculated at 5% of the gross stipend (basic stipend plus seniority allowance).



Beneficiary Fund Employer Contributions

There has been some confusion around how to arrive at the correct employer superannuation contribution tax (ESCT) rate for ministers, and in particular which elements of their remuneration package should be included (for example, housing allowance, seniority allowance, notional rent, reimbursing allowance). This confusion has not been helped by the IRD's website which states only that the rate should be determined based on "salary and wages".

We've now achieved some clarity around this. "Salary and wages" is further defined by law as including any items which are associated with salary and wages for the purposes of calculating taxable income, including taxable allowances. Therefore, the ESCT rate for a minister will be based on their gross taxable income plus gross parish contribution to Beneficiary Fund, that is, including housing allowance or notional rent (whichever is applicable), and seniority allowance, and the gross parish contribution to the Beneficiary Fund (i.e. before deduction of ESCT), but excluding the reimbursing allowance.

Please contact Rowena Janes at rowena.janes@laurensen.co.nz or call our Accounting & Payroll hotline on 0800 567 957 if you have any questions regarding the stipend changes, ESCT or would like an ESCT confirmation.

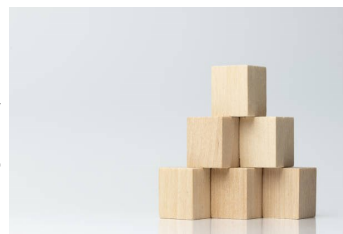
New Rules for tax invoices from 1 April 2023

The GST rules for invoicing and record keeping were modernised on 1 April 2023. There is now a more general requirement to provide and keep certain records known as "taxable supply information". Taxable supply information includes tax invoices, but can also include information held in other forms, such as supplier agreements, contracts, and bank statements.

See <https://www.ird.govt.nz/gst/tax-invoices-for-gst/rules-for-tax-invoices-are-changing-on-1-april-2023> for more information. Please note: **How you calculate GST has not changed.**



Consolidation 2022 Update



The PCANZ Group consolidation is one of the largest registered charity consolidations in NZ. And it's complicated! As I noted in the last newsletter, it is a massive undertaking as we must collate, analyse, and then report on the activities and transactions of more than 400 churches, presbyteries and other entities, including schools and trusts. Added to this, the diversity of Group entities, and the complexity and size of the consolidation task, means our progress is much slower than we would like. At the Assembly Office we have a small consolidation team—Bela and me. At present, the 2022 Consolidation is still being audited, and 2023 planning is underway!

We would like to have sought feedback from all entities about the 2022 consolidation, but time pressures have meant this will not be possible. We did, however, receive comments and feedback as we worked through the year and I want to note two of those and advise what we are planning for this year. Two areas we know didn't work so well in 2022 were the Year End Pack and the financial reviewer process. So, for 2023 we are making the following changes:

Year end accounting checklist: We will be sending you a 2 to 3 page document that asks for data that we cannot otherwise obtain from your Xero or trial balance data.

Financial reviewer process: We had mixed results in this space for the 2022 Consolidation. Not all churches could find or afford to pay for external reviewers. Churches and reviewers gave us general feedback that the process and/or documentation was confusing, cumbersome, and costly. For the consolidation, a major reason we ask churches to have their accounts examined by an external party is to contribute to the audit opinion being given at Group level.

We are listening to your feedback, and trying to make the year-end process for you as least disruptive as possible so you can focus on what's most important: your ministries. And, like you, we want to simplify and streamline things as much as possible.

For the 400 or so entities being consolidated, there are 14 “large” entities that must have an audit by law (operating expenditure (op ex) > \$1.1M) and 19 “medium” entities that must have a review by law (op ex \$550k-\$1.1M). The remaining “small” entities (op ex < \$550k) are not required to have either an audit or review by law, although they can choose to be audited or reviewed, or may be required to by their rules (e.g., trust deed, constitution, charter), or as a grant condition.

We are working through options with our consolidation auditors regarding a suitable approach for the “small” entities that will both satisfy the auditors' assurance needs and at the same time simplify year end. In the week after Kings Birthday (6-9 June) we will be sending you the year end accounting checklist and the results of our assurance conversations. Again—thank you for your work and for all you do to assist us in this task. It is greatly appreciated.

Please contact us if you have any questions about the consolidation.



Does our minister need to join the Beneficiary Fund?

All National Ordained Ministers

- All PCANZ National Ordained Ministers in a paid ministry position are required to join and contribute to the Beneficiary Fund. This applies whether the minister is paid a stipend, undertaking stated supply, or engaged under a contract of employment.
- Ministers and congregations must contribute 5% to the Fund, regardless of age (unlike KiwiSaver where contributions are not required once you reach 65). Ministers can, however, also make withdrawals from the Beneficiary Fund once they reach 65.
- If your minister is newly inducted and not yet a member of the Fund, please contact Tracy at the Church Property Trustees office (tracy@presbyterian.org.nz) for an application form.

Three exceptions from the requirement to make contributions to the Beneficiary Fund

- A minister aged 65 or over who has been awarded the status of Minister Emeritus (i.e., has retired), and then takes up a stated supply position, is not eligible to make contributions.
- A minister who is a member of the NZ Anglican Church Pension Fund or the Supernumerary Fund of the Methodist Church, may continue to make contributions to those funds rather than the Beneficiary Fund.
- A minister engaged under a contract of employment can be granted an exemption from making contributions to the Beneficiary Fund by the Assembly Executive Secretary.

Three exceptions from the requirement to make contributions to the Beneficiary Fund

- National Ordained Ministers in service to the Church are not employees for the purposes of KiwiSaver so there is no obligation for them to contribute to KiwiSaver.
- National Ordained Ministers can choose to have a KiwiSaver account as well as a Beneficiary Fund Account. National Ordained Ministers who want to save more than 5% for their retirement can make additional contributions to KiwiSaver, however, congregations are not required to also contribute to KiwiSaver.
- Non PCANZ ministers, Local Ordained Ministers, and lay workers are not eligible to join the Beneficiary Fund, and are subject to KiwiSaver requirements.

If you have questions about the processing of contributions, please contact the team at Melville Jessup Weaver on presbyterian@mjlw.co.nz or 0800 266 787.

Profile: Michaela



Michaela Press: I have worked for PCANZ since 2019; I became Finance Manager last September, and prior to this worked part-time on the Group consolidation, primarily collating a list of church land and buildings to be used for the consolidation. I qualified as a Chartered Accountant back in the late 1990s.

I am married to David and have a son, Joseph (12) and we live in Lower Hutt. In 2021, I completed a MA in History degree, for which my thesis was on NZ childrearing advice in the 1920s and 1930s.

Profile: Bela

Bela Shmatko: I came to work at the PCANZ in September 2022 as Financial Consolidation Accountant. I will be covering for Michaela as Finance Manager while she is on leave in June and July. Previously, I worked for Taylor Preston Ltd, Smart Payroll Ltd, and the Nursing Council of New Zealand. Originally from Uzbekistan, I am married and I live in Lower Hutt.



Church statistics forms for 2023

The church membership and financial statistics forms for 2023 have been sent out to Presbyterian ministers, session clerks and treasurers, and are now available on the Church website: <https://www.presbyterian.org.nz/for-parishes/church-statistics/statistics-2023>.

Please complete and return these forms to the Assembly Office by 31 August 2023. If you have any questions, please contact katrina@presbyterian.org.nz.

Help! It's nearly the end of the financial year. How can I get my accounts in shape in time? FREE one-hour sessions to help you prepare!

30 June is fast approaching! PCANZ and Laurenson Chartered Accountants are joining together to bring you a **free** online training session which aims to provide you with tips, tricks, and troubleshooting advice to help you prepare your year-end accounts. The hour-long session will cover how to review your accounting file, income and expense classifications, GST, understanding fixed assets v expenses, and information to collate for your accountant. Please note that even if you are not yet using Xero, you will still gain benefits from this session.

To enable as many of you as possible to benefit from these sessions, we are offering six sessions, which will be run via Zoom, at 7pm on each of the following dates: 12, 13, 15, 19, 20 and 21 June. Select ONE session to participate in. You will be sent a link to click and participate. To book for one of these sessions, please email Grace Webster on grace@presbyterian.org.nz.

