

FINANCE NEWSLETTER 198

TO: Parish Treasurers, Presbytery and Parish clerks
FROM: Brendan Sweeney, Manager, Financial Services
DATE: 31 August 2017

1.	ICB Update - Tax Guidelines for Churches - Clergy Allowances, Honoraria and Koha
2.	Support for year end reporting and update of Xero for parishes
3.	Inland Revenue tax return form IR345
4.	Direct Debits for payment of Assembly Assessment

**1. ICB Update - Tax Guidelines for Churches
- Clergy Allowances, Honoraria and Koha**

I have received updated guidelines from the Inter Church Bureau on tax rules that apply to churches, and also on the tax treatment of payments to ministers and employees. These documents expand on and are linked to an update of the Church Management Support guide. They may also be accessed by clicking on the links below.

[A guide to Clergy Allowances, Honoraria and Koha](#)

- General Tax rules for allowances
- Non-taxable allowances for clergy
- Motor Vehicle Mileage rates
- Clergy Housing tax provision
- Honoraria
- Payments to Overseas Speakers
- Payments of Koha

[GST, FBT and Tax Guidelines for Churches](#)

- Charitable status
- Donee status and tax receipts
- Overseas gifting
- Fringe Benefit Tax
- GST

2. Support for year end reporting and update of Xero for parishes

You may recall that last year we entered into an agreement with Laurenson Chartered Accountants (LCA) to underwrite their guidance and support of Presbyterian and Cooperating churches in the preparation of annual accounts, up to \$300 or three hours of their time.

That offer remains open to churches for 2017 annual accounts and you may contact Avril Hillind at LCA on 04 477 1801 or email xero@presbyterian.org.nz if you require their support.

LCA are our partner for Xero for parishes, and have transitioned 91 churches or church entities (including this office) to Xero. The annual accounts support offer is available to all churches, regardless of whether you use Xero or not.

If you are considering converting your church accounting software to Xero, LCA have updated their overview and conversion documents which are posted on the treasurers page of the PCANZ website and are linked below:

- [Xero for Parishes Information Pack](#)
- [Xero Initial Training](#)
- [Parish Annual Accounts Preparation on Xero](#)

Please note that a key advantage of Xero for parishes is the automation of the production of financial information (including Statement of Cash Flows) for Tier 3 and Tier 4 annual reports. These reports meet the PBE reporting standards that are posted on the Charities Register and also presented to the membership of the congregation at the church AGM. Please refer to the above links or contact LCA to discuss conversion, setup and Xero training.

3. Inland Revenue tax return form IR345

There has been some discussion on the appropriate Inland Revenue form to accompany electronic and manual returns of PAYE and ESCT. While there are some options depending on the size of the organisation, the appropriate one for churches is the IR345.

<http://www.ird.govt.nz/forms-guides/keyword/employers/ir345-form-emp-ded.html>

If you download the form you will note there are separate entry boxes for various Stipend and salary deductions, including PAYE and ESCT. The ESCT box is filled when you commence payment of ESCT on church contributions to the ministers' beneficiary fund.

4. Using Direct Debits for the payment of Assembly Assessment and other PCANZ charges.

The recent decrease in Assembly Assessment has caused some churches to overpay monthly payments because automatic payments had not been updated for the revised amount. While we can issue credits and refunds, it may be in the interest of churches to establish Direct Debits for these payments so that amounts can be adjusted by this office when the amount changes, which avoids the manual adjustment done by churches. DD's may also be set up to make regular payments such as Xero recharges or minister's fuel card payments.

To download the DD authority form and associated conditions, please click on the link: [Direct Debit authority form](#).

Please complete the form and post or send to Katrina Graham at this office (katrinag@presbyterian.org.nz). On receipt Katrina will establish the DD with the Bank and confirm with you.