



14 March 2019

Note to all Treasurers / payroll administrators

Presbyterian Church Beneficiary Fund - a new ESCT rate may apply from 1 April 2019

As Treasurer, you have been using an ESCT rate since 1 July 2018 to work out how to split the Parish's/employer's Beneficiary Fund contribution between the amount payable to Inland Revenue and the amount to be paid to the Minister's account in the Beneficiary Fund.

A new tax year will start on 1 April 2019. You need to review the ESCT rate you are applying for your Minister, as it may change from the start of the new tax year. If you find that the ESCT rate changes with effect from 1 April 2019, please contact the Beneficiary Fund administrator presbyterian@mjlw.co.nz to tell us the new ESCT rate and the revised net Parish/employer contribution. **Please do this no later than 31 March 2019.**

If Beneficiary Fund contributions are paid by automatic payment, you will also need to adjust the amount of the payment.

Unfortunately, given the variety of terms of call, it is not possible to state all of the circumstances in which ESCT rates will or will not change.

For many Ministers, the rate will not change. Where a Minister receives a full stipend, we think that the rate is most likely to change in the following circumstances.

- The Minister did not work for the same Parish/employer for the whole of the tax year 1.4.2017 to 31.3.2018.
- The Minister has seniority allowance 6% and housing allowance 10% of stipend.
- The Minister has housing allowance 10% of stipend and seniority allowance changed from 0% to 6%, or from 6% to 12%, between the 2017/18 and 2018/19 tax years.
- The Minister has housing allowance \$26,000 p.a. and seniority allowance changed from 6% to 12%, or from 12% to 18%, between the 2017/18 and 2018/19 tax years.

If you have any queries about what follows, please email presbyterian@mjlw.co.nz and we will try to assist.

The following information is taken from:

<http://www.ird.govt.nz/payroll-employers/make-deductions/deductions/super-contributions/esct.html#02>

How you work out the ESCT rate to apply from 1 April 2019 depends on whether or not the Minister worked for the Parish/employer for the entire previous tax year (1 April 2018 to 31 March 2019).

You calculate the income to see which ESCT rate to use as follows.

If the Minister worked for you the entire previous tax year (1 April 2018 to 31 March 2019):

- Income = the following amounts paid to the Minister by the Parish/employer for the tax year 1.4.18 to 31.3.19:
 - total stipend (as reduced for part-time if applicable, and including any discretionary amount additional to the general stipend for ministers) plus
 - seniority allowance plus
 - housing allowance plus
 - the Parish's/ employer's gross superannuation contributions to the reorganised Beneficiary Fund (which started from 1 July 2017).

If the Minister worked for you for part, or none, of the previous tax year (1 April 2018 to 31 March 2019):

- Income = your estimate of the following amounts that will be paid by the Parish/employer to the Minister for the tax year 1 April 2019 to 31 March 2020:
 - total stipend (as above) plus
 - seniority allowance plus
 - housing allowance plus
 - the Parish/employer superannuation contributions.

The ESCT rate depends on which income band is applicable.

These bands and rates are unchanged from the tax year 1 April 2018 – 31 March 2019.

\$0 to \$16,800	10.50%
\$16,801 to \$57,600	17.50%
\$57,601 to \$84,000	30%
\$84,001 upwards	33%

This ESCT rate is used for all Parish/employer contributions made in the tax year 1 April 2019 to 31 March 2020. If the amount you pay your Minister, as defined for ESCT rate band purposes above, increases or decreases during a tax year **don't adjust the ESCT rate**. Any change in ESCT rate for any such change in income will apply from the start of the following tax year 1 April 2020.

