



Presbyterian Church of Aotearoa New Zealand

FINANCE NEWSLETTER 116

TO: Parish and Presbytery Treasurers
FROM: Brendan Sweeney, Manager, Financial Services
DATE: 19 November 2009

1.	Payroll giving
2.	Tax exemption from Resident Withholding Tax and Stamp Duty
3.	Honoraria and reimbursements paid to volunteers

1. Payroll Giving

You may want to advise your regular donors to the Church that payroll giving is due to be implemented by Inland Revenue Department from 7 January 2010. This will allow donors to any registered charity to have donations deducted from their gross pay and paid to the charity by the payroll function of their employer (provided that employer has an automated IR filing system). Tax credits are then generated which reduces PAYE payable by 33.3% of the donated amount, effectively reducing the cost to the donor by that amount.

The objective is to make regular payments easier for donors, and eliminate the need to claim tax credits at the end of the year. IRD has contacted all employers. If you have not received notification, please contact them.

2. Tax exemption from Resident Withholding Tax and Stamp Duty

A reminder that the tax exemption Presbyterian parishes get under PCANZ registration with the Charities Commission extends to Resident Withholding Tax (RWT) on interest income and Stamp and Cheque Duty.

Please refer to IR form 451 *Application for exemption from resident withholding tax (RWT) on interest and dividends* to register. Note the required IRD certificates for these exemptions are different to the Charities Commission registration document and are available from this office.

3. Honoraria and reimbursements paid to volunteers

Employers have also been advised by Inland Revenue of clarification of the rules around Honoraria and reimbursements paid to volunteers. Their publication is summarized:

- Reimbursements for actual expenses incurred while volunteering are tax free. Reimbursements may be based on actual expenditure or a reasonable estimate of the amount likely to be incurred.
- Honoraria are treated as scheduler payments (formerly called withholding payments). This means PAYE rules apply to the payments and they are taxable.
- If a volunteer is paid both honoraria and reimbursements of expenses and the payment does not distinguish between the two, the entire payment is considered to be an honorarium and is taxable under PAYE rules.

For further information please contact me or visit www.ird.govt.nz (keyword: honoraria).

Brendan Sweeney