



Presbyterian Church of Aotearoa New Zealand

FINANCE NEWSLETTER 123

TO: Parish and Presbytery Treasurers
FROM: Brendan Sweeney, Manager, Financial Services
DATE: 21 July 2010

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| 1. | Change in GST Rate |
| 2. | Adjustment to Assembly Assessment |
| 3. | 2010-11 Insurance Premiums |

1. Change in GST Rate

As you are aware it was announced in the national budget in May that the GST rate will rise from 12.5% to 15% from 1 October. If your parish is GST registered, please ensure your accounting systems are adapted for the change and that it has the ability to process transactions at both rates for a period in October as you may need to account for costs incurred and revenue generated prior to and after 1 October.

Currently the method for calculating the GST component on a number was to divide the number by 9. From 1 October the amount is divisible by 6.666.

For example:

| | <u>GST at 12.5%</u> | | <u>GST at 15%</u> |
|-------|---------------------|-------------|-------------------|
| Net | 500.00 | | 500.00 |
| GST | <u>62.50</u> | Net * 12.5% | <u>75.00</u> |
| Net | 562.50 | | 575.00 |
| | | | |
| Gross | 562.50 | | 588.24 |
| GST | <u>62.50</u> | (Gross / 9) | <u>88.24</u> |
| Net | 500.00 | | 500.00 |

Please let me know if I can assist with parish implementation of the adjustment.

2. Adjustment to Assembly Assessment

Prior to the GST change in October, we will advise parishes of the adjusted Assembly Assessment calculation. Those parishes who are paying by automatic payment will need to contact their bank to make the necessary adjustment to the amount. Those being direct debited do not have to make any changes as we will adjust the amount from our office.

GST is applicable only on about 57% of AA as 43% is used to pay for the parish contribution to Ministers Beneficiary Fund and is not subject to GST.

3. 2010-11 Insurance Premiums

Invoices for 2010-11 insurance premiums will be sent by the Presbyterian Insurance Group to parishes before the end of July. Invoices are subject to a prompt payment discount of 7.5% if they are paid on or before the due date of 20th September 2010. A Loyalty discount of 5% also applies and the administration charge has been reduced from 15% to 10%.

If you have any issues regarding the premiums please contact Margaret Fawcett 04 381 8291 or margaret@presbyterian.org.nz

Brendan Sweeney