



Presbyterian Church of Aotearoa New Zealand

FINANCE NEWSLETTER 142

TO: Parish and Presbytery Treasurers
FROM: Brendan Sweeney, Manager, Financial Services
DATE: April 2012

1.	Parish statistics to June 2010 and June 2011
2.	ESCT Tax on Employer Kiwisaver contributions
3.	Parish membership and giving software
4.	Donation Tax Credits 2012

1. Parish statistics to June 2010 and June 2011

2011 parish statistics (including those from cooperating parishes) have been reported and are now posted on the Church website please use this link.

<http://www.presbyterian.org.nz/for-parishes/church-statistics>

Please note that are 67 parishes, or 22% of all Presbyterian parishes, who continue to ignore the requirement of returning statistics. These parishes are marked with “*” in column d of the spreadsheet.

Where we have not received data, last years (or the most recently received) data has been reproduced. Note that under Charities Commission regulations, parishes that have not filled the forms could risk there continued tax free status. If this applies to your parish, please contact me to discuss.

2. ESCT on employer kiwisaver contributions

Further to the March newsletter note on employer superannuation contribution tax (ESCT), I am aware that some parishes are contributing to the Kiwisaver schemes of Ministers in addition to the Beneficiary Fund. If this applies to your parish, or if you have lay employees with a Kiwisaver scheme, you should note that from 1 April 2012, the 2% employer contribution will no longer be tax free and ESCT will have to be calculated and paid.

The ESCT applied to the employer contribution depends on the salary band of the employee, as follows:

Gross salary/stipend threshold	ESCT
\$0-16,800	10.5%
\$16,801-\$57,600	17.5%
\$57,601-\$84,000	30%
\$84,001 and above	33%

For further detail, with scenario's please visit the IRD webpage,

<http://www.ird.govt.nz/changes/employers/budget-employers.html>

or contact Margaret Fawcett at this office

3. Parish membership and giving software

I have recently visited a software developer in Melbourne called Human Edge, who specialize in accounting and membership packages for parishes. They have a system called PACS (Parish administration and communication system). PACS is in two parts, Parish financials and a people and giving module. I was impressed with the people, giving and registers module they offer, which maintains membership, giving and receipt records and can interface with other General Ledger systems. Please review the link:

http://www.humanedge.biz/pacs/pacs_movie.asp

Licenses are priced in bands as follows so the cost to the parish will depend on the level of interest. Please advise me if you wish to purchase the software

Module Name	One-time fee	Annual support fee
PACS Giving & Financials	\$3,500	\$950
PACS Giving	\$2,500	\$850
PACS Giving (block of 5 licenses)	\$2,000 each	\$750
PACS Giving (Block of 10 licences)	\$1,800 each	\$650
PACS Giving (Block if 20 licenses)	\$1,600 each	\$550

4. Donation tax credits 2012

The Inter Church Working Party on Taxation have advised me of a change to the IRD Tax claim credit form IR 526 (refer to link)

<http://www.ird.govt.nz/forms-guides/number/forms-500-599/ir526-form-claim-rebate.html>

The adjustment to the form, which was not notified to ICWP prior to implementation specifies the type of organisation donations are made to, and identifies three Groups:

- School/Kindergarten donations made
- Church donations made
- Remaining donations made to donee organisations

Obviously donors to the Church would put their donation amount and credit claim under the Churches option. The ICWP notification (reproduced in appendix) states four scenarios in which Churches can issue receipts with the that donors can claim tax:

- An unconditional gift to the Church
- A gift made with limited directions as to its use
- A donation with instruction to pass on to a national body of a church
- A donation specifically tagged to a church related organisation for overseas work

Further enquiry has confirmed that specific Church purpose donations, for example for building work, would qualify for tax rebate.

Please pass this information on to people you are receipting for donations made in the past year. My apologies for the delay in notification to you.

MEMORANDUM

To: Members of the Inter Church Working Party on Taxation

Date: 5 April 2012

Subject: DONATION TAX CREDITS 2012 – ALERT FOR CHURCH TREASURERS

Tax/Topics/Donations Rebate/ICWPT Memo April 2012

We have noted that the **Tax credit form 2012 (IR 526)** asks claimants to itemise their donations in three categories:

- school and kindergarten (box 3 on form IR 526)
- church (box 4)
- other donee organisations (box 5)

Previously donations were declared in one box without differentiation as to type.

The IR526 form states on the reverse under a heading “**Church Donations**” – *A church donation is an unconditional donation to a donee church organisation or group.*

Place all church donations in box 4. If you made a donation through a church to an unrelated charitable organisation, place this amount in box 5.

The following comments are circulated for the benefit of parish treasurers completing donation receipts and others advising parish members on the completion of their Tax credit claim form - donation section (form IR 526).

We are unable to apologise for the lateness of this advice. There has been no prior consultation with the Churches on this change.

Issuing parish Receipts:

(a) Receipts qualifying for the tax credit (Box 4 IR 526): Parish Treasurers can issue qualifying

receipts identifying the parish and the relevant Charities Commission number where the donor has;

- made an **unconditional gift** to the parish.
- made a gift with limited directions as to how the donation is to be applied, for example, to a New Zealand based internal parish project (eg ‘the building fund’).
- made a donation that the donor directs be passed on to another part of the regional or national church entity (eg the diocesan/national budget) provided that donation would qualify for the rebate on a stand alone basis.
- made a donation specifically tagged to a church related organisation with overseas purposes which is listed on Schedule 32 of the Income Tax Act. Note that to qualify the donation must be passed on in bulk by the parish such that the donor **does not** receive a personalized receipt from the recipient eg World Vision, Caritas, Christian World Service. (See a copy of **Schedule 32** following).

Note: The donor may make an **unconditional gift** to the parish in the full knowledge that a portion of the parish budget is spent supporting overseas and other causes outside the parish. That is still an unconditional gift as the donor has not specifically directed how it be spent. In such cases the onus is on the parish treasurer to ensure that the law is complied with and such outside causes are relatively minor in the context of the overall church budget. The Act requires that donee organisations use their funds ‘**wholly or mainly for charitable, benevolent, philanthropic purposes within New Zealand**’ (emphasis added) so funds going overseas must always, in total, be less than 50% of the parish’s total expenditure.

The above receipts, qualifying for the tax credit, should be included in Box 4 of the rebate claim form IR 526.

(b) Other Parish Receipts (totally excluded from a claim on form IR 526):

The parish may issue other 'ordinary' receipts which are ineligible for a tax credit. Treasurers must ensure such receipts clearly state that they are 'not a tax credit qualifying donation and therefore no claim can be made on the IRD form' or words to that effect. Some examples:

- Where a good or service has been received. Eg camp/retreat fees, wedding/funeral fees. If the parish is registered for GST such receipts will be GST inclusive.
- 'Conduit' or 'pass through' **tagged donations** where the donor directs the donation to a person or entity which does not of itself qualify for the rebate. (eg mission or overseas organisations not on Schedule 32, 'Fred & Sally' doing mission work overseas).

(Note: There may be instances of 'Conduit' or 'pass through' donations where the recipient organisation does qualify for the rebate but the donor will receive a receipt directly from such entity.

Eg where funds are passed on to TEAR Fund which is given a list of donors and asked to issue receipts directly to those donors. If the parish issues an acknowledgment for such a pass through receipt it obviously follows that that acknowledgement cannot be used to claim a tax credit!)

Other Receipts qualifying for the rebate (Box 5 IR 526)

For completeness note that donors should include donation receipts from para-church organisations

and any other organisations in box 5. Some examples are direct donations to qualifying organisations such as;

- Scripture Union in New Zealand Inc
- World Vision of New Zealand
- The Evangelical Alliance Relief (TEAR) Fund
- Christian World Service
- IHC
- SPCA etc.

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