



# Presbyterian Church of Aotearoa New Zealand

## FINANCE NEWSLETTER 150

**TO:** Parish and Presbytery Treasurers

**FROM:** Brendan Sweeney, Manager, Financial Services

**DATE:** 27 February 2013

1.	<b>Tax on Ministers Housing</b>
2.	<b>Parish statistics for 2012 and 2013</b>
3.	<b>Payment of Assembly Assessment</b>

### **1. Tax on ministers housing allowance (where the manse is owned by the church)**

I have today released a communication to ministers, churches and presbyteries about a change in the tax concession offered by the Inland Revenue Department to ministers who have a house supplied by the church. The communication is reproduced:

*To ministers, parishes and presbyteries*

*The Church has been notified by the Department of Inland Revenue about a tax change to employer provided accommodation that will apply to churches that provide a manse rent-free to their minister.*

*The Inter Church Working Party on Taxation have been advised that the Inland Revenue concession of allowing a notional housing allowance for tax purposes of 10 per cent of Stipend (less 15 per cent deduction from church use of the manse), where the house/manse is owned by the church, is to be discontinued from 1 April 2013, and a market rental imposed on church housing.*

*You may recall that there was a similar loss of the housing allowance concession last year, applicable to where the manse was rented by the church from a third party on behalf of a minister. About 15 per cent of our ministers were in this situation and the effect on their tax liability was as follows (assuming a market rental value of \$500 per week):*

Existing manse allowance (10% of basic stipend, less 15%)	3,757.68
Manse Allowance (based on market rental value of \$500 per week)	26,000.00
Increase in taxable income	22,242.32

*The notification that this change will be extended to apply to ministers in a house supplied by the church comes despite a consultation process that the ICWP have been engaged in with Inland Revenue. The ICWP submitted a detailed objection to*

*the loss of the concession, that appears to have not been fully considered by Inland Revenue prior to their notification. The submission makes the following points:*

- *How will market rental be determined?*
- *The apparent inequity in ministers remuneration given variances between market rentals in different parts of the country, and the transient nature of ministry*
- *The impact on minister's Working for Families, student loans and other entitlements*
- *The fact that the concession has been in place since 1957*
- *The potential effect church's that are likely to have to subsidise the increase in ministerial gross income*
- *The impact on part-time and shared ministry*

*ICWP have sought an urgent meeting with the Hon Peter Dunne, Minister of Revenue, to try to clarify the department's intentions and review the implementation date. That meeting is scheduled for next Tuesday or Wednesday on 5 or 6 March, and Assembly Office will keep you updated on further developments*

This is for your information. Pending the meeting with the Minister of Revenue early next week, I don't have much more to report, but I appreciate the potential effect this change may have on ministers and church's finances. The Moderator, Ray Coster is sending a pastoral email on the matter to ministers today.

## **2. Parish statistics for 2012 and 2013**

We have not yet published church membership and financial statistics for June 2012 because we are still waiting on forms from about 50 churches. We have been in touch with these parishes and are still waiting response. If you have not returned statistic's forms, do not have the forms or are unsure about how to complete them, please contact me as soon as possible so I can assist you (or the appropriate person). This remains a PCANZ requirement, and the church's charities registration may be effected by non-compliance, so if it hasn't been attended to, please give this task priority.

Statistics forms for the period to June 2013 will be released in May. Note that this year there have been some changes, particularly to the membership form. This is to satisfy the reporting requirements of the charities commission and to make completion simpler. Also this year there will be an electronic reporting option available to church's. Further details will be released in May.

## **3. Assembly Assessment**

I have noticed that some parishes are a bit slow in paying Assembly Assessment this year. I do appreciate that finances are limited for many parishes and that some church's prefer to pay AA in full at the end of the financial year, in June. Please notify me if there is any inability to pay AA in full and advise if a payment plan is required to be agreed.