



Presbyterian Church of Aotearoa New Zealand

FINANCE NEWSLETTER 193

TO: Parish Treasurers, Presbytery and Parish clerks
FROM: Brendan Sweeney, Manager, Financial Services
DATE: 30 March 2017

1.	Correction of notified changes to stipend from 1 July
2.	Employer Superannuation Contribution Tax (ESCT) on church contributions to beneficiary fund and employee superannuation
3.	Mind Your own Business (MYOB) accounting software
4.	Notification of Church and Not-for-Profit Forum, Wellington 9 May

1. Correction of notified changes to stipend from 1 July

Further to the January newsletter detailing changes to ministers stipend and allowances from 1 July, I have been advised that from that date there will also be changes to the calculation of beneficiary fund contributions and notional housing allowance. Please refer to the revised stipend analysis in appendix 1.

Changes from the earlier notification are:

- a) Ministers (and church) contributions are calculated at 5% of the ministers total stipend (basic stipend including seniority allowance):

	<u>Minister's Years of Service</u>			
	<u>1st</u>	<u>2nd - 5th</u>	<u>6th - 10th</u>	<u>11 +</u>
Gross Stipend (incl Sen Allowance)	50,782	53,829	56,876	59,923
Beneficiary Fund Contribution (5%)	2,539	2,691	2,844	2,996

b) Notional Housing Allowance is calculated at 10% of total gross stipend:

	<u>Minister's Years of Service</u>			
	<u>1st</u>	<u>2nd - 5th</u>	<u>6th - 10th</u>	<u>11 +</u>
Gross Stipend (incl Sen Allowance)	50,782	53,829	56,876	59,923
Notional Housing Allowance (10%)	5,078	5,383	5,688	5,992

Note:

- Amounts are provisional as they are based on an estimated inflation change in the year to 31 March. Confirmed stipend information will be notified in April or May.
- Supply fees will also be calculated on gross, not basic stipend.

2. Employer Superannuation Contribution Tax (ESCT) on church contributions to beneficiary fund and employee superannuation

As noted in the January newsletter, from 1 July churches who have called a minister will be required to match the 5% ministers' contribution to the revised beneficiary fund. As noted above for a full time minister this will be:

	<u>Minister's Years of Service</u>			
	<u>1st</u>	<u>2nd - 5th</u>	<u>6th - 10th</u>	<u>11 +</u>
Ministers Contribution (5%)	2,539	2,691	2,844	2,996
Church Contributions (5%)	2,539	2,691	2,844	2,996
Total	5,078	5,383	5,688	5,992

Many churches will already be paying ESCT on church contributions to Kiwisaver and other employee superannuation schemes. For those that do not, note the ESCT rate payable to IRD depends on the total gross salary or stipend and allowances (including seniority and housing allowance) of the minister or employee:

<u>Total Gross annual wage / stipend / salary (including seniority and housing allowances)</u>	<u>ESCT Rate</u>
\$0 - \$16,800	11%
\$16,801 - \$57,000	18%
\$57,001 - \$84,000	30%
\$84,001 and over	33%

Again, using data in the appendix, ESCT is calculated as follows for a full time minister living in a manse supplied by church:

	<u>Minister's Years of Service</u>			
	<u>1st</u>	<u>2nd - 5th</u>	<u>6th - 10th</u>	<u>11 and over</u>
Seniority Allowance (% of Basic Stipend)	0%	6%	12%	18%
Total Taxable Income (incl housing allowance)	55,861	59,212	62,564	65,916
ESCT %	30%	30%	30%	30%
Church Beneficiary Fund Contributions (5%)	2,539	2,691	2,844	2,996
ESCT (30 % of contribution)	761.74	807.44	853.15	898.85

And for a full time minister living in their own home:

	<u>Minister's Years of Service</u>			
	<u>1st</u>	<u>2nd - 5th</u>	<u>6th - 10th</u>	<u>11 and over</u>
Seniority Allowance (% of Basic Stipend)	0%	6%	12%	18%
Total Taxable Income (incl housing allowance)	76,782	79,829	82,876	85,923
ESCT %	30%	30%	30%	33%
Church Beneficiary Fund Contributions (5%)	2,539	2,691	2,844	2,996
ESCT	761.74	807.44	853.15	988.73

Note:

- The ESCT rate is determined by the total gross income band noted above. For most full time ministers it will be 30%
- Although the Fund contributions for ministers and churches are calculated on stipend + seniority allowance (but excluding housing allowance), the ESCT rate is based on total taxable income which includes housing allowances.
- The calculation is the same for employer contributions to Kiwisaver or other superannuation schemes.
- ESCT is only payable on employer, not employee contributions to superannuation schemes
- ESCT is deducted from the church contribution and paid monthly together with PAYE and kiwisaver payments. Refer to box 8 of IRD employer deductions form [IR345](#)

3 Mind Your Own Business (MYOB)

For some time I have been promoting the use of Xero for Church accounting and we have now about 65 Charities using this software. However I am aware that many churches use MYOB and are happy with that product, although it is possible some churches may be using an old PC based version.

I recently met with representatives of MYOB in Auckland and have advised product enhancements including cloud based data storage, bank transaction feeds and customised reporting. If you wish to investigate installation or upgrading an existing MYOB package, refer to the links in appendix 2

4. Church and Not – For – Profit forum Wellington, 9 May

Church representatives are invited to a Church and Not-For-Profit forum at Hutt City Church, 22 Marsden Street Lower Hutt on 9 May. This one day event follows up on a very successful church awareness day held in Auckland last year. It is organised by Rothbury Insurance Brokers and endorsed by the Inter Church Bureau and will discuss church matters including charities requirements, ministers allowances and tax, property and asset management, volunteers and staff management and the products and services of Christian Savings. I will be doing a presentation on church Health and Safety requirements.

Please refer to appendix 3 for more information and registration.

Appendix 1

2017-18 Ministers Stipend and Allowance Calculation (Estimate)

Scenario 1: Minister living in manse owned by parish, or rented by parish from a third part on the ministers behalf

	Minister's Years of Service				Note
	1st	2nd - 5th	6th - 10th	11 and over	
Seniority Allowance (% of Basic Stipend)	0%	6%	12%	18%	
Current Stipend	47,200	47,200	47,200	47,200	
GA16 Increase 6%	2,832	2,832	2,832	2,832	1
CPI Increase 1.5% (estimate)	750	750	750	750	2
Revised Basic Stipend	50,782	50,782	50,782	50,782	
Seniority Allowance	-	3,047	6,094	9,141	
Gross Stipend	50,782	53,829	56,876	59,923	
Notional Rent (assume rented accomodation)	5,078	5,078	5,078	5,078	3
Gross taxable income	55,860	58,907	61,954	65,001	
PAYE	(8,960)	(11,511)	(12,466)	(13,424)	4
Net Stipend payable	46,900	47,396	49,488	51,577	
Less Ministers contribution to beneficiary fund	(2,539)	(2,691)	(2,844)	(2,996)	5
Less adjustment for notional rent	(5,078)	(5,078)	(5,078)	(5,078)	3
Plus reimbursing allowance	2,623	2,624	2,625	2,626	
Net Stipend and Allowances	41,906	42,251	44,191	46,129	

Scenario 2: Minister living in own home

	Minister's Years of Service				Note
	1st	2nd - 5th	6th - 10th	11th and over	
Seniority Allowance (% of Basic Stipend)	0%	6%	12%	18%	
Current Stipend	47,200	47,200	47,200	47,200	
GA16 Increase 6%	2,832	2,832	2,832	2,832	1
CPI Increase 1.5% (estimate)	750	750	750	750	
Revised Basic Stipend	50,782	50,782	50,782	50,782	2
Seniority Allowance	-	3,047	6,094	9,141	
Gross Stipend	50,782	53,829	56,876	59,923	
Notional Rent (assume rented accomodation)	26,000	26,000	26,000	26,000	
Gross taxable income	76,782	79,829	82,876	85,923	6
PAYE	(17,325)	(18,373)	(19,421)	(20,469)	
Net Stipend payable	59,457	61,456	63,455	65,454	4
Less Ministers contribution to beneficiary fund	(2,539)	(2,691)	(2,844)	(2,996)	5
Plus reimbursing allowance	2,623	2,624	2,625	2,626	
Net Stipend and Allowances	59,541	61,389	63,236	65,084	

Notes

- 1 Stipend adjustment agreed at 2016 General Assembly
- 2 CPI increase in the year to March 2017 (estimate)
- 3 Notional Tax of 10% of Stipend. No deduction for proportion of manse used for church purposes.
- 4 Tax calculation presumes tax code "M". Includes ACC Levy
- 5 Beneficiary Fund minister contributions are 5% of stipend (including Seniority Allowance)
- 6 Housing allowance calculated as \$500 per week (assumed market rental)



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Name:	
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Contact phone number:	
Which product are you interested in? <i>MYOB Essentials – payroll for one</i> <i>MYOB Essentials – unlimited payroll</i> <i>Calxa Premier</i>	
Are you a TechSoup member?	

OR fill in your details on this link myob.com/franchise

Don't let red tape stop you doing valuable work

Calxa Premier is designed for Not-for-Profits and works with MYOB with complex budgeting requirements. More specifically, Calxa can now offer you a Report Bundle which will give you all the reports required for Tier 3 and Tier 4 reporting. Additionally, Calxa links directly back to your MYOB to automate the task and to guarantee accuracy and data integrity. [Learn more](#)



You're invited



Church and Not-For-Profit Forum

9 May 2017 | 9am – 4:30pm

Come and join us for a day of information sharing designed for Churches and Not-For-Profit organisations.

TOPICS INCLUDE:

- Charities Services
- Responsibilities of Volunteers
- Health & Safety in Employment Act
- Protecting Church Buildings and Assets
- Mission Travel Insurance
- Clergy Allowance and Tax
- Key staff and Succession Planning
- Armourbearer Insurance
- XRB Accounting Standards
- Christian Savings
- Panel Discussion



VENUE: HUTT CITY CHURCH
22 Marsden St, Melling, Lower Hutt 5010

For further information call Rothbury Insurance Broker on 0800 683 557 or email keith.thomas@rothbury.co.nz

Please pay your \$30 registration fee to:

PAYEE: Rothbury Insurance Brokers Ltd
ACCOUNT NUMBER: 03-0252-0833615-00
REFERENCE FIELDS: 'May Forum' and your Surname

Endorsed by:



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Afternoon session

1.10PM – 1.40PM	SUBJECT	Clergy Allowance, Honoria and related tax issues
	SPEAKER	Mike Hadwin Symmetry Advisory Limited
1.40PM – 2.10PM	SUBJECT	Key Staff and Succession Planning
	SPEAKER	Mark Thomas, Lifetime
2.10PM – 2.40PM	SUBJECT	Armourbearer – insurance with a difference
	SPEAKER	Keith Thomas Rothbury Insurance Brokers
2.40PM – 3.10PM	SUBJECT	XRB Accounting Standards templates 3–4
	SPEAKER	Peter Van Hout, Methodist Church NZ
3.10PM – 3.45PM	SUBJECT	Christian Savings
	SPEAKER	Bruce Anderson, Christian Savings
3.45PM – 4.10PM	SUBJECT	Panel Discussion
	PANEL	Paul Gordon, Assembly of God NZ Daniel Palmer, Baptist NZ Peter Van Hout, Methodist Churches of NZ
4.10PM	Wind Up and thank you	

* Programme is subject to change

Morning session

9.00AM	Registration and coffee	
9.30 – 10.15AM	SUBJECT	Charites Services – annual return covering service performance aims and objectives
	SPEAKER:	Francesca Ephraim, Charities Services' Regional Capability Advisor
10.15AM – 11.00AM	SUBJECT	Responsibilities of volunteers recruiting and induction training
	SPEAKER	Leonie Wallwork, Walkwork Consulting
11.00AM – 11.45PM	SUBJECT	Health & Safety in Employment Act Moving Forward
	SPEAKER:	Brendan Sweeney Presbyterian Church NZ
11.45AM – 12.15PM	SUBJECT	Risk Mitigation – practical steps to protect your church building and assets
	SPEAKER	Dan Lucas Risk Management Specialists Ltd
12.15PM – 12.30PM	SUBJECT	Short Terms Mission Travel Insurance
	SPEAKER	Dominique Trueman, Allianz
12.30PM – 1.10PM	Lunch	

How to register



Fill in and return this short form to register for this year's unmissable forum event designed specifically for the church and not-for-profit sector.

First Name

Last Name

Church/organisation name

Email address

Mobile Phone Number

Additional Comments

Please pay your \$30 (incl GST) registration fee to:

Payee: Rothbury Insurance Brokers Ltd (GST 090-417-363)

Bank Acc: 03-0252-0833615-00

Reference Fields: 'May Forum' and your Surname

Return your completed form to:

FAO: Keith Thomas, Church and Not-For-Profit Forum 2017

Rothbury Insurance Brokers Hawkes Bay

PO Box 1047,

Napier 4140

Alternatively – pop this URL into your internet browser and complete the online form located here: <http://ems.gs/3rFn0kQbLuv>

We look forward to seeing you at this year's event!

