

Methodist Church of New Zealand
Te Hāhi Weteriana o Aotearoa

Administration Division
P O BOX 931
CHRISTCHURCH 8140

Information Leaflet No. 25
June 2014
(effective 1 July 2014)

(Replaces No. 25 Presbyter Remuneration dated June 2013)

PRESBYTER
STIPENDS AND ALLOWANCES

THIS INFORMATION LEAFLET CONTAINS INFORMATION
ON PRESBYTER STIPENDS AND REIMBURSING ALLOWANCES

**This information leaflet has been updated to reflect Stipend
changes effective 1 July 2014**

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CENTRALISED STIPEND PAYMENT

Conference 2009 made the decision that: *“All stipendiary ministers who are engaged within a parish or synod setting and whose name appears on the stationing sheet are to be paid through the Connexional Payroll system from 1 February 2010”*.

If you wish to consider moving Lay workers onto Connexional Payroll, please contact either Peter van Hout or Gayle Timperley in the Connexional Office. Phone (03) 366 6049.

The Board of Administration has agreed the service will remain free of charge.

This Information Leaflet only deals with stipend and other allowances payable to Presbyters. It does not deal with employment and pay issues for lay workers.

Stipends – General Information

Stipend payments will be made by direct credit deposit into the Presbyter’s bank account on the 10th of each month covering the calendar month in which it is paid. The funds will normally be available for use on the 11th of the month. That is, the payment made on 10 July 2014, is the payment of the stipend for the whole of the month of July 2014. When the 10th is a weekend or holiday then the bank account deposit will be made on the previous working day with the funds being available for use on the following day

The payment to the Presbyter will cover:

- The standard stipend;
- Taxation on the assessed value where the Presbyter lives in a parsonage provided by the Church
- The house allowance payment where the Presbyter provides their own housing accommodation (if applicable);
- The standard expenses allowance;
- The deduction of PAYE tax;
- The deduction of the member superannuation contribution;
- The deduction of KiwiSaver employee and employer contributions (where this is appropriate);
- Any other deductions approved by the employee or required to be deducted by law including additional medical insurance.

Stipends – Connexional Payroll

Where the Administration Division pays the stipend and/or wages on behalf of the parish, it will debit funds from the Parish bank account using the banking

direct debit facilities on or about the 8th day of each month or where the 8th is a weekend or holiday on the previous working day.

At the beginning of the financial year (July), a list of direct debit dates and an invoice for the amount to be debited is sent to the Parish to ensure accounts have sufficient funds.

If a Parish needs to make any change to payments these must be notified by the 3rd of the month.

All leave taken within the parish by either the presbyter or lay workers must be notified to Connexional Payroll within 5 days of the leave being taken otherwise it may not be able to be processed in the same month as the leave is being taken.

Notification of leave taken (holiday, sick, unpaid, etc.) to the Connexional payroll team will ensure that the records are correct and up to date.

The amount collected by Connexional Payroll and invoiced to parishes each month will cover:

- The gross stipend;
- The housing allowance (when applicable);
- The standard expense allowance;
- The gross parish supernumerary fund contribution (church/employer contribution including ESCT);
- KiwiSaver employer contributions (where this is appropriate);
- Any other payments made through Connexional Payroll e.g. Travel Allowance.
- Medical Insurance (where applicable)

That is to say, the gross costs of the monthly pay will be direct debited from the Parish bank account.

For further details contact either:

Peter van Hout, Financial Services Manager, Connexional Office
Email: peterv@methodist.org.nz or Ph: 03 366 6049, ext. 817

OR

Gayle Timperley, Fund Administrator, Connexional Office
Email: gaylet@methodist.org.nz or Ph: 03 366 6049, ext. 843.

BASIC STIPEND - from 1 July 2014

BACKGROUND INFORMATION

Increase in Stipend

The Stipends Committee carefully considered changes in CPI and Wage rates.

For the year to 31st March 2014 the CPI increased by 1.5%. The Wage Index increased by 1.6% in the year to 31st March 2014. The Committee also look into account stipend rates and proposed adjustments of Partner Churches. It was recommended to, and the President has approved, an increase of 1.6% be applied to the stipend from 1 July 2014.

The Basic Stipend for the year commencing 1 July 2014 has been increased from \$44,942 to \$45,661.

Standard Reimbursing Allowances

Reimbursing allowances have been increased by the CPI of 1.5% from 1 July 2014 to make the standard allowances payment for the year **\$3,173** (see page 8).

Medical Insurance

From July 1st 2010 the stipend “package” to Presbyters includes an additional amount for medical insurance. The premium will increase from \$111.25 per month to \$116.81 per month in July giving a total premium of \$1,401.72 GST inclusive for the 2014-2015 financial year. This applies to all stationed presbyters, including part time and non-stipendiary presbyters unless the presbyter has opted not to be part of the scheme. For any person who opts not to be part of the scheme there is no payment in lieu.

Any costs for policy enhancements beyond the basic policy provided by the Church are at the Presbyter’s expense and will be deducted from the gross stipend payment.

This was a Decision of Conference 2007.

Book and Resourcing Allowance Payment

The Stipend Review Committee wish to reiterate that the book and resourcing allowance is **not** a discretionary fund and parishes **must** reimburse up to the maximum amount stipulated (on production of receipts) which for the year commencing 1 July 2014 is **\$1,053**.

Part time presbyters receive a pro rata payment of the full Book Allowance e.g. a half time presbyter receives **\$527**.

The allowance **MUST NOT** be paid as an allowance through payroll or paid out in cash as a standard monthly allowance. It is a reimbursing allowance based upon receipts provided on actual expenditure incurred.

The details of how the allowance is to be paid and what type of material it covers can be found on page 15.

Notional Value of Parsonage Provided

All stationed **full time** itinerant Presbyters are entitled to have a house provided for them.

A stationed **part time** Presbyter may be able to negotiate use of the Parsonage or the payment of a pro rata share of a full time rental payment for the use of the presbyters own home.

The Living in your own Home Taxable Housing Allowance should be paid on a pro rata basis if the Presbyter is living in their own home and is not a full time stationed Presbyter.

The Inland Revenue Department recognises this as a taxable entitlement and therefore requires it to be taxed as part of their monetary remuneration received by the Presbyter. This tax calculation is for the Church supplying a parsonage (whether Church owned or rented).

The notional value of housing supplied (as at the 1 June 2014) is calculated at one tenth of stipend, this is added onto the standard stipend salary to calculate the tax payable. Once the tax is calculated the “notional value” amount is then deducted to balance back to the basic stipend. Please note that no ‘cash’ changes hands, it is purely done this way to ensure the correct tax is paid.

The Stipends Committee also accepted that Presbyters could receive the approved reduction in tax payable when a dedicated office area was maintained in the parsonage (see payroll calculation on Page 8 & 9).

If the Presbyter does not have an office space in the parsonage you must notify payroll accordingly. **Note:** Many Presbyters will also have an office at the church, this does not disqualify them from claiming the tax credit if they also have an office at home.

Please refer to Information Leaflet No. 26 and page 8 of this booklet for further information regarding the application of notional value of housing and housing allowances especially when two or more Presbyters share the same accommodation.

PRESBYTERS REQUIRED TO LIVE IN THEIR OWN HOME:

Rental or Lease of the Presbyters own home

[Note: This is a summary only. The full requirements are in Information Leaflet no 26]

In 2008 Conference resolved:

- 1. To adopt provisions to allow Parishes and Boards to choose to rent the presbyters own home to meet their requirement to provide suitable accommodation for a full time stationed Presbyter.*

Note: For part time stationed presbyters, a pro rata payment may apply.

The guidelines are to be as follows:

- Option:**
- 1.** Presbyter lives in parsonage.
 - 2.** Parish leases house from Presbyter [if appropriate].
 - 3.** Parish leases house on the open market.

In each case information leaflet 50 gives guidance to the standard of housing required for Church provided accommodation. The tax effect of each of these options is also different.

Process

This process assumes that the Parish , Presbyter and Synod Superintendent have agreed that the presbyters home is to be leased by the Parish and therefore the home meets the requirements of presbyters housing as required by the Church as set out in Information Leaflet No. 50. See Lawbook section 2: 24.4.1.

Where a Minister does not wish to live in accommodation provided by the Church, such Minister shall apply to the Synod Superintendent for permission to live in other accommodation. Before granting such permission the Superintendent must be satisfied that availability for stationing and ministerial effectiveness will not be diminished by such Minister residing in other accommodation.

The lease payable to the presbyter will be the median of the market rental of appropriate accommodation that is available within a reasonable radius of the worship centre or within a location determined by the congregation and the Synod /UDC. What is a ‘*reasonable radius of the worship centre*’ will need to be determined on a case by case basis as it is dependent upon the situation and region (urban versus rural setting) that the presbyter is appointed to.

In setting the house lease payment the median of the market rental for an appropriate house as determined by the Dept of Building and Housing should be used. [See www.dbh.govt.nz/market-rent].

1. A lease agreement MUST be signed between the Parish and the Presbyter. A Parish Steward and the Synod Superintendent are the authorised representatives of the Church who should sign the lease agreement on behalf of the Church.
2. A sub lease agreement needs to be put into place between the Parish and the presbyter in their relation as a 'tenant' and 'subtenant'.
3. The parish is responsible for advising the Connexional Office whether they will be paying the Presbyter the own home allowance or the rental lease option. This must be advised to the Connexional Office no later than the 3rd of the month. Failure to advise the Connexional office may disrupt the Presbyter's stipend payment through Connexional Payroll as adjustments need to be made to the Housing Allowances paid to Presbyters.

Income Tax Aspects for Parishes

1. Once the rental aspects of the housing have been dealt with, the house is to be treated as a parsonage for Income Tax purposes. That is on the same basis as if the Minister was living in a Parsonage.
2. Parishes are to refer to Information Leaflet No. 25, "Presbyters Remuneration" page 8 on the income tax treatment of the allowance, the PAYE and deductions to be made. Please note that the allowance and the deduction are made to ensure compliance with the necessary income tax treatment of the housing allowance as required by a technical ruling from the IRD. There are no actual cash payments made or cash deductions made.
3. When a change to the housing situation of a presbyter occurs, the Parish should complete the "PRESBYTER FORM", available from the Connexional Office, and tick the box marked "Living in a Church provided Parsonage" as "Yes" or "No" as is appropriate.
4. Lease payments are not part of the stipend and should be paid by way of an automatic payment from the parish to the presbyter. These will come through accounts payable.

Presbyters Requirements

As a rental payment, rather than an allowance the payment of tax on money received will be the Presbyters responsibility. We would strongly advise presbyters to seek professional advice.

The Inland Revenue Department has a publication which deals with rental properties. It is available on the IRD's website and is called Rental Income (IR264). It is strongly suggested that parishes and presbyters have a copy of this document.

[NOTE: This is only a summary. Refer to Information leaflet No. 26 for full details and process]

Tax Change to Housing

The Government is in the process of codifying the income tax treatment of the housing allowance provided. Once the legislation has been passed there may be some small differences to the calculations on the following pages and this Information Leaflet will be reissued to reflect those changes.

CALCULATIONS FOR A MINISTER LIVING IN THE PARSONAGE:

The following are offered as information for Treasurers and Presbyters.

| | Yearly \$ | Monthly \$ |
|---|---------------------|----------------------|
| Basic stipend | 45,661.00 | 3,805.08 |
| Add: | | |
| Notional value of Parsonage provided less 15% for provision of study | <u>3,881.19</u> | <u>323.43</u> |
| Stipend for tax purposes | 49,542.19 | 4,128.51 |
| Deduct: | | |
| Income tax (<i>see below</i> *) | 8,600.76 | 716.73 |
| Notional value of Parsonage provided | 3,881.19 | 323.43 |
| Superannuation contribution | <u>3,424.56</u> | <u>285.38</u> |
| | 15,906.51 | 1,325.54 |
| | 33,635.68 | 2,802.97 |
| Add: | | |
| Expenses allowance | <u>3,173.04</u> | <u>264.42</u> |
| | 36,808.72 | 3,067.39 |

| * PAYE Tax Calculation | Yearly \$ | Monthly \$ |
|--|---------------------|----------------------|
| Gross stipend (<i>for Inland Revenue purposes</i>) | 49,542.19 | 4,128.51 |
| Tax as per tables 'M' code | 8,600.76 | 716.73 |

Please Note: Each Presbyter must complete an IR330 tax declaration form when a change is made to the tax code. The sample calculation is only applicable for those people with an 'M' tax code with PAYE taken from the IRD online PAYE calculator. For other tax codes, such as 'S' or 'M SL', 'ME', refer to the online PAYE Calculator (<http://www.ird.govt.nz/calculators/tool-name/tools-p/calculator-pay.html>)

In addition Presbyters are entitled to be reimbursed for:

- Travel [refer pages 11 to 15]
- Books [refer page 15 to 16]
- Supervision [refer page 16]

CALCULATIONS FOR A MINISTER LIVING IN THEIR OWN HOME:

The following are offered as information for Treasurers and Presbyters and is applicable should the minister choose not to utilise new housing payment or if the house is provided by a third party.

| | Yearly \$ | | Monthly \$ |
|--|-----------------|------------------|---------------|
| Basic stipend | 45,661.00 | | 3,805.08 |
| Add | | | |
| Housing allowance | <u>8,371.20</u> | | <u>697.60</u> |
| Stipend for tax purposes | | 54,032.20 | 4,502.68 |
| Deduct | | | |
| Income tax (<i>see below</i> *) | 10,012.56 | | 834.38 |
| Superannuation contribution | <u>3,424.56</u> | <u>13,437.12</u> | <u>285.38</u> |
| | | 40,295.08 | 3,382.92 |
| Add | | | |
| Expenses allowance | | <u>3,173.04</u> | <u>264.42</u> |
| | | 43,468.12 | 3,647.34 |
| | | Yearly \$ | Monthly \$ |
| * PAYE Tax Calculation | | | |
| Gross stipend (<i>for Inland Revenue purposes</i>) | | 54,032.20 | 4,502.68 |
| Tax as per tables "M" code | | 10,012.56 | 834.38 |

Please Note: Each Presbyter must complete an IR330 tax declaration form when a change is made to the tax code. The sample calculation is only applicable for those people with an 'M' tax code with PAYE taken from the IRD online PAYE calculator. For other tax codes, such as 'S' or 'M SL', 'ME', refer to the online and check out the PAYE Calculator.

<http://www.ird.govt.nz/calculators/tool-name/tools-p/calculator-pay.html>

In addition Presbyters are entitled to be reimbursed for:

- Travel [refer pages 11 to 15]
- Books [refer page 15 to 16]
- Supervision [refer page 16]

SUPERNUMERARY FUND CONTRIBUTION

Presbyters first stationed after 1 February 2010 are not able to join the Superannuation Fund which was closed to new members on 31 January 2010.

Presbyters stationed after 1 February 2010 and not able to join the Superannuation Fund will be eligible for:

1. Death in Service Life cover equivalent to 2 ½ x the standard stipend.
2. Kiwi Saver employer contribution approximately 7.75% of stipend. Non-stipended Presbyters do not receive Kiwi Saver contributions.

The cost to the parish is equivalent to the Superannuation Fund subsidy and is not an additional charge. Parishes will be charged the appropriate Church Contribution set out below.

If the Presbyter opts out of Kiwi Saver there is no cash benefit to the Presbyter or the parish. Any residual funds are paid into the Supernumerary Fund.

Member Contribution

Contributions from 1 July 2014:

| | Annual \$ | Monthly \$ |
|---|----------------------|-----------------------|
| (a) Full Member (7.5%) | 3,424.56 | 285.38 |
| or | | |
| (b) Fifty percent Member (3.75%) | 1,712.28 | 142.69 |

Church Contribution

| | Annual \$ | Monthly \$ |
|--------------------------------------|----------------------|-----------------------|
| (a) Full Member (10%) | 4,566.10 | 380.51 |
| Less Withholding Tax (30%) | <u>1,369.83</u> | <u>114.15</u> |
| Net payment to Fund | <u>3,196.29</u> | <u>266.36</u> |
| or | | |
| (b) Full Member (10%) | 4,566.12 | 380.51 |
| Less Withholding Tax (17.5%) | <u>799.08</u> | <u>66.59</u> |
| Net payment to Fund | <u>3,767.04</u> | <u>313.92</u> |
| or | | |
| (b) Fifty percent Member (5%) | 2,283.00 | 190.25 |
| Less Withholding Tax (17.5%) | 399.48 | 33.29 |
| Net payment to Fund | <u>1,883.52</u> | <u>156.96</u> |

or

| | | |
|-------------------------------------|---------------|--------------|
| (c) Nominal Member (2%) | 913.20 | 76.10 |
| Less Withholding Tax (17.5%) | <u>159.84</u> | <u>13.32</u> |
| Net payment to Fund | <u>753.36</u> | <u>62.78</u> |

Where contributions to the Supernumerary Fund are collected from Parishes using the Direct Debit facilities (this includes Parishes that are **not part of the Connexional Payroll System**) the amounts will be charged to your Parish Bank account on the 15th of each month, commencing on Monday 15 July 2014.

This Information Leaflet constitutes formal notification in terms of the Direct Debit Authority.

From 1 October 2010, all Parishes who pay a parish contribution, but do not have a stationed Methodist Presbyterian and who are NOT on Connexional payroll **should** be making ESCT deductions using 17.5% and **NOT** 21%.

Parishes without a stationed appointment can utilise the free Connexional Payroll service for the payment of the gross parish supernumerary fund contribution which includes the calculation and payment of ESCT to IRD.

The ESCT deduction for Presbyters/ministers in other Christian denominations may have ESCT deducted at \$0.30 rather than \$0.175. **PLEASE CHECK WITH THEM**

RETENTION OF RECORDS

It is a legal requirement that all business records, including wages and PAYE records, as well as GST records and invoices must be retained for a period of at least seven years after the year to which they relate.

It is strongly recommended that no financial records be destroyed prior to seven years. Records may be stored electronically, such as within a computer system, so long as the software is also retained to allow the records to be retrieved, and adequate offline backup copies are retained.

When a treasurer completes their term of office all the records in their possession must be returned to the Parish Superintendent.

The Parish Superintendent is responsible to check that all the documents have been returned before handing them on to the new treasurer.

TRAVELLING ALLOWANCE RATES

Under the Inland Revenue approved basis for determining travelling allowances, church-related travel will be reimbursed using a rate of reimbursement which is determined from the estimated total distance, including private travel, which will

be travelled by the motor vehicle during the twelve month period April to March in each year.

Motor Cars & Vans

The following travel reimbursement rates have been taken from the latest 'AA' review as received from the All Churches Bureau.

| Where the estimated annual running of the motor car for all purposes is: | Reimburse the church-related travel at: |
|--|---|
| Less than 14,000 kms | 69 cents per kilometre |
| Between 14,001 and 20,000 kms | 56 cents per kilometre |
| Between 20,001 and 26,000 kms | 50 cents per kilometre |
| Beyond chosen band range | 27 cents per kilometre |

How to use these rates:

- a) each person who is expected to use their car for employment related purposes needs to provide, at the beginning of the tax year, a *reasonable estimate* of their annual running km for *all purposes* (i.e. personal, family and work related) for the year (use the previous year's actual mileage as a guide for example);
- b) the odometer reading at the beginning of the tax year must be recorded;
- c) that estimate determines the "chosen band range" e.g. if the estimate is 18,000kms the rate of reimbursement for employment/work related km will be 56 cents per km;
- d) however, if the actual km for the year exceeds the top of the "chosen band range", then any reimbursement of km beyond that range will be at the "beyond chosen band range" and therefore reimbursed at 27 cents per km e.g. the band range chosen by the employee was "up to 20,000km per annum" but the actual for the year was 23,000km. If any of the *work related km* was recorded after the odometer reading had passed 20,000 km, the reimbursement for those km would be 27 cents per km.

Alternatively, the flat 'casual' rate of 39 cents per km can be paid for unlimited running (i.e. without the need to record annual mileage and be concerned about exceeding a chosen band).

In the event that an over payment is made on the kilometres travelled then the overpayment is carried forward into the next year.

The reimbursement rates are regularly monitored to ensure they reflect the cost of vehicle use. Please note the rate is determined by the TOTAL DISTANCE

travelled in a tax year and may differ from rates of reimbursement given by government departments for individual journeys.

Note: The same mileage rate is applied to all motor cars regardless of engine size. Consequently, the dispensation to use a motor car with an engine capacity of over 2,000 cc no longer applies.

Casual Travel

Casual travel is defined as being the occasional journeys to attend official meetings of the church, where reimbursement is appropriate.

In all cases carpooling to reduce costs is encouraged.

1. For a Presbyterian or Deacon receiving a travelling allowance, reimbursement will be at the rate determined by the total kilometres travelled in any year.
2. For casual reimbursement the rate of 39 cents per kilometre should be used, which is the amount approved for reimbursement without the need to keep a Log Book.

AA rates for a car up to 2000cc note that flexible costs – fuel, tyres, WOF, maintenance/repairs are 23.6c per km for travel up to 14,000km per year. The 39c per km rate covers flexible costs, and a portion of the fixed costs.

Casual travel to out of town synod meetings for lay people can be paid at a rate agreed by individual synods.

Motor Cycles

| | |
|---|-----------------|
| For the first 3,000 kms of church related travel: | 37 cents per km |
| From 3001 kms and over: | 16 cents per km |

NOTE: For motor cycles the total distance travelled is not required for the calculation of the reimbursing allowance.

Some Questions and Answers

Q. What happens when a car is replaced during the year?

A. The distance travelled by the replacement motor car is added to the distance of the original vehicle and reimbursement made as if all travelling had been performed in as single motor car. It makes no difference to the calculation of the claim how many different cars are used during the period being reimbursed.

Q. What happens if the Presbyterian's family has two vehicles and both are used for church related travelling?

A. The distances travelled by the two vehicles, both total distance travelled and church related travel, are added together and reimbursement paid as if all travel had been undertaken in a single motor car. This may disadvantage the Presbyterian and it could be an advantage if all church related travel was undertaken in just one of the motor cars.

Q. Is travel between the Presbyterian's residence and the church office to be reimbursed as church related travel?

A. The Inland Revenue have declared that travel between a person's home and their place of work, and the return trip home, is private travel and therefore **cannot** be reimbursed as work related. Therefore, a Presbyterian should not be reimbursed for the distance travelled between their normal residence and the church office or the return trip home.

There are some exceptions to this rule:

1. Where the church office is located within the Presbyterian's residence. In order to qualify the office must be a separate clearly distinguishable area where the **only** activity is undertaking church work. An area where the Presbyterian's family would normally live would not qualify. In addition the undertaking of church work must be a regular activity. Normally where an office is provided for the Presbyterian on the Church site to undertake their church duties a second home office would not qualify. The residence based office must be the primary office of the Parish to qualify.
2. If during the travelling from the Presbyterian's residence to the Church office the Presbyterian undertakes a church related duty, such as visiting a person in hospital or at their home, then that trip between home and office could qualify as church related travel. However, it can only be claimed on those days when the church related duty is undertaken and not on the days where the Presbyterian travels directly between the residence and the Church office. The return journey home would also need to include some church related work in order to qualify for reimbursement as church related travel.
3. Travel to take services of worship. A Presbyterian may be reimbursed for travel between the Presbyterian's home and the church or other location at which they will lead worship if in a different location from the Church Office.

Examples:

1. For a motor car travelling a total distance of 11,200 kilometres during the year, of which 8,240 kilometres are church related, travel reimbursement, is:
8,240 kms @ 69 cents, equals \$5,685.60

2. For a motor car travelling a total distance of 14,600 kilometres during the year, of which 8,240 kilometres are church related travel, reimbursement is:

| | | |
|-----------|--------------------|------------|
| 8,240 kms | @ 56 cents, equals | \$4,614.40 |
|-----------|--------------------|------------|

3. For a motor car travelling a total distance of 20,500 kilometres during the year, of which 14,680 kilometres are church related travel, reimbursement is:

| | | |
|------------|--------------------|------------|
| 14,680 kms | @ 50 cents, equals | \$7,340.00 |
|------------|--------------------|------------|

4. In April a motor car is expected to travel less than 14,100 kms during the next twelve months. The following January after a touring holiday, the car has travelled the 14,100 kilometres of which 6,910 were church related travel. In February and March, the motor car travels a further 1,860 kilometres of which 1,330 were church related travel.

| | | |
|-----------|---------------------|---------------|
| 6,910 kms | @ 69 cents, equals | \$4,767.90 |
| 1,330 kms | @ 27 cents, equals | <u>359.10</u> |
| 8,240 kms | total reimbursement | \$5,127.00 |

Log Books

The Inland Revenue requires that a motor vehicle log book must be maintained which records all church related travel. Any travel allowance received by a Presbyterian which cannot be justified by a record within a motor vehicle log book, **MUST** be included as part of the taxable income within the Presbyterian's personal income tax return so that the appropriate income tax is paid. In this case, the taxable travel allowance should be paid through the payroll system to ensure that the appropriate tax is paid. Parishes are not required to pay any travel unless the log book (photocopy) is produced.

Note: The Administration Division will supply log books free of charge to all Presbyters stationed by the Methodist Church.

OTHER ALLOWANCES

Book and Resourcing Allowance

The book and resourcing allowance is to be reimbursed on the basis of receipts supplied to the parish on an expenses claim form. It cannot be paid as a set amount each month and is a non-taxable reimbursement.

The maximum amount of reimbursement has been increased in line with the CPI from \$1,037 to \$1,053 for a full time Presbyterian. Part time Presbyters are to be reimbursed the Book and Resourcing Allowance on a pro rata basis.

If a Presbyterian leaves or retires part way through a year then the Presbyterian is entitled to a proportion of the full year's allowance. That is to say, if the Presbyterian retires or leaves ministry in December then he/she is entitled to be reimbursed for six months or 50% of the total year's reimbursement allowance.

All Presbyterians are entitled to the allowance which will be used at the discretion of the Presbyterian to ensure access of information which may include newspapers, books (includes written books, eBooks or audio books), magazines and computer software that helps develop ministry. In the event that the book allowance of \$1,053 is not used in any year (the "year" commences the 1st July and finishes on 30th June), a sum not exceeding \$250 may be carried forward to the following year and added to that year's entitlement.

NOTES:

1. The allowance may be used to ensure access to information, which may include internet services, computer software, newspapers, books, magazines according to the Presbyter's discretion. The overriding concept is that the Church needs presbyters to be kept up to date on theology by the provision of resourcing material that helps achieve this goal.
2. When a Presbyterian has a change of appointment any unspent book and resource allowance brought forward from a previous financial year must be spent prior to 31 January. In other words, if the Presbyterian moves to a new appointment with unspent Book and Resource Allowances, the unspent Book and Resource Allowance is forfeited.
3. The book and resourcing allowance is to be paid **ONLY** upon presentation of receipts by the Presbyterian. It is **NOT** to be paid as a set amount each month and Connexional Payroll staff have received instructions for the Book Allowance not to be paid as a monthly allowance.

PRESBYTERS MOVING PLEASE NOTE:

For the financial year (30 June) in which a Presbyterian changes an appointment, there will be an apportionment of the Book and Resource Allowance based on the number of months which the Presbyterian serves in the parish.

For example, when a Presbyterian changes parishes at 31 January, the parish which the Presbyterian is leaving will be responsible for 7/12^{ths} of the Book and Resource Allowance (currently \$614), while the new parish which the Presbyterian is stationed to will be responsible for 5/12^{ths} of the book allowance (currently \$439). Please refer back to Note 2 above regarding unspent Book and Resource money.

Supervision

Conference 1997 adopted a recommendation that: “the professional Supervision of all people who give pastoral care in an employment or covenant relationship with the Church is to be compulsory from 1997 ...” (page 83-84 minutes 1997).

Conference 2004 minutes, page D-44 (13) state “Conference supports the decision of the Stipends Committee that responsibility for payment for supervision fees, up to an agreed figure, belongs to the entity responsible for the payment of the stipend”.

Supervision is a cost of ministry and is to be reimbursed up to \$1,085 per year on production of a receipt from an accredited supervisor. Accreditation may be a formal qualification or CPE. Where a supervisor does not have appropriate formal qualifications permission to use such a person must be obtained from the District Superintendent.

TELEPHONES

Provided below is the Connexion’s expectations regarding the use of and payment for telephones and internet costs for Presbyters whether the Presbyter is living in a church provided parsonage or their own home.

a. Landlines

- The Parish must pay for office landlines if the Parish has or decides that it requires a landline into the Church.
- The Parish must pay for a landline rental and maintenance line costs for the parsonage or presbyters own home as well as the business costs associated with the line. The Presbyter is required to pay all private costs.

b. Internet Connection

- The Parish must pay for an office broadband internet connection attached to an existing landline. The connection speed can be negotiated between the Parish and Presbyter.
- The Parish must pay for a broadband internet connection connected to an existing landline into the Parsonage or presbyters own home. The connection speed and data cap* can be negotiated between the Presbyter and the Parish but taking into account where the “primary” place of work is (parsonage or parish office).

** **NOTE:** Any additional charges above the data cap are the responsibility of the presbyter **unless** it is directly related to church business. Broadband plans can be compared at www.internetchoice.co.nz.*

c. Mobile Phones

- The Parish is not required to purchase a mobile phone or to pay the monthly access costs of the mobile phone for the Presbyter.
- The Parish is able to reimburse “church” related calls on a mobile phone to the Presbyter so long as a log of calls can be presented to substantiate the claim.
- All calls of a private and personal nature, including data and text messages are the responsibility of the Presbyter.

STANDARD REIMBURSING ALLOWANCES

These allowances are part of the remuneration arrangements and are effective from 1 July 2014.

Expenses Allowance

Since 1996, as a result of amending legislation, the Church is not required to seek formal approval from the Inland Revenue Department to pay the standard reimbursing allowances to Presbyters free of income tax. Every five years a survey of Presbyters is conducted to verify the appropriateness of the allowance. The last survey was conducted during the year ended 31 March 2009. The amount of payment is then updated each year by the movement in the Consumer Price Index (CPI). The results of the survey supported the continued use of the formula so that the standard expenses allowance of \$3,173 p.a. is payable from 1 July 2014.

The expense allowance should be used to meet costs of for example:

- Ministry formation
- Membership fees
- Study leave, etc
- Clerical clothing
- Equipment, technical aids & tools
- Use of study, non-reimbursed costs
- Other costs & expenses, e.g. non-reimbursed stationery, stamps, envelopes, office requisites, other ministry related costs, etc.

While there are no official figures for hospitality, the Administration Division has adjusted the last published rates by the movement in the Consumer Price Index to determine the following component values:

| | | | |
|------------------------------|---------|-----------|---------|
| Bed | \$8.60 | Breakfast | \$6.70 |
| Lunch | \$10.05 | Dinner | \$13.40 |
| Morning/Afternoon Tea/Supper | | | \$1.85 |

Presbyter to Maintain a Record of All Expenditure

The Presbyter must maintain a record of all church related expenses incurred; including those paid using the Standard Reimbursing Allowances, which must be available to answer any questions that the Inland Revenue may ask, and to provide data for future surveys.

The records should include:

Hospitality: Names of guest(s).
Dates of arrival and departure.
Details of accommodation and meals provided.

Cash Purchases: GST invoices, or if that cannot be obtained, a cash register receipt or other form of receipt.

These records must show that the total of all reimbursements has been spent in any year. For example, it would not be sufficient having obtained an additional allowance for books, to show that the entire standard book allowance had been spent while under spending the hospitality allowance or not keeping any records for hospitality to show what has happened.

Where a Presbyter has received reimbursement of expenses for which no proof of the expenditure can be produced, the Inland Revenue Department may seek an additional payment for income tax from the Presbyter.

Please Note:

UNLESS there is a Covenant that provides otherwise, ALL Presbyters and Deacons (pro rata for less than full time ministry) are to be paid the full Standard Expenses Allowance. However, Presbyters and Deacons need to maintain sufficient records so that, if asked by the Inland Revenue, they would be able to justify receiving the allowances. Where a Presbyter or Deacon is unable to justify receiving the reimbursing allowance income tax is payable and the responsibility for payment lies with the Presbyter or Deacon.

METHODIST MOBIL FUEL CARD

The Board of Administration of the Methodist Church has made arrangements with the CSC Buying Group and FnF Fuels for the issue of “Mobil Cards” to employees, Ministers of the Church and their family members. “Mobil Cards” are credit cards for the specific purpose of fuel and oil purchases from participating Mobil garages and service stations throughout New Zealand.

Fuel purchased through the cards is purchased at a significant discount to the advertised pump prices, being charged at the “regional” price as set by Mobil from time to time, for each of its defined regions throughout New Zealand.

How Does The Arrangement Work?

Approved applicants will be issued with a “Mobil Fuel Card” in their name which can be used to purchase fuel and oil on credit at any participating Mobil station. Each card will have a P.I.N. (Personal Identification Number) which must be entered when the card is used.

The contract is between you as the cardholder and FnF Fuels Limited. They will invoice you directly NOT the Connexional Office.

A purchase docket is produced by the petrol station at the time of purchase which will show the quantity of fuel purchased and the local pump price. The cost of the fuel to the cardholder, however, will be the regional discounted price. This saving normally equates to seven or eight cents per litre of fuel. Occasionally the local pump price, because of promotional specials or other local selling initiatives, may be less than the regional price. In this event the lower pump price will be charged. Fuel can be purchased for any vehicle but the cardholder is responsible for the total due on their card each month with payments being made by direct debit by FnF Fuels from the cardholder’s bank account.

Payment Terms

The payment terms are detailed on the customer application form under clause 10.

If the direct debit payment is rejected or dishonoured by the bank and payment not made, then interest and other fees may be charged to your account and any subsequent payments will be used to firstly reduce the interest and fees charged, then toward the payment of the costs of fuel.

Each cardholder is responsible to ensure that there are funds in their bank account when the direct debit occurs.

Who Benefits?

Others

The savings made through the use of the card are the card holders. Cards can be used to purchase fuel for any vehicle but the card holder is responsible for the meeting of the monthly direct debit.

Who Owns The Card?

The cards are and remain the property of FnF Fuels Limited and must be surrendered at any time when so requested by FnF Fuels.

If you lose the card you must contact FnF Fuels directly and as soon as possible who will arrange for the card to be cancelled and for a replacement card to be issued.

Cardholders are **liable** for all fuel purchased on their accounts so protecting the P.I.N. should be carefully safeguarded. Cardholders are not responsible for any fraudulent use of their card **after** it has been reported stolen or lost.

What Happens If I Fail To Meet The Direct Debit Payment On Time?

Any cardholder whose Direct Debit has not been honoured will be contacted by FnF Fuels and arrangements completed for the reprocessing of the Direct Debit. The card will immediately be put on hold and will not be made active again until all of the arrears have been paid.

It is expected that cardholders will maintain their own records of use and be in a position to meet the debit on time.

How Do I Obtain Further Information or Apply For A “Mobil Card”?

Presbyters and Church Employees

Application forms and Direct Debit authority forms are available from the Administration Division.

REIMBURSEMENT TO PRESBYTERS FOR ADDITIONAL CHURCH RELATED EXPENSES

Guidelines for Presbyters and Parishes for reimbursement of additional church related expenses in excess of the STANDARD REIMBURSEMENT ALLOWANCES.

Note - Any expenditure over and above the standard reimbursement allowances must be approved before the expense is incurred.

The church has recognised that certain expenses incurred in ministry are a cost to the Parish, rather than to the Presbyter. Individual Presbyters, by the nature of their ministries, will incur different kinds of expenses and may seek reimbursement in whole or in part.

The following guidelines are to assist Presbyters and Parishes work through the procedures to be followed where a church is asked to reimburse the Presbyter for properly incurred expenses that are greater than the amount of the Standard Reimbursing Allowances.

ACTION 1

Consultation between the Presbyter and the Parish

Prior to incurring any expenditure for which additional reimbursement is to be sought, agreement (preferably in writing) must be reached on the type and amount of expenditure, if any, which the Parish is willing and/or able to meet from Parish funds. It is suggested that in the first instance the Presbyter may hold a discussion with the Parish Steward or Parish Treasurer before the subject is raised at a full Parish meeting. In some instances it may be appropriate for some District involvement in the conversations.

This will enable the Presbyter to determine the level of expenditure that can be made, by taking into account the Parish contribution, if any, and the personal contribution, if any, which the Presbyter is prepared to make.

Where additional reimbursement is to be paid, to cover the purchase of goods, then final ownership of these goods must be clearly determined prior to purchase.

Some understanding as to when the Presbyter will be paid the additional reimbursement of the church related expenses should also be discussed. In some cases it may be appropriate to seek reimbursement at the time of the expenditure, while in other cases it may be preferred to arrange reimbursement at set times during the year.

ACTION 2

Reimbursement of the Expenditure by the Parish

Having negotiated with the Parish and maintained an accurate record, reimbursement should then be sought using the procedure agreed during the initial consultation.

SUMMARY

In summary, the steps to be followed as set out in this guideline are:

- Presbyter and Parish agree on details of reimbursement, and then . . .
- Presbyter maintains a record of all church related expenditure, and then . . .
- Parish makes reimbursement in terms of the agreements reached.