

Methodist Church of New Zealand
Te Hāhi Weteriana o Aotearoa

Administration Division
P O BOX 931
CHRISTCHURCH 8140

Information Leaflet No. 25
June 2021
(effective 1 July 2021)

(Replaces No. 25 Presbyterian Remuneration dated 1 July 2020)

METHODIST
STIPENDS AND ALLOWANCES

THIS INFORMATION LEAFLET CONTAINS INFORMATION
ON METHODIST STIPENDS AND REIMBURSING ALLOWANCES

**This information leaflet has been updated to reflect Stipend
changes effective 1 July 2021**

CONTENTS

EXECUTIVE SUMMARY	1
Stipends.....	1
Standard Allowance	1
Book and Resource Reimbursement.....	1
Housing	1
Payments to those Conducting Occasional Services	1
CENTRALISED STIPEND PAYMENT	2
Stipends – General Information.....	2
Stipends – Connexional Payroll.....	2
Notification of Leave	3
ACC Levies.....	3
BASIC STIPEND - from 1 July 2021	4
BACKGROUND INFORMATION.....	4
Adjustment to Stipend	4
Standard Reimbursing Allowances.....	4
Medical Insurance.....	4
Water Rates	5
Book and Resourcing Allowance Payment	5
Notional Value of Parsonage Provided.....	5
Rental or Lease of the Presbyters own home	6
Process	6
Income Tax Aspects for Parishes	7
Presbyters Requirements.....	7
CALCULATIONS FOR A MINISTER LIVING IN THE PARSONAGE:.....	8
CALCULATIONS FOR A MINISTER LIVING IN THEIR OWN HOME:	9
SUPERNUMERARY FUND CONTRIBUTION	10
Member Contribution	10
Church Contribution	10
KIWISAVER	11
RETENTION OF RECORDS.....	12
TRAVELLING ALLOWANCE RATES	12
Flowchart for Mileage Reimbursement	14
Log Books	15
OTHER ALLOWANCES.....	16
Book and Resourcing Allowance	16
PRESBYTERS MOVING PLEASE NOTE:	17
Supervision	17

COMMUNICATION.....	18
a. Landlines	18
b. Internet Connection.....	18
c. Mobile Phones.....	18
STANDARD REIMBURSING ALLOWANCES	19
Expenses Allowance	19
Presbyter to Maintain a Record of All Expenditure	20
REIMBURSEMENT TO PRESBYTERS FOR ADDITIONAL CHURCH RELATED EXPENSES.....	21
Consultation between the Presbyter and the Parish.....	21
Reimbursement of the Expenditure by the Parish	22
SUMMARY	22
PULPIT SUPPLY – HONORARIUM	22
METHODIST MOBIL FUEL CARD	22
How Does The Arrangement Work?	23
Payment Terms	23
Who Benefits?.....	23
Who Owns The Card?.....	24
What Happens If I Fail To Meet The Direct Debit Payment On Time?	24
How Do I Obtain Further Information or Apply For A “Mobil Card”?.....	24

EXECUTIVE SUMMARY

This information leaflet is updated annually to reflect any changes of stipends and allowances. Please ensure that you are using a copy updated for the financial year in which you are seeking information. This Information Leaflet is effective from 1 July 2021.

Stipends

The Methodist Church has a standard stipend. A Minister on a full stipend is not permitted to receive additional fees or payments for any activities related to their ministry over and above those set out in this document.

Part-time stipends and allowances are determined by proportion of the appointment. A part-time Minister may have other employment.

Standard Allowance

This is a tax free allowance paid monthly to cover general expenses which a Minister may incur in carrying out their ministry. It covers items such as membership fees, study leave, clerical clothing, computers, phones and hospitality.

Book and Resource Reimbursement

This reimbursing allowance is to enable a Minister to be well resourced for their ministry.

Housing

All stationed full-time Presbyters are entitled to a house, which may be owned or rented by the Church.

Part-time appointees are eligible for a proportional payment of the housing allowance determined by the median rent in the location of the Parish. Parishes are strongly encouraged to house part-time appointees in their parsonage if they have one.

Payments to those Conducting Occasional Services

This section gives guidance to Parishes who have visiting and occasional supplies taking services.

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 Stacey Milne in the Connexional Office. Phone 0800 266 639.

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 2021, is the payment of the stipend for the whole of the month of July 2021. 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 of housing 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 or are sending timesheets these must be notified by the 3rd of the month to Stacey Milne (for monthly payroll only).

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.

Notification of Leave

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.) needs to be sent to the Connexional payroll team and they will ensure that the records are correct and up to date. The records that the Connexional Office maintain are as good as the information supplied to them. What they do not know about cannot be processed.

A medical certificate may be requested after 5 days sick leave. After two weeks a medical certificate must be provided to the Synod Superintendent.

For more information regarding Leave for Presbyters, refer to Information Leaflets 7 and 7a.

ACC Levies

Payments for ACC Employer Levies are invoiced to parishes once per year, only after the Connexional Office have received invoices from ACC (about August of each year).

For further details contact either:

Peter van Hout, Financial Services Manager, Connexional Office
Email: peter.v@methodist.org.nz or Ph: 0800 266 639, ext. 817

OR

Stacey Milne, Fund Administrator, Connexional Office
Email: staceyc@methodist.org.nz or Ph: 0800 266 639, ext. 833.

BASIC STIPEND - from 1 July 2021

BACKGROUND INFORMATION

Adjustment to Stipend

The Stipends Committee met in June 2021 and carefully considered changes in CPI and Wage Indexes before making recommendations to the President.

The Stipends Committee recommended that there be a 3.5% increase to Stipends and Allowances for 2021-2022. This has been agreed to by the President.

The Standard Stipend for the year commencing 1 July 2021 will be \$51,253.

Standard Reimbursing Allowances

Reimbursing allowances have also changed. It is now **\$3,460.40** for the year (see page 19).

Medical Insurance

From 1 July 2010 the stipend “package” to Presbyters includes an additional amount for medical insurance. The premium will increase from 1 July 2021 from \$155.46 to \$166.34 per month giving a total premium of \$1,996.08 for the 2021-2022 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.

The Parish is responsible for the payment of the premium of the basic policy provided by the Church as provided in the previous paragraph.

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.

Water Rates

In the Auckland City Council area, and some others, water rates are charged separately. The owner of the property, be it parish or Presbyter or other landlord is responsible for the water rates. Any dispute over excessive water rates should in the first instance be discussed with the Synod Superintendent, who may in turn seek advice from the General Secretary.

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 2021 is **\$1,500**.

Part time presbyters receive a pro rata payment of the full Book Allowance e.g., a half time Presbyter receives **\$750** and quarter time Presbyters the amount is **\$375**.

The allowance **MUST NOT** be paid as a cash 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 16.

Notional Value of Parsonage Provided

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

Parishes are encouraged to house a stationed **part time** Presbyter in the Parsonage or if the parsonage is not available to pay a pro rata share of a full time rental payment for the use of the presbyters own home (see Leaflet No. 26 and also Bricks and Mortar).

The Inland Revenue Department recognises housing as a taxable entitlement and therefore requires it to be taxed as part of the 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 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. No accounting entries are required either. It is an “in” and an “out”.

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

Rental or Lease of the Presbyters own home

[Note: This is a summary only. The full requirements are in Information Leaflet No. 26 and Bricks and Mortar]

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 applies.

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 Bricks and Mortar 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 Bricks and Mortar. The Law Book at section 2: 24.4.1 provides:

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. 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 Department of Building and Housing should be used. [See www.tenancy.govt.nz/rent-bond-and-bills/market-rent/].

The house lease payment needs to also ensure that the market rental is reasonably commensurate with the duties of the Presbyter and for the location in which they perform their duties.

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 the Parsonage.
2. 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.
3. 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.

CALCULATIONS FOR A MINISTER LIVING IN THE PARSONAGE:

The following are offered as information for Treasurers and Presbyters.

	Yearly \$	Monthly \$
Basic stipend	51,253.20	4,271.10
Add:		
Notional value of Parsonage provided	<u>5,125.32</u>	<u>427.11</u>
Stipend for tax purposes	56,378.52	4,698.21
Deduct:		
Income tax (<i>see below</i> *)	10,716.60	893.05
Notional value of Parsonage provided	5,125.32	427.11
Superannuation contribution	<u>3,843.99</u>	<u>320.33</u>
	19,685.91	1,640.49
	36,692.61	3,057.72
Add:		
Expenses allowance	<u>3,460.40</u>	<u>288.37</u>
	40,153.01	3,346.09

* PAYE Tax Calculation	Yearly \$	Monthly \$
Gross stipend (<i>for Inland Revenue purposes</i>)	56,378.52	4,695.21
Tax as per tables 'M' code	10,716.60	893.05

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. The link is:

(<https://www.ird.govt.nz/employing-staff/deductions-from-income/deductions-from-salary-and-wages>)

In addition, Presbyters are entitled to be reimbursed for:

- Travel [refer pages 12 to 16]
- Book and Resourcing Allowance [refer page 16 to 17]
- Supervision [refer page 17]

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, e.g., house provided by spouse's employer.

	Yearly		Monthly	
	\$		\$	
Basic stipend	51,253.20		4,271.10	
Add				
Housing allowance	<u>9,396.42</u>		<u>783.04</u>	
Stipend for tax purposes		60,649.62		5,054.14
Deduct				
Income tax (<i>see below</i> *)	12,052.20		1004.35	
Superannuation contribution	<u>3,843.98</u>	<u>15,896.18</u>	<u>320.33</u>	<u>1,324.68</u>
		44,753.44		3,729.46
Add				
Expenses allowance		<u>3,460.40</u>		<u>288.37</u>
		48,213.84		4,105.59
		Yearly		Monthly
		\$		\$
* PAYE Tax Calculation				
Gross stipend (<i>for Inland Revenue purposes</i>)		60,649.62		5,054.14
Tax as per tables "M" code		12,052.20		1,004.35

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.

<https://www.ird.govt.nz/employing-staff/deductions-from-income/deductions-from-salary-and-wages>

In addition, Presbyters are entitled to be reimbursed for:

- Travel [refer pages 12 to 16]
- Book and Resourcing Allowance [refer page 16 to 17]
- Supervision [refer page 17]

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 times the standard stipend.
2. Kiwi Saver employer contribution approximately 7.75% of stipend. Non-stipended Presbyters do not receive Kiwi Saver contributions.

When a Presbyterian reaches the age of eligibility for National Superannuation and is a KiwiSaver contributor, then so long as the Presbyterian continues to make employee contributions, then the Church will continue to make Church contributions until the end of that Connexional Year (i.e. the next 31 January). After this date, the Church will not make further 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 Presbyterian opts out of Kiwi Saver there is no cash benefit to the Presbyterian or the parish. Any residual funds are paid into the Supernumerary Fund.

Member Contribution

Contributions from 1 July 2021:

	Annual \$	Monthly \$
(a) Full Member (7.5%)	3,843.99	320.33
or		
(b) Fifty percent Member (3.75%)	1,922.00	160.17

Church Contribution

	Annual \$	Monthly \$
(a) Full Member (10%)	5,125.32	427.11
Withholding Tax (30%)	<u>1,537.60</u>	<u>128.13</u>
Net payment to Fund	<u>3,587.72</u>	<u>298.98</u>
or		
(b) Full Member (10%)	5,125.32	427.11
Less Withholding Tax (17.5%)	<u>896.93</u>	<u>74.74</u>
Net payment to Fund	<u>4,228.39</u>	<u>352.37</u>

or

(b) Fifty percent Member (5%)	2,562.66	213.56
Less Withholding Tax (17.5%)	448.47	37.37
Net payment to Fund	<u>2,114.19</u>	<u>176.18</u>

or

(c) Nominal Member (2%)	1,025.06	85.42
Less Withholding Tax (17.5%)	<u>179.39</u>	<u>14.95</u>
Net payment to Fund	<u>845.68</u>	<u>70.47</u>

Please note that the above ESCT rates are indicative as the payroll system will adjust the ESCT rate automatically based upon actual payroll calculations.

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 ***Thursday 15 July 2021***.

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

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**

KIWISAVER

From 1 February 2010, Presbyters in Full Connexion have been unable to become members of the Methodist Church Superannuation Fund and have been enrolled into KiwiSaver. The contribution rates for both Parishes and for presbyters are provided below as a guide based upon what the Law required (both secular and Church Law):

Member Contributions (Presbyter Contributions)

	Yearly	Monthly
Full Member - 3.00%	\$ 1,537.60	\$ 128.13
Full Member - 4.00%	\$ 2,050.13	\$ 170.84
Full Member - 6.00%	\$ 3,075.19	\$ 256.27
Full Member - 8.00%	\$ 4,100.26	\$ 341.69
Full Member - 10.00%	\$ 5,125.32	\$ 427.11

Church Contribution-KiwiSaver 7.75%

	Yearly	Monthly
Full member (7.75%)	\$ 3,972.12	\$ 331.01
ESCT 30%	\$ 1,191.64	\$ 99.30
net to fund	\$ 2,780.49	\$ 231.71
Full member (7.75%)	\$ 3,972.12	\$ 331.01
ESCT 17.5%	\$ 695.12	\$ 57.93
net to fund	\$ 3,277.00	\$ 273.08

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

The Inland Revenue Departments (IRD) has an operational statement that relates to the tax-exempt portion of an amount paid to a Presbyter, an employee or other person. It is simply a way to calculate the reimbursement rates of expenditure incurred by the Presbyter, employee, or other person where that person uses their private motor vehicle for Church related travel.

Please note that in nearly all cases (there are limited exemptions to this general rule), travel between your home and place of work is considered private use and therefore the information set out here does not relate to that travel.

The IRD operational statement is reviewed from time to time. The contents of this part of the Information Leaflet have been updated to the current operational statement (OS 19/04b).

All references to “*motor vehicles*” and “*vehicles*” are referring to motor cars, vans, and tray-back vehicles such as coupe utilities no matter what capacity or engine size. The rates do not apply to motorcycles or scooters (petrol or electric).

It should be noted that by paying the reimbursement rates provided in this Information Leaflet, the IRD has confirmed that the amounts are tax free in the hands of the Presbyterian, employee or person being reimbursed and meet the requirements of Section CW 17(3) of the Income Tax Act.

The kilometre rates are set by the Commissioner by reference to industry figures that represent the average cost of operating a motor vehicle. The various rates for selected vehicle types are made up of two tiers.

The Tier One rate is a combination of the vehicle’s fixed and running costs. The Tier One rate (orange column of the tables below) applies for the Church related portion of the first 14,000 kilometres travelled by the motor vehicle in a year. Beyond that the relevant Tier Two rate (blue column of the table), which is only the running costs, applies for the employment related portion of any travel more than 14,000 kilometres.

Any person wishing to use the kilometre rate to calculate in the first table must maintain a logbook or be able to provide other evidence that establishes the Church use of the vehicle for an income year (tax year – 31 March is each year).

The following are the rates per kilometre that apply from 1 July 2021 and assume a logbook **IS** being kept:

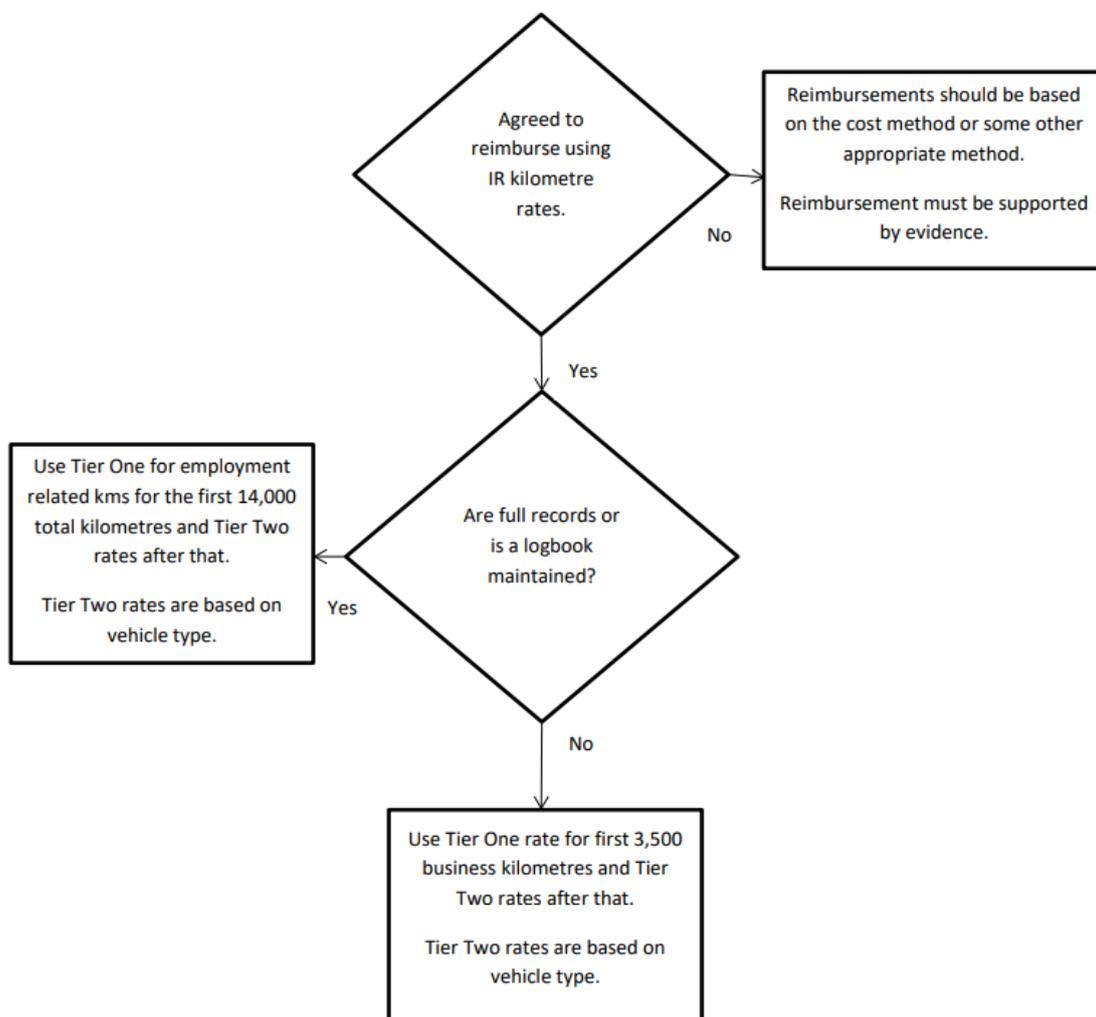
<i>Kilometre Rates – With logbooks maintained</i>		
<i>Vehicle Type</i>	<i>Tier One Rates (up to 14,000km)</i>	<i>Tier 2 Rates (above 14,000km)</i>
<i>Petrol or Diesel</i>	<i>79 cents</i>	<i>30 cents</i>
<i>Petrol Hybrid</i>	<i>79 cents</i>	<i>19 cents</i>
<i>Electric</i>	<i>79 cents</i>	<i>9 cents</i>

In the absence of records as set out in the preceding paragraph, the use of the Tier One rates will be limited to the first 3,500km of business kilometres. The Tier Two rates will be used for the kilometres travelled for employment purposes above the 3,500 kilometre threshold.

<i>Kilometre Rates – With logbooks <u>NOT</u> being maintained</i>		
<i>Vehicle Type</i>	<i>Tier One Rates (up to 3,500km)</i>	<i>Tier 2 Rates (above 3,500 km)</i>
<i>Petrol or Diesel</i>	<i>79 cents</i>	<i>30 cents</i>
<i>Petrol Hybrid</i>	<i>79 cents</i>	<i>19 cents</i>
<i>Electric</i>	<i>79 cents</i>	<i>9 cents</i>

The Commissioner’s kilometre rates are calculated on a GST inclusive basis. However, input tax cannot be claimed on the estimated allowances paid to reimburse an employee. GST input tax may only be claimed on an actual basis with the appropriate tax invoice being held at the time of claiming.

Flowchart for Mileage Reimbursement



Log Books

A Presbyterian, employee or other person being reimbursed using the Commissioner's kilometre rate should record their odometer reading every balance date (31 March each year) for each vehicle covered by the reimbursement so that they can determine whether a particular vehicle has travelled 14,000 kilometres (business and non-business) for the year. This is because the reimbursement for the kilometre rate method is based on a two-tier approach where the Tier One rate is only available for the first 14,000 total kilometres. Alternatively, in the case where no logbook is kept, the employer may treat any reimbursement after the first 3,500 kilometres (25%) at the tier two rate. Of course, a test period may establish a different percentage of employment related travel (refer example 3 below).

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

Examples

The following are examples using the kilometre rate method to calculate reimbursement.

Example One - Single Journey – No Logbook

The Presbyterian or Employee used their private vehicle for a single 65km journey for their Church related work and did **not** maintain a logbook.

They are entitled to treat any reimbursement as tax-free for the first 3,500 km of Church related kilometres at the Tier One rate.

The Church must keep a record of how many Church related kilometres are travelled in the income year (for that vehicle) because any kilometres over 3,500 will only be tax-free calculated at the Tier Two rate.

The calculation (assuming the 3,500 km figure was not breached) would be:

65km x 0.79 cents (the Tier One rate) = \$51.35 tax free reimbursement

Example Two - Regular Journey – No Logbook

The Presbyterian or Employee used their private vehicle, a petrol-powered motor vehicle, for a regular 65km journey for their Church related work and did **not** maintain a logbook.

They are entitled to treat any reimbursement as tax-free for the first 3,500 Church related kilometres at the Tier One rate.

The Church must keep a record of how many Church related kilometres are travelled in the income year (for that vehicle) because any kilometres over 3,500 will only be tax-free calculated at the Tier Two rate.

The calculation (assuming the 3,500 km figure was breached two months earlier) would be:

65km x 0.30 cents (the Tier 2 rate) = \$19.50 tax free reimbursement

Example Three - Regular Journey – Trial Logbook

The Presbyter or Employee used their private vehicle, a petrol hybrid-powered motor vehicle, for a regular 65km journey for their employment and did maintain a logbook (albeit for a three-month trial period).

The Presbyters or employee's logbook evidences that the vehicle is used 40% for Church related purposes and 60% for private/other use.

They are entitled to treat any reimbursement as tax-free for the first 40% of the vehicles total kilometres up to the first 14,000 at the Tier One rate.

The Presbyter or employee must notify the employer when the annual kilometres reaches 14,000. This is because any kilometres from that point on will only be tax-free calculated at the Tier Two rate.

Alternatively, the employer could keep a record of the employment kilometres and use the Tier Two calculation once the claim reached 5,600 kilometres (40% of 14,000). Using this alternative approach will mean that the employee will not need to keep any records beyond the three-month trial logbook period.

The calculation (assuming the 5,600 km figure was breached two months earlier) would be:

65km x 0.19 cents (the Tier Two rate) = \$12.35 tax free reimbursement.

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 is \$1,500 for the 2021/2022 financial year for a full time Presbyter. Part time Presbyters are to be reimbursed the Book and Resourcing Allowance on a pro rata basis.

If a Presbyter leaves or retires part way through a year then the Presbyter is entitled to a proportion of the full year's allowance. That is to say, if the Presbyter 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 Presbyters are entitled to the allowance which will be used at the discretion of the Presbyter 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 \$1,500 is not used in any year (the “year” commences the 1st July and finishes on 30th June), a sum not exceeding 30% (\$450) 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 Presbyter 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 Presbyter 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 Presbyter. 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 Presbyter changes an appointment, there will be an apportionment of the Book and Resource Allowance based on the number of months which the Presbyter serves in the parish.

For example, when a Presbyter changes parishes at 31 January, the parish which the Presbyter is leaving will be responsible for 7/12^{ths} of the Book and Resource Allowance (currently \$875), while the new parish which the Presbyter is stationed to will be responsible for 5/12^{ths} of the book allowance (currently \$630). 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 for full time and part time ministries and is to be reimbursed up to \$1,200 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 Synod Superintendent.

COMMUNICATION

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.

With the installation of fibre the provision of internet and 'landline' can be achieved on one account. It is also possible to dispense with a landline and only use a mobile phone. Parishes and Presbyters are encouraged to adopt effective communications strategies which meet the needs of Parish and Presbyter, seeking also to reduce cost.

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. Note: This may be in conjunction with the broadband connection.

b. Internet Connection

- The Parish must pay for an office broadband internet connection. The connection speed can be negotiated between the Parish and Presbyter.
- The Parish must pay for a broadband internet connection connected into the Parsonage or Presbyters own home.

c. Mobile Phones

Presbyters receive a Standard Reimbursing Allowance (*see page 4*) to cover work related expenses each year. This allowance can be used to purchase a mobile phone which will be owned by the Presbyter. The phone number would remain with the Presbyter.

The cost of a reasonable phone plan would be a cost to the Parish. The Connexional Office can advise on phone plans as it has contractual arrangements with Vodafone.

As noted earlier, it may not be necessary to have a separate landline as this may be included with either the broadband or mobile connection.

- All costs of a private and personal nature are the responsibility of the Presbyter.
- The Connexional Office have mobile phone plans which may offer additional benefits than Presbyters may currently have. Please speak to the Connexional Office regarding this scheme.

STANDARD REIMBURSING ALLOWANCES

These allowances are part of the remuneration arrangements and are effective from 1 July 2021.

Expenses Allowance

Since 1996, because 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 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 \$4,514 p.a. is payable from 1 July 2021.

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	\$9.27	Breakfast	\$7.22
Lunch	\$10.84	Dinner	\$14.44
Morning/Afternoon Tea/Supper			\$2.00

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.

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.

PULPIT SUPPLY – HONORARIUM

The Committee was asked by Council of Conference to give guidance on payments when a Presbyter, Deacon or Lay Preacher conducts a service of worship on a casual basis.

The Committee does not favour a set payment based on a percentage of Stipend as used by the Presbyterian Church. The following are noted:

1. A Presbyter receiving a full stipend if taking a casual service outside their appointment responsibility would not be eligible for additional payment.
2. The Committee agrees that a Koha/Honorarium is appropriate. As a minimum, costs of travel should be covered.

Current practice suggests that an amount between \$50 and \$100 would be appropriate.

Where there is a regular arrangement conversation should take place with the Synod Superintendent as it may be more appropriate to have a covenant in place.

Any amount paid over and above actual expenses are taxable.

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.