

Parochial Expenses of Clergy

Clergy Handbook Parochial Expenses of Clergy 2024

Introduction

This booklet is intended as guidance for Parish Clergy, Parish Wardens, PCC Secretaries and Treasurers about the re-imbusement of Parish expenses. Clergy and the PCC are advised to also refer to the advice issued by HMRC on Expenses and Benefits – Tax Guide (Booklet 480) and the notes contained in the Tax Return for Ministers of Religion SA102M. Further information and advice is available on the HMRC website www.hmrc.gov.uk and also from the Churches Legislation Advisory Service and its guide Taxation Ministers of Religion at www.clas.org.uk.

Definition of Parish expenses

Parish expenses are defined as those running costs which Clergy and their PCC (s) agree are necessary to enable Clergy to fulfil the duties of their office. The PCC is required under the Constitution of the Church in Wales to make an annual review of the reimbursement of the parochial expenses of clergy. Clergy should as far as possible avoid paying for items that are the responsibility of the PCC e.g., altar requisites, repairs to or cleaning of church buildings, payments to organists etc. These should be paid by the PCC direct.

Clergy are entitled to be reimbursed legitimate expenses that are incurred in fulfilling their duties.

Claiming expenses

Clergy should claim monthly for the reimbursement of all expenses using an expenses claim form. A sample expenses claim form can be found at Annex 1. When claiming expenses Clergy must provide invoices and receipts. On no account should a PCC pay expenses on the basis of a fixed rate allowance paid in instalments as to do so could result in a tax liability for the cleric and potentially a liability to pay employers national insurance contributions for the PCC. The PCC should retain all documentary evidence relating to reimbursing expenses for a period of seven years from the date of payment. Clergy should also keep copies in the event of income tax enquiries.

There should be no tax liability provided all properly chargeable expenses are fully reimbursed.

Postage and Stationery

Expenditure on these items is relatively easy to record by retaining invoices or receipts and maintaining a postage book. Clergy should be fully reimbursed by the PCC for all expenditure on postage and stationery that is used for parish business.

Telephone

It is recommended that the telephone line for church business use is in the name of the PCC and arrangements are made for the Cleric's name to appear in the telephone directory. The PCC will then be responsible for the rental charges in full and the Cleric will be required to reimburse the PCC for his/her own personal calls. It should be noted that a potential personal tax liability may arise for the cleric for personal use of the telephone line.

Private Telephone

Clergy may wish to install an additional line for private calls; however, they will not be able to claim for any reimbursement of costs attributable to the private line.

Phone Mobile

Where a Cleric uses his/her own mobile phone for an official call, the PCC should reimburse the cost of the call only on production of an itemised statement.

Employment of administrative assistance

Where someone has been appointed to give administrative and/or secretarial assistance to the Clergy, the PCC should determine the terms and conditions of employment and be the "employer". The PCC is responsible for paying the employee direct. The PCC is advised to refer to the guidance note issued by the Representative Body on employing personnel. Guidance may also be obtained from the H R Department of the Representative Body.

Visiting Officials

It is important that the PCC takes positive steps to ensure that all those giving assistance on whatever basis are offered reimbursement for the expenses they have incurred. In the main these are likely to be travelling expenses which should be reimbursed on receipt of an appropriate claim form.

Maintenance of Robes

Certain robes are necessary for the performance of Clerics' duties. The PCC should ensure that it provides the full cost of cleaning, laundering and repairing all robes used by the Clergy. Where Clergy

need to replace robes the PCC is asked to take a generous view even if the Cleric may take the robe with them when they leave the parish. Clergy are expected to provide their own clerical shirts and collars.

Water, sewerage and environmental charges

These charges relating to the parsonage should be paid direct by the PCC and not the Cleric.

Heating, lighting and cleaning

It is recognised that some parts of the Parsonage e.g. the hallway and study are official and as such are provided for the performance of duties of office. Heating, lighting and cleaning costs in respect of the official accommodation should be met by the PCC. This cost should be based on the proportion of the total expenditure on heating, lighting and cleaning of the parsonage. As a general rule of thumb, 25% of the total cost of heating, lighting and cleaning in most cases would be considered reasonable reimbursement.

Parsonage maintenance, redecoration and repair

Full guidance on the PCC and clergy responsibilities in respect of parsonage maintenance, redecoration and repair is detailed in the document entitled 'Parsonages – Guidelines to Clerics' issued by each of the Parsonage Boards.

Travel

Public transport – Where public transport is used by a cleric for any official journey reimbursement should be made in full for the fare paid.

Car expenses – Clergy must keep a record of the mileage for all journeys undertaken wholly in the performance of their duties. The PCC should reimburse all mileage for official business at the HMRC advisory mileage rate – current rates can be found at Annex 2 to this booklet and are regularly updated and notified to all Clergy and PCCs. Current rates can also be found on the Church in Wales website at www.churchinwales.org.uk. It should be noted that the HMRC mileage rate is assessed to cover all running costs of a new vehicle including servicing, insurance, wear and tear etc. The mileage rate does not however cover other costs such as parking fees and road tolls; these fees should be reimbursed separately. Any fines or penalties incurred by the cleric are the responsibility of the cleric. Mileage claims should not be rounded and should indicate the purpose of the journey. Where clergy live outside the benefice to which they are appointed expenses will not be reimbursed for travel between their home and benefice.

Motorcycles – As with car expenses clergy must keep a record of the mileage for all journeys undertaken in the performance of their duties. The PCC should reimburse all mileage for official business at the HMRC advisory mileage rate – current rates can be found at Annex 2 to this booklet and are regularly updated and notified to all Clergy and PCCs.

Bicycles – From time to time clergy may use a bicycle as a means of transport to undertake official duties. HMRC advisory rates and allowances for travel make provision for reimbursement of the business mileage using a bicycle. The current rate can be found at Annex 2 to this booklet and is regularly updated and notified to all Clergy and PCCs.

Car Sharing – From time to time clergy from grouped benefices, team rectories or even adjoining parishes attend the same meetings, visits or events. Where possible and practicable, clergy are encouraged to share transport. HMRC recommends a passenger payment of 5p per passenger per business mile for carrying fellow clergy for work related mileage.

Hospitality

Reasonable expenditure for official entertaining should be reimbursed by the PCC. Claims should indicate the number of attendees and, if applicable, whom they represent.

Other items

Books and Periodicals – Books used for the conduct of services as well as books given out in preparation for Marriage, Baptism or Confirmation are the responsibility of the PCC. Clergy who purchase such items should claim for reimbursement. Periodicals may be reimbursed as agreed with the PCC.

In-service training and retreats – All Clergy are encouraged to participate in regular in-service training and retreats and the PCC is expected to support such arrangements.

Other Issues

House for Duty – In some cases non-stipendiary clergy or retired clergy may be given a house for duty and where these arrangements exist the PCC should apply reimbursement of expenses as for stipendiary clergy subject to particular guidance available from the Representative Body which covers house for duty arrangements.

Group Benefices – Where a cleric has responsibility for more than one parish it is the responsibility of the parishes to agree how expenses should be dealt with in accordance with this Guide.