

Church of Ireland

Clergy Tax Panel

Northern Ireland



Church of Ireland stipendiary members of the clergy taxation (NI)

Church of Ireland stipendiary members of the clergy serving in Northern Ireland are for tax purposes normally treated as either Employees or (more commonly) Office Holders.

Members of the clergy may wish to appoint their own tax advisor to deal with their annual tax returns or they may choose to deal with their own tax returns where they feel they are competent to do so. From time to time, members of the clergy may have tax concerns and they may require the services of a tax professional familiar with the taxation of stipendiary members of the clergy.

To assist members of the clergy wishing to engage a tax professional, the RCB has compiled a list of tax professionals who are familiar with the taxation of stipendiary members of the clergy in Northern Ireland. There is no requirement or expectation to use the firms listed and it will be a matter for the member of the clergy to engage the tax professional on such terms as may be agreed between the parties. The firms are not affiliated with, nor do they act as agents of, the RCB and the RCB makes no representations or warranties of any kind whatsoever express or implied, in relation to the services provided by the firms listed. The RCB strongly recommends that the member of the clergy agree the terms of engagement, including fees, with the tax professional in advance of any work being carried out. It will be a matter for the member of the clergy to make contact with the firm(s) directly.

The services provided may cover:

- General taxation consultation
- General taxation advices
- Preparation and submission of annual tax return

The panel consists of the following professionals:

<p>Mr Arnold Jackson McAleer Jackson Ltd. Church House, 24 Dublin Road, Omagh, Co. Tyrone BT78 1HE</p> <p>t. 028 8225 0253</p> <p>e. info@mmjca.com w. www.mmjca.com</p> 	<p>Mr Mark Colman Harbinson Mulholland Centrepoint, 24 Ormeau Avenue, Belfast Co Down BT2 8HS t. 028 90 445100</p> <p>e: info@harbinson-mulholland.com w. www.harbinson-mulholland.com</p> 	<p>Jonathan Ruddell Ruddell & Co. Chartered Accountants 16 Church Street Dungannon County Tyrone BT71 6AB</p> <p>t: 02887722043</p> <p>e: jonathanruddell@ruddellandco.com w: www.ruddellandco.com/</p> 
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The panel have prepared a list of frequently asked tax questions with supporting answers relating to Church of Ireland Stipendiary Clergy who are paid centrally through the Representative Church Body. These are detailed below:

The Taxation of Clergy in the UK - Frequently Asked Questions

1.	<p><u>Question:</u> What is the tax year in the UK?</p> <p><u>Answer:</u> The tax year runs from 6 April to 5 April.</p> <p>For example, the tax year 2022/23 runs from 6 April 2022 to 5 April 2023.</p>															
2.	<p><u>Question:</u> How are Clergy normally taxed?</p> <p><u>Answer:</u> Clergy who receive a stipend or salary are normally treated as either Employees or (more commonly) Office Holders for tax purposes.</p> <p>These Frequently Asked Questions are intended to deal solely with Clergy that fall into this category.</p>															
3.	<p><u>Question:</u> What is the normal filing date for my tax return?</p> <p><u>Answer:</u> You have two options for filing your tax return:-</p> <ul style="list-style-type: none"> a) You can complete a paper tax return and post it back to HMRC. The normal filing deadline for a paper tax return is 31 October following the end of the tax year (i.e. 31 October 2023 for the tax year 2022/2023); OR b) You can file your tax return online. If you choose this option the normal filing deadline is 31 January following the end of the tax year (i.e. 31 January 2024 for the tax year 2022/2023). You should however note that HMRC's free tax return software cannot fully cope with Ministers of Religion. HMRC therefore encourage Ministers of Religion to use third party commercial software (which will normally come at a cost). The other alternative is to employ the services of an accountant or tax adviser to file your tax return online on your behalf. 															
4.	<p><u>Question:</u> When completing my Tax Return are there any special supplementary pages that I need to complete?</p> <p><u>Answer:</u> Some tax rules only apply to Ministers. There are therefore special "Ministers of religion" supplementary pages that will generally have to be completed as part of your annual tax return.</p>															
5.	<p><u>Question:</u> When do I pay my tax?</p> <p><u>Answer:</u> Depending on your circumstances, you might have to make payments on account on 31 January and 31 July each year e.g. on 31 January 2023 you might have to make a payment on account for the tax year 2022/2023. A similar payment on account might have to be made on 31 July 2023 for the tax year 2022/2023.</p> <p>Payments on account are advance payments towards your tax bill. They will normally be half of your previous year's tax liability. You generally have to make payments on account unless:-</p> <ul style="list-style-type: none"> i) Your Self-Assessment tax bill for the previous tax year was less than £1,000; or ii) You've already paid more than 80% of all the tax you owe (e.g. by tax deducted at source on various sources of income). <p>After taking into account payments on account, any tax that is still owed for a tax year (known as a balancing payment) must be paid by 31 January after the end of the tax year. E.g. any tax still owed for the tax year 2022/2023 must all be paid by 31 January 2024.</p>															
6.	<p><u>Question:</u> What is the current rate of Income Tax in the UK?</p> <p><u>Answer:</u> For the tax year 2022/2023 the normal rates of Income Tax that apply to earned income are as follows:-</p> <table border="1" data-bbox="204 1776 1114 1921"> <thead> <tr> <th><u>Band</u></th> <th><u>Taxable Income</u></th> <th><u>Tax Rate</u></th> </tr> </thead> <tbody> <tr> <td>Personal Allowance</td> <td>Up to £12,570</td> <td>0%</td> </tr> <tr> <td>Basic Rate</td> <td>£12,571 to £50,270</td> <td>20%</td> </tr> <tr> <td>Higher Rate</td> <td>£50,271 to £150,000</td> <td>40%</td> </tr> <tr> <td>Additional Rate</td> <td>Over £150,000</td> <td>45%</td> </tr> </tbody> </table> <p>Special rates of tax can also apply to different sources of income. Entitlement to the Personal Allowance is usually restricted for taxpayers with income over £100,000.</p>	<u>Band</u>	<u>Taxable Income</u>	<u>Tax Rate</u>	Personal Allowance	Up to £12,570	0%	Basic Rate	£12,571 to £50,270	20%	Higher Rate	£50,271 to £150,000	40%	Additional Rate	Over £150,000	45%
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7.	<p>Question: If I receive a round sum office allowance is the amount taxable?</p> <p>Answer: Any payments connected with the Clergy's Office or Employment will be taxed as part of the earnings from that Office or Employment.</p> <p>Clergy then decide whether they are allowed a separate expense claim for any expenses actually incurred by them.</p>
8.	<p>Question: Are additional ad hoc payments for carrying out special services (e.g. funerals, weddings, etc.) taxable?</p> <p>Answer: Any payments connected with the Clergy's Office or Employment will be taxed as part of the earnings from that Office or Employment.</p>
9.	<p>Question: Am I taxed on any mileage payments I receive for Parish Duties?</p> <p>Answer: Clergy who own a car may be reimbursed the cost of work use for travel under the Approved Mileage Allowance Payments regime (currently 45p per mile for the first 10,000 business miles per tax year and 25p per mile thereafter). In certain circumstances an extra allowance of 5p per mile may be available for certain passengers. Such payments will be tax free in the hands of Clergy.</p> <p>However: -</p> <ul style="list-style-type: none"> ○ If the amount reimbursed is at a lower rate, Clergy can claim tax relief on the amount of the shortfall; ○ If the amount reimbursed is at a higher rate, the excess will be taxable on Clergy as income from their Office or Employment.
10.	<p>Question: What deductions/expenses can I claim against my income?</p> <p>Answer: Clergy are allowed to deduct any expenses incurred wholly, exclusively and necessarily in the performance of the duties of their Office or Employment.</p> <p>Some of the business expenses that might be allowable include:</p> <ul style="list-style-type: none"> • postage, stationery, other office consumables; • cost of telephone calls; • cost of travel and subsistence expenses (see also Question 9 regarding cars); • cost of cleaning, repair or replacement of robes worn in the conduct of divine service in accordance with church law or by custom of a particular church; • communion expenses (e.g. supply of wine); • expenses necessarily incurred on secretarial assistance together with the costs of repairing office equipment; • incidental expenses such as the cost of heating and lighting in that part of the house used mainly by Clergy for the purposes of the duties of their Office or Employment together with costs relating to the repair or replacement of such items (e.g. carpets and chairs) in that part of the house; • books purchased for use in the conduct of services or preparation of sermons; • subscriptions paid by Clergy to a body or society approved by HM Revenue & Customs are allowable provided that the activities of the body concerned are relevant to a Clergyman's/Clergywoman's Office or Employment and the body is not of a mainly local character; • Capital Allowances may be claimed by Clergy on equipment necessarily provided for use in the performance of the duties of their Office or Employment. Capital Allowances can be claimed on assets intended for permanent use in their ministry e.g. office equipment including computers. Capital Allowances should be restricted for any private use of an asset.

The above list is not intended to be exhaustive.

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