

Introduction

1. This booklet gives guidelines to parochial clergy and PCC Treasurers about the reimbursement of expenses. It is written primarily with parish clergy in mind (including Ordained Local Ministers (OLMs)) but most of it is equally applicable to other clergy, deaconesses, lay workers and readers. These notes, suitably amended, may also be of use to Diocesan Boards of Finance (DBFs), Cathedral Chapters and other bodies.
2. The Central Stipends Authority's annual recommendations for stipends levels are made on the basis that parochial expenses are reimbursed in full. If, therefore, clergy do not claim all their expenses, or their expenses are not fully reimbursed, they are receiving less than their full stipend. PCCs should be committed to reimbursing clergy expenses in full.
3. It is hoped that this booklet will help clergy and PCCs to make further improvements in this area. Although we have tried to provide for most situations, it is impossible to produce a standard formula applicable to all clergy in the parochial ministry; many different factors help determine each expense claim and the level of reimbursement achieved, but, if these are examined carefully, it should be possible, with mutual understanding between priest and congregation, to ensure full reimbursement.
4. When clergy serve more than one parish, or are in a dual role post with a sector responsibility, it is vital that all the PCCs and other bodies involved come to a mutually agreed method of meeting expenses.

General notes

5. Although parishes may prefer, for cash-flow purposes, to set a fixed rate allowance paid in monthly or quarterly instalments, this method of reimbursement is not encouraged for the following reasons:

- the Central Stipends Authority's survey of parochial expenses in 1989 indicated that clergy were less likely to receive full reimbursement of their expenses if this method were used;
- HM Revenue & Customs require all such payments to be declared for tax purposes, thus making the completion of the tax return more complicated than it need be.

PCCs are, therefore, strongly advised to reimburse the actual costs incurred in each period.

6. Where payments are made at a fixed rate, it is vital that a balancing exercise is carried out at regular intervals to adjust for any under- or over- reimbursement.
7. It is essential that clergy regularly discuss with their PCCs the true costs of all expenses as they occur, and come to an agreement on how to meet them in the particular circumstances of the parish(es). It may be helpful to consult the archdeacon or diocesan office.
8. When purchasing goods or services for which reimbursement is to be sought from the PCC, clergy should check that the proposed purchase meets with the PCC's approval before proceeding with the purchase.
9. Clergy should avoid paying for items that are truly the PCC's liability and then seeking reimbursement, as this can cause complications to their personal taxation affairs. Items that would come under this heading might be: printing the parish magazine, repairs to or cleaning of church buildings, altar requisites, payments to organists and vergers. PCCs should make their own arrangements to meet such bills direct.
10. If all properly chargeable expenses are fully reimbursed, there will be no grounds on which to make a valid claim for a tax allowance. The taxation implications of expenses are considered later in this booklet.
11. As a matter of good practice, clergy should retain all invoices and receipts relating to their expenses. Where this is not possible, they should retain a written record of the cost they

have incurred and the basis on which it is calculated. These records should be made available to the PCC treasurer as required. The records will also prove invaluable if either the PCC or cleric becomes the subject of an HM Revenue & Customs or Charity Commission investigation.