

REMOVAL AND RESETTLEMENT GRANTS

This note applies if you are taking up a new appointment where the stipend is paid through the Church Commissioners.

POLICY

The Central Stipends Authority recommends that your removal costs should be fully reimbursed and that you should be offered a re-settlement grant of at least 10% of the National Minimum Stipend. Your diocesan office will advise you how this policy applies in your particular case, and of their requirements.

TAX TREATMENT

(a) Timing

Since the grants are paid in connection with a particular office, they are subject to the tax rules relating to office holders, irrespective of when the costs are incurred and/or the grants are paid. However, the exemption from tax described in (b) and (c) below is only available until the end of the tax year following the one in which your new appointment started.

(b) Removal

The cost of removal (often known as ‘the van’) is exempt from tax. This covers the costs of packing and unpacking, physical removal between residences, insurance in transit, and taking down/re-attaching domestic fittings.

(c) Resettlement

The cost of domestic goods intended to replace items used at the old residence which are not suitable for use in the new residence is exempt from tax. This usually covers carpets and curtains, but could also cover, for example, kitchen equipment or furniture (eg a free-standing wardrobe which replaced a fitted one). The cost of any travel and subsistence in connection with the move is also exempt.

(d) Maximum limit

There is an upper limit of £8,000 which can be exempt from tax, in respect of total payments from all sources towards the costs of removal and resettlement. Any payments above this limit will be taxable.

(e) Ownership of residences

The tax treatment of these grants is the same whether either old or new residence is provided by the Church or privately owned/rented.

REPORTING REQUIREMENTS

(i) If the whole grant has been spent in a way which means it is exempt from tax under 2 (b) and (c) above, there are no reporting requirements.

(ii) If only part of the grant has been spent on items which are exempt from tax under 2 (b) and (c) above, you should report the balance of the grant at box 10 on the Ministers of religion page of your tax return. You will be taxed on this amount.

(iii) If part of the grant has been spent on “First Appointment” items, you should treat it as an addition to your First Appointment grant.

(iv) If the total amount received has exceeded £8,000, you should declare the excess amount at box 10. You will be taxed on this amount.

(v) You should retain all invoices, receipts etc for at least three years in case HMRC require them.

FURTHER INFORMATION

The relevant legislation is sections 271 to 289 ITEPA 2003. This is explained in HMRC’s Booklet 480, “Expenses and Benefits: A tax guide”. The Church’s policy is set out in the latest annual report of the Central Stipends Authority. If you are in any doubt whether a particular item qualifies for tax exemption, please call HMRC (02920 325048).