

Property Receipts Levy – Property Income Worksheet

ATTENTION:	Wardens and Treasurers		
COPY:	Rectors		
DATE:	13 December 2018		
SDS CONTACT:	Martin Thearle Manager, Diocesan Finance	mrt@sydney.anglican.asn.au	9265 1682

Key Points

- In October 2018 Synod passed the *Property Receipts Levy Ordinance 2018* which requires parishes with property income of more than \$50,000 pa to pay a Property Receipts Levy (“PRL”) on that income.
- Some of the information needed for the calculation of the PRL is not separately identified in the current form of the Prescribed Financial Statements, so the format prescribed for 2019 will include several new line items.
- It is recommended that parishes amend their Chart of Accounts now to include these new line items so that the required information can be collected from the start of 2019.
- The first year the PRL will be payable is 2021, when the amount payable will be based on the parish’s property income in 2019.

Background

The [*Property Receipts Levy Ordinance 2018*](#) passed by Synod in October 2018 requires parishes with property income of more than \$50,000 pa to pay a PRL on that income.

The amount of the PRL payable by each parish is to be calculated in accordance with a Property Income Worksheet (“Worksheet”), the form of which was prescribed by Standing Committee on 10 December 2018. The Worksheet defines the individual elements of property income and the amounts to be deducted from that income in order to arrive at a parish’s property income for the purposes of the levy. The Worksheet also defines the rate of levy applicable to different levels of property income (see [Attachment 1](#)).

The calculation in the Worksheet requires the identification of a number of individual components of income and expense that would otherwise not be separately reported. In order to collect the required information therefore the Standing Committee intends to prescribe a format for the 2019

Prescribed Financial Statements which includes a number of new line items and revised descriptions (see red text in [Attachment 2](#)).

For action now

To give parishes the opportunity to amend the structure of their Chart of Accounts now to collect the required information, Standing Committee is recommending the following new line items be added to each parish’s Chart of Accounts from the start of 2019 –

Item No.	Description	Explanation
4-3120	Rental income from the lease of property subject to an ordinance applying some portion for non-parish purposes	<i>(previously included in 4-3100)</i> This is just the parish’s portion of the lease income from a property where the balance of the income is directed by ordinance to a body or organisation outside the parish.
4-3130	Rental income from the lease of a place of public worship	<i>(previously included in 4-3100)</i> Usually this will be the income earned from a property that is not currently used by the parish as it is considered unsuitable for worship (eg. too small, too distant).
6-1155	Mortgage payments, lease payments or housing benefit paid to ministry staff unable to live in ministry residence	<i>(previously included in 6-1150)</i> These are the amounts paid to or on behalf of a member of the ministry staff who is, for any reason approved by parish council, unable to occupy a ministry residence held for the purposes of the parish.
6-6700	Expenses of property generating income from a licence agreement	<i>(previously included in 6-6000)</i> These are the utilities, repairs and maintenance, improvements, etc paid in relation to a parish property licensed commercially (eg to a pre-school).
6-6800	Lease/rent payments for a place of public worship	<i>(previously included in 6-6000)</i> Rental cost of premises used for public worship (because the property in 4-3130 is unsuitable).
6-7020	Expense of property leased for income subject to an ordinance applying some portion of the income for non-parish purposes	<i>(previously included in 6-7000)</i> These are the utilities, repairs and maintenance, improvements, etc paid in relation to a parish property where some of the income is directed by ordinance to a body or organisation outside the parish.
6-7500	Interest payments on loans relating to property generating rental income from a lease or licence	<i>(previously included in 6-6400)</i> This is the interest only, and only that portion of the interest paid that relates to a loan for a property earning lease income or licence fees.
<i>part of movement in 2-2000</i>	Principal repayments on loans relating to property generating rental income from a lease or licence	<i>(as it is not an expense this should continue to be reported as part of the movement in the loan balance at 2-2000)</i> This represents just the repayment of principal on a loan for a property earning lease income or licence fees.

At the end of 2019

Commencing for the year ending 31 December 2019, each year the wardens are to complete the Property Income Worksheet which is to be audited by the auditor and a copy then forwarded to the Diocesan Secretary together with the parish's annual financial statements, within 7 days of the parish's AGM.

Another copy of the Property Income Worksheet shown in Attachment 1 will be made available in conjunction with a Circular, expected to be emailed toward the end of 2019, reminding all parishes of their annual reporting requirements. The 2019 Circular will also contain the final format of Prescribed Financial Statements for 2019 (which will incorporate the new line items shown in Attachment 2).

Payment of PRL

The property income received by each parish in 2019 will be used to calculate the levy payable in 2021 (with the actual levy payment made by 10 equal instalments from March to December), although as a transitional arrangement in that first year only 33% of the calculated levy will be payable. In 2022 67% of the levy calculated from the property income of 2020 will be payable and in 2023 the full amount of the levy will be payable (based on the property income of 2021).