

# Explanatory Notes for Central Payroll

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## **Travel Allowance**

We encourage the Parish or Pastoral Unit to pay the Travel Allowance amount at the parish level as this allows the parish and clergy to adjust the allowance to the actual kilometres, on a timely basis. A T4 should not be issued for the Travel Allowance as it is not taxable if it is based on actual kilometres, is backed up with receipts and an accurate travel log is maintained. We recommend that the clergy be paid the Allowance on a monthly basis and the Travel Log be reviewed and any differences settled on a quarterly basis. For further information, please consult the Diocesan Travel Policy 2.1.2 (attached).

## **2012 Minimum Stipend Scale**

Please complete the 2012 Salary Return Form for all employees on Central Payroll, both Clergy and Lay. Effective January 1, 2012, Central Payroll will automatically move Clergy to the new rate according to the 2012 Minimum Stipend Scale at the level based on their “years of service”. In any case where Clergy are being remunerated “above scale” or there are other considerations, **please note these items on the 2012 Salary Return Form.**

## **Rectories & Housing Allowances**

If the Clergy Member is living in a Rectory, please fill in the line listing the **Current Fair Rental Value of the Rectory**. Include an approximate value for rent, water, power, heat and basic telephone. Do not include costs for property taxes or insurance.

If the employee is receiving a Housing Allowance then it is not necessary to fill in the Fair Rental Value. Both the Fair Rental Value and the Housing Allowance are used to calculate the earnings of the employee for Tax and Employment Insurance purposes but not for Canada Pension Plan payments.

**Please note that by Guideline 2.2.11, included in the Handbook, every two years the Regional Dean and the Parish Council are to conduct a review of the amount of Housing Allowance after consulting with 3 local realtors.**

## **Parish Pension**

The Pension fund percentages do not change in 2012. The Long Term Disability percentages do not change in 2011. The Pension Fund is managed by the Fund Administrators in the National Pension Office (Toronto).

## **Personal Tax Credits Return: TD1 Form**

A Federal and Provincial TD1 form should be completed by an employee in the following situations:

- ❖ Marriage
- ❖ Birth of a Child
- ❖ Changes in Education Credits (from spouse or children)
- ❖ An adjustment in the amount of pension income
- ❖ An adjustment in the amount of other income
- ❖ Request for Additional tax to be taken off at source

## **Clergy Residence Deduction: TD1223 Form**

The form T1223 “Clergy Residence Deduction for 2011”, will accompany the T4’s when they are issued in February 2012.