

# First Appointment Grants

## Description

The Central Stipends Authority recommends that those taking up a full-time post as assistant curate, deacon or licensed layworker for the first time, and those taking up an appointment as an incumbent or minister of incumbent status for the first time, should receive a grant for at least 10% of the National Minimum Stipend to help with the additional costs incurred in taking up such a post.

The exact amount payable, any restrictions on how it may be spent, and whether it applies to part-time or non-stipendiary ministers are all matters for the funding body (usually the diocesan board of finance) to determine.

## Tax treatment

Since the grants are paid in connection with a particular office, they are regarded as income “arising from the office” irrespective of when they are paid and/or the costs are incurred. They are therefore taxable. However, tax will not be payable in practice on any amounts covered by the following exceptions:

- (i) Expenditure on an item for which there is a statutory exemption from tax. An example of this would be the cost of domestic goods (e.g. carpets and curtains) intended to replace items used at the old residence which are not suitable for use in the new residence.
- (ii) Expenditure on capital items which qualify for an Annual Investment Allowance (q.v.). An example of this would be ecclesiastical robes.
- (iii) Expenditure on an item which qualifies for tax relief because it is incurred “wholly, exclusively and necessarily in the performance of the duties” of the office. An example of this would be books for use in the conduct of services.

For further guidance on whether particular items qualify for tax relief, see the notes on the item(s) concerned.

Any amounts spent on items which are personal (e.g. a holiday) will always be taxable.

## Reporting requirements

Where the body paying the grant controls its release in such a way as to ensure it is only spent on items which are not taxable, there are no reporting requirements.

In all other circumstances, the body paying the grant should confirm the amount paid, in writing to the minister.

The minister need not report any amounts covered by exceptions (i) and (ii) above, nor those covered by exception (iii) which are also included in the Working Expenses Agreement. The balance of the grant (if any) should be included at box 10 on the MoR page of the tax return, and the amount(s) spent on any further items which qualify for tax relief should be included in boxes 21-25, as appropriate.

## Further information

ITEPA 2003 sections 62 and 351

Capital Allowances Act 2001 sections 38A and B and sections 51A–N (enacted by Finance Act 2008, schedule 24).

HMRC's Capital Allowances Manual 23081

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