

The Heating, Lighting, Cleaning and Garden Upkeep Scheme (HLC)

The Heating, Lighting, Cleaning and Garden upkeep (HLC) scheme is run in partnership with HM Revenue & Customs (HMRC). Where eligible, it allows part of your gross stipend to be paid free of tax and National Insurance at source and we report the value of this payment to HMRC. This means the figures you submit will affect the amount of tax and National Insurance you pay.

It is usual for HMRC to treat this element as a benefit in kind, as you are able to claim the costs for the whole of your property, not just the work related proportion. The amount of the benefit that is subject to tax is calculated when you complete the Minister of Religion pages of your tax return. For more information about the HLC scheme please visit [the Church of England website](https://www.churchofengland.org.uk/tax).

Please only complete the Annual Return form if you were eligible for the HLC scheme on 31 March 2023 and are still eligible for the scheme, eligibility is dependent on the following:

- You must be a full-time office holder (either with the Freehold or under common tenure) receiving eligible funds paid through the Church Commissioners' clergy payroll
- You must occupy, rent-free, an official house provided by the Church of England (or a charity).

What expenditure is covered by the scheme? (If in doubt please contact us before proceeding).

- It covers running costs of the whole of your official house which you have incurred
- Fuel (gas, electricity, oil, coal, wood, petrol etc.)
- Materials (polish, dusters, cleaning products etc.)
- Servicing (overhaul of central heating, vacuum cleaner, lawnmower etc.)
- Repairs (including replacement of life-expired equipment on a like-for-like basis)
- Wages (payments to a cleaner or gardener). If you pay someone to do cleaning or gardening, you must advise them to declare details of the amounts you pay to their tax office
- It does not cover capital costs (machinery, new or improved equipment, furniture, sheds, garden plants etc.) or depreciation
- For all totals given you must not include amounts you have had reimbursed by your PCC or another body, you can only claim for the costs you have borne personally
- You will need to factor in an amount for your personal costs (cooking, laundry etc) and deduct this from the totals. Some energy companies have online tools which will help you to estimate these costs. Please note that The Church Commissioners are not able to assist you with calculating the personal costs to deduct from your total for heating, lighting and cleaning allowance, and we are not able to advise a percentage of your total HLC to be deducted for personal costs. You need to be able to justify your calculations should HMRC ask.

Please note: We may contact you to ask for further details, particularly if there has been a significant change. This is because the HLC allowance is part of your stipend paid to you outside of tax and NI and as such the figures you submit have an impact on your payroll deductions, and ultimately your net pay. We are not inferring anything is wrong with your claim, but we may need further details and/or confirmation that the figure is correct for our records. You should retain records relating to your HLC expenditure for at least 22 months after the end of the tax year.