

Dear Treasurers, friends and colleagues

Welcome to the first E-newsletter edition for the new financial year. We hope the year has kicked off to a good start and you have found our monthly newsletters helpful.

If you know of any other treasurers who would like to be added to the E-Connect newsletter mailing list please advise one of our staff for inclusion.

Current topics of interest in this month's edition include:

1. 2006/07 UR1 RETURNS

We firstly would like to extend our thanks to the Casino Uniting Church for being the first Congregation in NSW to complete the 2006/07 UR1 Return to Synod. We received five UR1 Returns in the month of July which is an early positive sign for the financial year.

Please ensure that you complete all applicable questions on the return as the information provided is used for a wide range of purposes. The unaudited UR1 Return is to be lodged to Uniting Resources by the **31st August 2007**. Having said this, we are happy to receive your returns (audited or unaudited) before this date.

Further information and electronic copies of the form are provided on our website at www.unitingresources.org.au/fms. When printing off the 'Part 2 – UR1 financial Return 2007', please remember there are three separate worksheets in this Excel file (see bottom of spreadsheet) – an Operating Statement, Capital Statement and Assets & Liabilities Statement. If you have any difficulty in understanding the newly introduced Statement of Capital Receipts and Payments please let us know of any queries.

2. LIVING IS GIVING PLANNING (LIG) FORMS 2007/08

Living is Giving allows members of the Uniting Church the opportunity to support, through their Congregation, the financing of the Church's diverse mission projects.

The annual Living is Giving Planning Forms for 2007/08 (which enable Treasurers to confirm their congregation's priority areas for the forthcoming year), were due at the end of June. We have currently received 53% of all 2007/08 LIG planning forms from Congregation Treasurers. If you have not yet completed the planning form we would appreciate your prompt attention to this task. Please send your planning forms to:

Ms Susan Brady
Uniting Resources
PO Box A2178
Sydney South,
NSW 1235

For information about setting up a direct debit authority from your designated UFS bank account for LIG, please contact Susan Brady on 8267 4409 or email susanb@nsw.uca.org.au.

3. NON-TAX-DEDUCTIBLE DONATIONS

In the past month we have received a number of queries regarding whether or not donations made to the Uniting Church are tax deductible to the donor. The answer is no. The **Uniting Church**, being a 'religious institution', is deemed a charitable institution although under the taxation guidelines a charitable institution **is not** automatically **a deductible gift recipient** (there are some Funds established within the Uniting Church which are, however, such as school building and library funds, and specific welfare funds). This essentially means that church congregations are not entitled to receive tax deductible gifts.

Donations on average constitute up to 4% of Congregation's annual income and are thus quite common. In the event where donations are made to the Uniting Church, Treasurers should ensure that the donor is clearly aware of the Uniting Church's status and are not in any way misinformed. It is worth noting that all donations made to the Uniting Church are GST-free and have no GST implications.

4. GST ON CHURCH PROPERTY

With the introduction of the Capital Cash Flow Statement in the 2007 UR1 Return, we thought it would be appropriate to provide some guidelines on the implications of GST on property transactions. All GST claimed and/or remitted to the ATO is detailed on the Business Activity Statement (BAS). Some helpful examples are provided below:

- If a congregation purchases a manse, it can claim back any GST included in the sale price from the ATO. GST is normally excluded from the sale price of a manse except if it has just been developed.
- When a congregation sells a manse, GST only needs to be collected and remitted to the ATO when the manse is sold to a commercial/business enterprise. If it is for residential purposes no GST applies.
- All GST incurred during the construction of a manse is claimable from the ATO.
- All GST incurred during the construction of a commercial property project (say construction of a block of flats to be sold to the public) is claimable from the ATO. The GST included in the building works can be claimed back from the ATO. GST is then charged on the sale price and payable to the ATO.
- GST incurred on ongoing repairs, maintenance and capital improvements expenditure to a manse are claimable from the ATO if the manse is used to accommodate the minister and not rented to third party.
- If a congregation rents out property to a commercial activity at market rate then GST must be included in the price and remitted to the ATO. If the congregation charges a 25% or greater discounted market rental rate to a commercial activity then no GST needs to be charged. GST is not payable, however, on rental of residential premises for residential purposes.

5. INFORMATION FOR LINKED CONGREGATIONS

Analysis undertaken by UFMS sought to better understand the way in which Congregations were structured for UR1 financial reporting purposes. Uniting Resources receive UR1 returns from 437 individual and linked Congregations and Presbyteries each year, capturing information from 100% of Congregations and Presbyteries in NSW. The far majority of Congregations (60%) provide individual returns each year, however, 15% of Congregations are linked, and there is sometimes confusion about their UR1 returns.

Sometimes these linked congregations provide separate UR1 returns, and sometimes they are consolidated. Problems can arise from this situation as resources are often shared amongst smaller linked Congregations, for example, the sharing of property or a property fund, minister's services and stipends. Congregations are heightening the risk of financial double counting by not being able to allocate or code expenses easily. In addition, Congregations may also be incorrectly reporting the value of their assets to the Synod.

Ideally, only one UR1 return is provided to Uniting Resources for each Congregation in NSW, regardless of their structure. This may involve one Treasurer in the linked group consolidating the financial reports prepared by each linked centre Treasurer, and coordinating the linked group audit arrangements. *Please be aware that this advice is only relevant to linked congregations that regularly share resources between other linked congregations.* Information relating to linked congregations and the accounting treatment for certain transactions are provided in the 'Accounting Instructions accompanying the 2007 UR1 Return' available on our website.

If you have any queries on any of these matters please contact Joseph Scardino on 8267 4418 or email josephs@nsw.uca.org.au.

Thank you for all your ongoing time and effort you serve your Congregation.

Kind Regards,

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