

Leaflet X02: Self Assessment Tax Returns for Ministers of Religion Holding Office

Who is this leaflet for?

This guidance leaflet is to support ministers who are called and appointed as office holders. This could include accredited or recognised ministers, ministers who are in training, or unaccredited ministers of a Baptist church.

It gives guidance on how to complete the **Self Assessment Core Tax Return (SA100)** and the **HMRC Ministers of Religion Schedule (SA102M)**.

Introduction

The BUGB has no nationally negotiated guidelines with HMRC. Local churches are constitutionally autonomous, and each minister is personally responsible for their own tax affairs.

An individual who is an office holder in a BUGB church (including those in training) has a legal requirement to file a UK HMRC Core Tax Return (SA100) together with the HMRC Ministers of Religion Schedule (SA102M) each year, together with any other HMRC schedules relevant to their personal situation.

Important: Ministers of religion are treated by HMRC as office holders, not employees.

Ministers need to be aware that the online HMRC Ministers of Religion Schedule (SA102M) is not provided by HMRC free of charge. You may need to purchase the software for the HMRC Ministers of Religion Schedule (SA102M) if you wish to file your own tax return online. The UK HMRC Core Tax Return (SA100) is provided by HMRC free of charge.

We strongly **recommend** that you consider appointing a professional tax advisor who is familiar with, and specialises in, ministers of religion holding office and HMRC requirements.

Ministers should also keep up to date with [HMRC Making Tax Digital \(MTD\)](#) changes which are currently being rolled out by HMRC in case of changes in the future.

Key deadlines

Action	Date	Notes
Paper tax return	31 October Or 3 months after the date on the notice to complete a tax return if that is later.	
Online tax return	31 January Or 3 months after the date on their notice to complete a tax return if that is later.	The online HMRC Ministers of Religion Schedule (SA102M) is not provided by HMRC free of charge. You may need to purchase the software for the HMRC Ministers of Religion Schedule (SA102M) if you wish to file your own tax return online. The UK HMRC Core Tax Return (SA100) is provided by HMRC free of charge.
Online tax return if using tax code for HMRC to collect any tax owed through stipend	30 December	Ministers may owe tax on ministry gifts, funeral fees, or love gifts (for example, a gift which is given to you as a token of appreciation for being a particular pastoral support during a time of crisis such as a family bereavement). Note: it is unusual to owe additional tax in this way.
Payment of any tax owed	31 January following the end of the tax year	Late payment may incur interest, penalties, and surcharges.

Note: Failure to file tax returns by HMRC deadlines may incur a **£100 penalty** even if there is no income tax liability. Further penalties, surcharges, and interest may be payable if the tax return is more than **3, 6 or 12 months** late.

Getting started

1. Unique Taxpayer Reference (UTR)

Ministers will need a Unique Tax Reference (UTR). This is a 10-digit number issued by HMRC.

To register for a UTR a minister can either phone HMRC on 0300 200 3310 or by [applying online](#). When ministers are asked why they need to send a Self Assessment tax return, they should choose the option 'For another reason.'

UTR numbers will be posted via Royal Mail, and this may take up to 15 working days.

When a UTR number is received the minister should [sign up for Self Assessment](#).

An activation code will be posted via Royal Mail about a week later.

2. Government Gateway account

Ministers must have set up a [Government Gateway account](#) to file and access their tax return. Ministers will need identification documents to hand when signing up for this account.

3. Personal Tax Account

We recommend that ministers check that the details in their annual Personal Tax Account are correct. This is accessed through the [Government Gateway account](#).

Before completing a tax return

Ministers will need to have the following information available:

- P60 end of year certificate
- P45 if they have left their church or other employment during the year
- P11D if they have received expenses or benefits
- P2 PAYE Coding Notice
- Bank/building society statements
- Dividend statements
- Personal pension contributions certificates
- Gift aid records
- Married Couple's Allowance if relevant
- Any other information relevant to their particular circumstances

Completing a Core Tax Return (SA100)

Ministers should carefully read the individual parts and questions asked within the Core Tax Return (SA100) and read the HMRC notes which accompany it. The HMRC notes give excellent guidance on how to complete a core tax return.

Personal details

These should be correct and up to date, especially if an address has changed during the year. This is because different rates of income tax may apply in Scotland, Wales, or the rest of the UK.

UK interest

Any gross interest from a Bank/building society account should be declared. The first £1000 of interest is tax free. Tax may need to be paid on interest received over £1000 but this is dependent on the minister's tax band.

Untaxed foreign interest needs to be included separately; advice from a professional tax advisor is recommended.

UK pensions, annuities, and other state benefits

Not all benefits are taxable and the minister should check if they are in receipt of any of the following benefits: attendance allowance, bereavement support payment, personal independence payments, working tax credits, child tax credit, universal credit, maternity allowance, statutory sick pay, statutory maternity pay, paternity or adoption pay. Ministers can check through their [Government Gateway account](#).

The **State Pension** is taxable. This is particularly important for ministers who continue in office beyond State Pension age.

The State Pension is paid 13 times a year, not 12:

- 1 week at the old rate
- 51 weeks at the new rate

Ministers should use either the figure shown on the P2 PAYE Notice of Coding, their State Pension summary or check their [Government Gateway account](#).

Other pension or annuities should be included on the tax return. These details should be entered in the 'Any other information' section of the SA100 and should include:

- Name of the pension or annuity payer and reference number
- PAYE reference number
- Amount paid before tax
- Amount of tax deducted

Payments made to a retirement annuity contract or to a pension scheme that were not deducted from your stipend before tax must be included in your tax return.

Gift aid

All Gift Aid contributions must be included in the tax return.

Finishing the tax return

One advantage of filing the tax return online is HMRC will calculate either how much income tax is owed or any refund which is payable. Bank details must be included to ensure any income tax refund due is paid without delay and this is usually paid within 10 working days of the tax return being filed online.

Conclusion

This is a brief summary of the key parts of the core tax return which may affect ministers. Ministers should read the tax return and full HMRC notes to ensure all their relevant personal information has been included. For example, ministers may also need to complete the UK Property Schedule if they are letting property.

HMRC Ministers of Religion Schedule (SA102M)

This is the **key** schedule for ministers and must be completed and included with the Core Tax Return (SA100). A minister of religion is an office holder and completes this schedule and **not** the Employment Schedule. Ministers should carefully read the individual parts of the schedule, the questions asked, and the HMRC notes which accompany it. The HMRC notes give excellent guidance on how to complete a core tax return.

Ministers will use this schedule to record:

1. Their income as a minister of religion.
2. The benefits and expenses payments they have received as a minister of religion.

Income

All the minister's income should be included: stipend, tax paid, funeral and wedding fees, ministry gifts for preaching in another church and love gifts received. The only exception to disclosure is when a written dispensation has been given by HMRC; in this situation we recommend you seek appropriate advice from a professional tax advisor.

Expenses

Ministers may incur expenses in their role which have not been reimbursed by the church.

***Ministers should ensure all expenses can be justified to HMRC in the light of the following definition: Were the expenses incurred 'wholly, necessarily and exclusively' for the purpose of your ministry and not for personal use.**

Ministers should also ensure that they keep clear records and receipts for expenses.

Ministers need to be particularly careful where items have a dual use for example a home, car, telephone, and a computer. Ministers may consider some expenses are necessary to enable them to carry out their ministry. However, this does not always mean that they may be allowable expenses for income tax purposes.

Each individual situation is different so ministers are advised to seek professional tax advice and ministers should check all the figures carefully.

HMRC are scrutinising, policing, and inspecting expenses claims a lot more closely from ministers of religion holding office. HMRC are also being diligent in recovering additional income tax, surcharges, penalties, and interest where either income has not been declared and/or expenses may have been overstated or where documentary evidence and records cannot be produced.

Table of expenses that can be claimed

Further information is available from HMRC Ministers of Religion Notes.

Example	*How much can be claimed	Notes
Using your home as an office	Up to 33%	Ministers may have an office in church premises but also conduct a lot of ministry at home such as sermon preparation, administration, counselling, holding leader's meetings Ministers may claim up to 33% of their home running costs such as heating & lighting, buildings & contents insurance. This would need to be adjusted if the church are paying towards the cost of any of these.
Home telephone and internet	Up to 90%	
Mobile telephone	Up to 90%	
Stationery	Up to 100%	
Computer and computer accessories	Up to 90%	This may include a laptop or iPad purchase, software, and accessories such as cartridges
Travel	HMRC Approved Mileage Payments (AMAP) OR up to 90% of car running expenses	AMAP is currently 45p per mile up to 10000 miles & 25p per mile thereafter OR Car running expenses may include fuel, road tax & insurance, maintenance & repairs, car parking, capital allowances, lease
Ministry travel	Up to 100%	This may include air fares, train, bus, ferry fares
Subsistence	Up to 100%	When involved in travelling for ministry this may include accommodation costs and meals
Entertainment and hospitality	Up to 100%	When involved in counselling, discipleship, minister cluster meetings
Clerical attire	Up to 100%	This may include dog collars, clerical shirts

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