

Representative Church Body

Cost of Living Accommodation Allowance

Last updated August 2015

1. Introduction

Section 837 of the Taxes Consolidation Act 1997 entitles a member of the clergy or a minister of any religious denomination to claim certain deductions against any profits, fees or emoluments arising from his or her profession.

Under existing arrangements, the “Cost of Living Allowance” (COLA), reimbursed by resolution of the Select Vestry of the Representative Church Body (RCB) and included in the total stipend made in a year to a member of clergy, is allowed, subject to certain limits, as a deduction in arriving at the profit assessable under Case II of Schedule D. In practice, the RCB clergy claim the COLA as a deduction in arriving at the assessable profit included in their annual income tax return.

The COLA is reviewed annually to take account of the Consumer Price Index.

2. Summary of Annual Allowances

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| Basic Allowance | 3,446 | 3,439 | 3,422 | 3,365 | 3,313 |
| Max Allowance | 4,205 | 4,197 | 4,176 | 4,106 | 4,042 |

Where an amount greater than the basic allowance is reimbursed to a member of clergy, the allowable deduction is calculated at the basic rate plus an additional amount of one-fourth of the excess over the basic rate, subject to the relevant maximum allowance shown above.

3. Examples

| 2015 | | | |
|---------------------------------|-----------------------|--|--|
| | Example 1 | Example 2 | Example 3 |
| Amount reimbursed to RCB clergy | €2,500 | €4,600 | €7,000 |
| Calculation | Under basic allowance | $€ 3,446 + [(\text{€}4,600 - \text{€}3,446) \times \frac{1}{4}] = \text{€}3,734$ | $€ 3,446 + [(\text{€}7,000 - \text{€}3,446) \times \frac{1}{4}] = \text{€}4,334$ |
| Allowable Case II deduction | €2,500 | € 3,734 | Restricted to Max. Relief of € 4,205 |

2014

| | EXAMPLE 1 | EXAMPLE 2 | EXAMPLE 3 |
|---------------------------------|-----------------------|---|--|
| Amount reimbursed to RCB clergy | €2,500 | €3,800 | €7,000 |
| Calculation | Under basic allowance | $€ 3,439 + [(\text{€}3,800 - \text{€} 3,439) \times \frac{1}{4}] = \text{€}3,529$ | $€3,439 + [(\text{€}7,000 - \text{€}3,439 \times \frac{1}{4}) = \text{€}4,329$ |
| Allowable Case II deduction | €2,500 | €3,529 | Restricted to Max. Relief of €4,197 |

| 2013 | | | |
|---------------------------------|-----------------------|---|--|
| | EXAMPLE 1 | EXAMPLE 2 | EXAMPLE 3 |
| Amount reimbursed to RCB clergy | €2,500 | €4,000 | €7,000 |
| Calculation | Under basic allowance | $€3,422 + [(\text{€}4,000 - \text{€}3,422) \times \frac{1}{4}] = \text{€}3,566$ | $€3,422 + [(\text{€}7,000 - \text{€}3,422 \times \frac{1}{4}) = \text{€}4,316$ |
| Allowable Case II deduction | €2,500 | €3,566 | Restricted to Max. Relief of €4,176 |

| 2012 | | | |
|---------------------------------|-----------------------|---|--|
| | EXAMPLE 1 | EXAMPLE 2 | EXAMPLE 3 |
| Amount reimbursed to RCB clergy | €2,500 | €4,000 | €7,000 |
| Calculation | Under basic allowance | $€3,365 + [(\text{€}4,000 - \text{€}3,365) \times \frac{1}{4}] = \text{€}3,523$ | $€3,365 + [(\text{€}7,000 - \text{€}3,365 \times \frac{1}{4}) = \text{€}4,273$ |
| Allowable Case II deduction | €2,500 | €3,523 | Restricted to Max. Relief of €4,106 |

| 2011 | | | |
|---------------------------------|-----------------------|--|--|
| | EXAMPLE 1 | EXAMPLE 2 | EXAMPLE 3 |
| Amount reimbursed to RCB clergy | €2,500 | €4,000 | €7,000 |
| Calculation | Under basic allowance | $€3,313 + [(€4,000 - €3,313) \times \frac{1}{4}] = €3,484$ | $€3,313 + [(€7,000 - €3,313) \times \frac{1}{4}] = €4,234$ |
| Allowable Case II deduction | €2,500 | €3,484 | Restricted to Max. Relief of €4,042 |