

## **CALL FORMS ARE LEGAL CONTRACTS**

(TRAVEL ALLOWANCE RATES IN THE CALL FORM WERE AT ISSUE)

The following memo was sent to all Presbytery Secretaries and all Pastoral Charges  
by Peter Scott – London Conference Executive Secretary

November 25, 1992

To: All Presbytery Secretaries and all Pastoral Charges  
From Rev. W. Peter Scott, Executive Secretary

In response to the request of the London Conference Executive meeting at Westminster College on November 10, & 11, 1992, I have requested a ruling from the General Secretary of the General Council on the legally binding nature of the Call Form as a “contract” regarding the matter of travel allowance.

You will see from the attached ruling by the General Secretary in consultation with legal counsel, that no Pastoral Charge may pay a lower total travel allowance than specified in their “contract” with their ministry personnel.

What happens on January 1, 1993 by decision of Revenue Canada, is that the non-taxable portion of the travel allowance must be supported with documentation of Kms. Driven. Any amount paid above this is a “taxable allowance”.

The United Church has established a 30 cents per km. minimum for this non-taxable portion of travel allowance. It should be noted that this is only a minimum. Pastoral Charges and ministry personnel may negotiate per km. Allowances above the 30 cent rate which if paid on a per Km. basis are still totally non-taxable. I am aware of rates being negotiated as high as 38 cents – 40 cents per km for the coming year. Revenue Canada has apparently set no upper limit but has only insisted that Kms. driven be documented and this documentation will be subject to audit.

I trust this information will clarify and facilitative your budget setting process for 1993 and beyond.

### **THE RULING**

The “Call Form” used in the United Church contains a legal contract stipulating amount of remuneration, benefits and other promises of the Pastoral Charge in relation to the settled person.

The terms of employment are binding for the duration of the Pastoral Relationship or until/unless they are changed by mutual agreement (including the Presbytery Pastoral Relations Committee). Even so, they cannot go below the set minimums pro-rated to time spent.

The changes made recently by Revenue Canada in relation to travel expenses require that ministry personnel keep a record of all mileage driven in their work capacity, claiming from the employer payment for same at the established rate per km/mile.

A Call Form commitment regarding travel which stipulates a specific amount must be paid to the incumbent whether or not the mileage driven justifies it. If the payment

exceeds the claimable mileage, the individual must declare the excess as taxable income for that year.

In approving new Calls, after January 1/93, a Presbytery would be wise to have the travel provision indicate the per mile/km rate, with the possibility of stipulating “up to a maximum of \$X.”

In due source, experience may indicate that a minimum amount (regardless of claimable mileage) ought also to be stated so as to at least cover “depreciation” for those for whom a car is a “requirement.”

This ruling was sent to:  
Bill Bremner, DMC  
All Conferences