

FACTSHEET 6

Accommodation provided by the Church

Free accommodation that is provided by the Church to a Minister or lay employee, (such as a Youth Worker) is a complex subject as tax, national insurance contributions as well as lease and tenancy issues have to be considered. It is advisable to proceed with some caution before making new arrangements.

'Free' Accommodation

Beware providing "free" accommodation as an alternative to paying a salary for carrying out a job for the church – for example caretaking the church building or carrying out youth work.

Arrangements like this could imply an employment relationship as she/he in reality gains a tangible benefit for carrying out work. It is very likely that the Church will need to pay the National Minimum Wage and National Insurance Contributions too.

There are two other types of arrangements which are likely to apply:

A 'Licence to Occupy'

A "licence to occupy" occurs where the property is made available under the employee's terms of employment in order for her/him to be able to carry out their job effectively. The legal term used is 'for the better performance of the occupier's duties as an employee'. An example could be a Youth Worker whose role involves holding youth social or bible study activities in the house.

The employee's terms of employment must state that it is a condition of the employment that she/he lives in the house/flat provided 'for the better performance of their duties'. The licence to do this then ends automatically when her/his notice expires and the employment ends. It is likely to be a taxable benefit which the church will need to declare to Her Majesty's Revenue and Customs (HMRC). Please see separately a sample Licence Agreement. In the standard terms of employment for Ministers Section 10 details the Licence Agreement for use of a manse.

'A Tenancy Agreement'

A tenancy agreement is a separate agreement between an owner and a prospective occupier that is not directly linked to her/his employment. For instance, the Church has a flat/house available to rent as a private agreement. A sample of a tenancy agreement is not provided in the Human Resources section of the website.

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