



THE UNITING CHURCH IN WESTERN AUSTRALIA

**GUIDELINES FOR
MINISTER'S BENEFIT
ACCOUNTS**

These guidelines are available to Ministers,
Church Council Secretaries and Church Council Treasurers

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1. BACKGROUND INFORMATION

1.1 ASSEMBLY DECISIONS

The Assembly's decision regarding the establishment and operation of a Minister's Benefit Account, which utilises the church's exemption from Fringe Benefits Tax for religious practitioners, is found in the Assembly Standing Committee minute 94.77. In support of this decision, guidelines have been issued by the Assembly Standing Committee and revised from time to time. The latest are to be found in Appendix 1.

1.2 WESTERN AUSTRALIAN HISTORIC OVERVIEW

In 1986 the Australian Government introduced legislation to tax certain benefits other than salaries received by individuals. The Legislation was called the "Fringe Benefits Tax Assessment Act 1986" (FBTA). This changed considerably how ministers and those in the employment of the church could be remunerated. A number of churches quickly took up the opportunities presented, but some church groups abused the system.

As a consequence of this in September 1994 the UCA Assembly Standing Committee issued a set of "Recommendations to all Synods on the issue of Stipends and Fringe Benefits Tax". In September 1995 the Assembly revised the list of expenditure which churches could pay on behalf of the Ministers.

In 1999/2000 the Synod of Western Australia commissioned a report and to a significant extent adopted the recommendations of the Assembly.

In late 2000 the Australian Tax Office reassessed the way it operated what had become known as Salary Packaging. It moved from a system whereby it defined what could be packaged, to one in which it defined what was not acceptable for packaging.

The implication for packaging of Minister's Benefits was considerable. As far as the taxation system was concerned a minister could package 100% of the stipend and their allowances. Many areas of the earlier system that were not clear were clarified and the detailed specification as to what could be purchased was removed. The Assembly did not adopt those changes at the time.

In 2006 the Uniting Church in Western Australia, through the Ministerial Benefits Committee, recognised that the Western Australian practice was considerably out of step with current taxation practices and how the system was operating in other states. The 2006 guidelines were the result of that review.

Arising out of the 2006 review, the General Council of the Uniting Church in Western Australia determined that MBA's would only be available through the Church Office Payroll System. Those outside this system would not be allowed to use it. This was implemented throughout 2007 and is now the standard.

At the end of 2008 the Assembly issued revised guidelines which basically took the position of defining only those things that could not be packaged and as a consequence adopted what had become normal taxation practice.

In 2015 a review was undertaken of the Western Australian system that brought it into line with the Assembly's recommendations and with what was accepted practice within other Synods.

These MBA Guidelines are intended to continue to work, whatever changes may be made by the Assembly from time to time, for example, to the percentage amount that may be deducted from the stipend, provided that the correct box has been checked on the relevant form (Form 1). Changes may require a change to MBA Form 1. Should a relevant change occur, the form may be changed under the general approval given to these Guidelines.

2. CHURCH OFFICE PAYROLL SYSTEM

The Business and Financial Services Unit of the Uniting Church in Western Australia has for many years provided stipend and payroll services for the majority of ministers in Western Australia. Because of the changing complexities and legal obligations within the taxation and superannuation systems the General Council of the Uniting Church in Western Australia recommended that from 1st July 2007 only those ministers being remunerated through this system would be eligible to operate a Minister's Benefit Account. This is the only way a MBA may be operated within the Uniting Church in Western Australia. It is also the simplest way for the church to be able to ensure that there is full compliance with this system.

3. ELIGIBILITY (SEE APPENDIX 2)

3.1 NECESSARY CONDITIONS

In essence, where the following three conditions are met, a fringe benefit will be exempt from the payment of Fringe Benefits Tax:

- 1 The benefit must be paid by a religious institution;
- 2 The benefit must be paid to a religious practitioner; and

- 3 The benefit is provided principally in respect of pastoral or other directly related religious duties.

3.2 MINISTER

Throughout these guidelines the term ‘minister’ includes Minister of the Word, Deacon, person accredited to the specified ministry of Youth Worker, commissioned to the specified ministry of Pastor, and candidates for ministry in an approved placement and is a religious practitioner for the purposes of the Fringe Benefits Tax Assessment Act.

3.3 LAY PERSON

Lay persons may also be eligible if they fit the guidelines of ‘Religious Practitioner’ in the Australian Taxation Laws, Fringe Benefits Tax Assessment Act.

That is, lay persons acting in the capacity of a minister of religion or equivalent position may be treated as a minister while acting in that capacity. For example a lay person may be directed to work in a church where there is no ordained minister. Provided the lay person comes within the meaning of religious practitioner and is an employee for FBT purposes, fringe benefits provided to that person are exempt.

3.4 RELIGIOUS PRACTITIONER

Australian Taxation Laws allow for the provision of tax exempt fringe benefits to ‘Religious Practitioners’ TR 92/17.

A ‘Religious Practitioner’ is defined in subsection 136 (1) of the Fringe Benefits Tax Assessment Act (FBTAA) to mean;

- A minister of religion
- A student of an institution who is undertaking a course of instruction in the duties of a minister of religion
- A full time member of a religious order
- A student at a college conducted solely for training persons to become members of religious orders

In determining whether a person is a Minister of Religion, many, if not all, of the following characteristics should be present:

- The person is a member of a religious institution.
- The person is recognised officially by ordination or other admission such as commissioning.
- The person is recognised officially as having authority in matters of doctrine

- or religious practice.
- The person's position is distinct from that of the ordinary adherents of the religion.
- The person has acknowledged leadership in the spiritual affairs of the religious institution.
- The person is authorised to discharge the duties of a minister or spiritual leader, including the conduct of religious worship and other religious ceremonies.

3.5 WHAT ARE PASTORAL DUTIES OR DIRECTLY RELATED RELIGIOUS ACTIVITIES?

Pastoral duties generally are duties associated with the spiritual care of the members of the congregation of a religious body. The following are examples of pastoral duties:

- communication of religious beliefs
- teaching and counselling members or adherents of the religious community
- providing spiritual guidance and support to members of the general community
- attendance at an in-service training seminar by a person or persons conducting the seminar, provided that the seminar is of a spiritual nature
- meeting with and visiting members and adherents, the sick, the poor, or persons otherwise in need of emotional and spiritual support

The duties or activities must be related directly to the practice, study, teaching or propagation of religious beliefs to meet the requirements of paragraph 57(d) of the FBTAA. The duties or activities may include secular activities if it can be shown that there is a direct link between those activities and the religious beliefs of the person concerned.

3.6 WHAT ARE NOT PASTORAL DUTIES OR DIRECTLY RELATED RELIGIOUS ACTIVITIES?

The following examples, while not intended to be exhaustive, are duties or activities which are not pastoral duties or directly related religious activities:

- the administration of a church
- work undertaken by a director of a department of a Diocese or similar unit of ecclesiastical administration
- the administration of a school

3.7 THE 'PRINCIPALLY' TEST

If the benefit has not been provided principally in respect of pastoral or directly related religious activities by the religious practitioner, the benefit is not exempt.

Whether the benefit has been provided principally in respect of pastoral duties or directly related religious activities depends on the facts of each particular case. A benefit provided to a minister of religion whose duties are exclusively or predominantly pastoral generally satisfies the 'principally' test.

On the other hand, a benefit generally is not an exempt benefit if the duties of the employee to whom it is provided are exclusively or predominantly non-pastoral duties.

However, if an employee who is a religious practitioner undertakes both pastoral and non-pastoral duties (even where the non-pastoral duties predominate), it is possible for a benefit to be provided to the employee solely or principally in respect of the employee's pastoral duties, and, therefore, be exempt under section 57 of the FBTA.

3.8 CHANGES SINCE TR 92/17 RE GST AND ABN.

Religious practitioners will not be subject to GST for activities done in the pursuit of a vocation as a religious practitioner. They are not required or entitled to register for GST for these activities. However, these activities will still be the activities of the religious institution for GST purposes and the institution may be subject to GST.

Activities done in the pursuit of a vocation as a religious practitioner and as a member of a religious institution will not entitle or require a religious practitioner to an ABN. Religious activities will still be the activities of the religious institution.

Religious practitioners who receive a stipend or other form of remuneration (including non-cash benefits) are employees for the purposes of the FBTA. Consequently, if the requirements of section 57 of the FBTA are satisfied, any fringe benefits provided to a religious practitioner who is an employee of a religious institution are exempt benefits.

Withholding arrangements for failure to provide an ABN will not apply to religious practitioners for activities done in pursuit of a vocation.

Because 'ordinary' employers pay fringe benefits tax on the benefits provided to their employees, the cost of those benefits is a business expense and thus employers are entitled to claim GST input credits. As this entitlement belongs to the employer, the Church is entitled to claim input credits on benefits obtained via a fringe benefit account.

4. MINISTER'S BENEFITS ACCOUNT

A MBA is used for normal expenses, except for those as described in excluded expenses, by a

minister, a minister's spouse and minister's dependent children.

The account is not a savings account, is not interest bearing and therefore a regular draw down is encouraged (for example, in the 2008 National Guidelines). Normally this will mean that most funds will be expended over the calendar year.

It is envisaged that some saving for particular expenses will occur during the year but a limit of \$7,000.00 only will be carried over into the following year. This limit will apply at the 31 December each year. Excess funds will be paid into the ministers nominated bank account and taxed at the ministers current marginal rates. The MBA must therefore be drawn down to this balance. If a special need exists to have an amount greater than \$7,000.00 carried over into the following year, prior written approval is to be obtained from the General Secretary or other person delegated for this purpose.

A MBA cannot be overdrawn (reimbursement claims are not to exceed funds available). Payments will only be made up to the balance available in the MBA. It is the minister's responsibility to ensure that any claim submitted can be met from available funds at the time. Claims will not be processed without the appropriate and correct tax invoice. (A photocopy is acceptable. EFTPOS dockets do not constitute a tax invoice and will not be accepted.) Statements are issued on a monthly basis to MBA holders.

The amount transferred into the MBA is not considered as income in the hands of the minister, but rather as a payment direct from the church funds to the supplier of goods and services. Consequently the amount (a "fringe benefit") is not subject to income tax. As eligible ministers are exempt under Fringe Benefits Tax Legislation, neither the church, nor the minister pays Fringe Benefits Tax.

The MBA contains funds of the employing body and therefore should only be used as part of the remuneration package of a person to whom the employing body has an obligation to pay a stipend and allowances.

A MBA must be specifically designated as and remains the property of the paying body (Synod of WA). As a Church account it will be audited along with other church accounts.

5. EXCLUDED EXPENSES AND DEPOSITS

5.1 EXCLUDED EXPENSES

All normal expenses may be paid from a MBA, except the following:

- Personal Beneficiary Fund contributions to a Defined Benefit Account
- Fines or penalties imposed by Federal, State or Local government; such as Traffic Infringement Notices
- Taxation levies (including payment for the preparation of annual returns)
- Child support or other Centrelink payments
- Offerings and donations to Deductible Gift Recipients
- Tax deductible costs (i.e. repayments from these accounts cannot be used as tax deductions)
- Cash withdrawals (including such things as traveller's cheques, currency gift cards etc)

5.2 EXCLUDED DEPOSITS

As a MBA is held by the church only deposits which make up the approved allowances can be placed into the account. These allowances in Western Australia are:

- Vehicle travel reimbursements
- Vehicle fixed cost payments
- Vehicle depreciation allowance
- The housing allowance
- The resource & development grant

The following types of deposits into the account are not acceptable: wedding and funeral fees, book sales etc., all of which are subject to the normal taxation processes.

6. PAYMENT OPTIONS

Payments to a minister can now be calculated in two different ways:

6.1 OPTION ONE

Ministers are remunerated as the system prior to 1986 allowed. This means that the minister is paid 100% of stipend, plus 100% of allowances. Income tax is then deducted according to the PAYG Withholding Tax instalment guides published by the Australian Taxation Office.

6.2 OPTION TWO

Ministers are permitted to salary package under the FBT rulings and the Assembly recommendations. This means that the minister is able to transfer up to the amount set by the Church from time to time **of the minimum stipend and up to 100% of approved allowances** into a Minister's Benefit Account (MBA). The minister receives the balance of stipend less income tax as in option 1. The amount transferred into the MBA can then be used to pay appropriate expenses.

6.3 SPECIAL CIRCUMSTANCES FOR OPTION 2

The Standing Committee has determined that "allocations to MBA's be aligned with the Accessibility Remoteness Index of Australia (ARIA), such that any minister in a placement which has an index of higher than 2 could be permitted to allocate 50% of the minimum stipend to their MBA." If the guidelines set a percentage below this amount, this higher amount applies to those ministers serving in remote placements that have an ARIA index higher than 2.

Standing Committee has also determined that "where a minister currently being permitted to allocate 50% into their MBA would have that allocation reduced, due to the ARIA code being less than 2, the allocation of 50% will continue for the remaining term of that placement."

Where a minister cashes out some of their long service leave entitlement, 50% of the payment can be allocated to their MBA.

Retired ministers providing short term supply ministry may have up to 100% of their stipend paid into their MBA provided the total annual payment does not exceed 50% of the annual minimum stipend.

Minister's who find themselves in part-time placements that are not of their choice may have their stipend packaged up to the percentage rate set in by the Church of the annual minimum stipend.

7. SETTING UP THE MBA

7.1 SET-UP STEP 1

The eligible minister determines what components of the stipend package will be paid through the MBA. The maximum is the percentage rate of the minimum stipend set by the Church from time to time and 100% of the approved allowances, except for those special circumstances as outlined in Payment Option 2.

7.2 SET-UP STEP 2

The eligible minister, if not currently holding an account, makes application for an account by filling in

- Application for Fringe Benefit Account – MBA Form 1
- Eligibility for Fringe Benefits Account – MBA Form 2

If a change of placement occurs these forms should be resubmitted so that account details remain correct. The name of the Account and the balances will not be impacted by a change of placement.

8. REIMBURSEMENT OF EXPENSES

The normal method of reimbursement is that an expense is paid for by the minister and reimbursed by the Church Office Payroll System on production of receipts.

Reimbursements will be made on behalf of the minister on the provision of a tax invoice and a signed Minister's Benefit Account – Expenditure Acquittal Advice Form – MBA Form 3.

8.1 REIMBURSEMENT STEP 1

The Minister incurs an expense and pays for the goods and / or services.

8.2 REIMBURSEMENT STEP 2

The minister completes the Minister's Benefit Account – Expenditure Acquittal Advice Form – MBA Form 3

The form should clearly highlight the expenses being claimed with the tax invoices attached to the claim form.

A tax invoice is required for each claim. The tax invoice must be clearly marked as a tax invoice, quote an ABN and itemise the GST or say GST inclusive. On some accounts the terms

“tax invoice” and “GST inclusive” are not on the front of the form. Please attach originals (or photocopies) of all relevant pages to verify the claim.

NO payment will be made if a tax invoice (or photocopy) is not provided. It is important to note that EFTPOS dockets do not constitute a tax invoice and will not be accepted.

8.3 REIMBURSEMENT STEP 3

The minister sends in the claim form and attached copies of tax invoices to the Church Office Payroll System. The claim will then be processed and monies transferred to the minister via direct deposit (EFT).

When a claim has been made and the tax invoice is lodged with the Church Office Payroll System, ministers will not be required to keep copies except for warranty and guarantee purposes.

9. DIRECT PAYMENT OF UNPAID ACCOUNTS

An unpaid account may be paid on a minister’s behalf from the Minister’s Benefits Account. Where there are insufficient funds in the account to make the payment, the payment will not be processed and the Church Office Payroll System will not be liable for any issue arising from the non-payment of the account. This direct payment can be undertaken in the following ways.

9.1 PAYMENT OF A ONE OFF EXPENSE

(Use MBA Form 4 – Payment of an Expense)

This is used in situations where a minister wishes the Church Office Payroll System to make a payment on the minister’s behalf. The minister is required to fill out one form per supplier / payment required and attach a copy of the tax invoice. The receipt for this transaction will be held by the Church Office Payroll System.

Please print the Fringe Benefits Account name (found on your MBA monthly statement) and complete all parts of the top section of the form. (There is a charge of \$ 20 for each transaction completed in this way.)

9.2 SPECIAL PROVISIONS FOR TRANSACTIONS WITHIN THE UNITING CHURCH IN WA

Special provisions exist whereby the repayment of loans and accounts to the Uniting Church in WA are exempt from the transaction fees charged under this section of the MBA. However

the monthly accounting fee will still apply. Transactions that may be made in this way include:

- repayment of Co-operative Loan Fund accounts
- Insurance payments which meet the MBA Guidelines
- purchases through the Uniting Church Bookshop
- payments for the Annual Synod
- Continuing Education programs

If there is a query about the eligibility of an item please contact the Church Office Payroll Staff who should be able to advise.

10. PAYMENT CUT- OFF

All requests for payment are required to be lodged with the Church Office Payroll System by the 5th day of each month. Payment requests received after this date will be processed the following month.

11. ACCOUNTING FEES

For Reimbursement of Expenses the MBA officer will reimburse the approved amount to your designated bank account, ie the bank account where your stipend is paid, by the 22nd day of each month.

This will attract a \$5.00 processing fee each month. If additional reimbursements are requested during the same month (e.g. you miss the payment cut-off date) they will attract a \$5.00 processing fee for each reimbursement. The minimum amount which will be reimbursed, per payment, is \$100.00.

Each “Direct Payments of Unpaid Accounts” will attract a \$20.00 processing fee. The minimum amount per payment, is \$200.00.

12. MBA PRACTICALITIES

12.1 DOCUMENTATION

It is important for the Minister to complete and sign the “Expenditure Acquittal Advice” when

submitting any account or statement for payment from their MBA. This form is the Minister's authorisation for the Church Office Payroll System to make payments from their MBA, and a declaration by the Minister that the expenditure is legitimate.

The Minister must ensure that all expenditure on a Credit Card statement is explained on the acquittal advice, including automatic payments from the card. Without this the payment cannot and will not be processed.

12.2 TAX INVOICES

Some of the cost of operating the MBA is recouped from GST claimable on expenditure paid from the MBA. This GST can only be claimed if the invoice is a "Tax Invoice". This means that the invoice has to say "Tax Invoice" and itemise the GST or say "GST inclusive".

Many insurance and utility companies have the terms "Tax Invoice" and "GST inclusive" on different pages. The Church Office Payroll System can only claim the GST if they have **all the relevant pages**, including, for insurance companies, the page that actually shows the amount of GST. GST on an insurance policy is not always 1/11 of the total. So when sending in receipts or invoices please send in ALL the pages.

The Church Office Payroll System has the right to reject any claims that do not meet this criterion.

12.3 INVESTMENT PROPERTIES

If loan repayments for an investment property are paid from the Minister's MBA, and the Minister also receives income from that investment property, then the Minister will be unable to negatively gear. That is, if the property is rented out as an investment property, the Minister is unable to offset income against the interest cost of the loan. The reason for this is that the money paid out from the MBA is viewed for taxation purposes as expenditure by the employer, i.e. the UCA, not by the employee, the Minister. It is therefore not deemed to be part of the Minister's stipend. As the employer is paying the interest on the loan, the employee is unable to offset the income from the property against it. Therefore if a Minister wishes to negatively gear, the interest payments cannot be made via the MBA. It would be wise for ministers to consult an accountant or financial advisor on these matters.

12.4 SUPERANNUATION FUND – ACCUMULATION ACCOUNTS

The Church Office Payroll System does not allow ministers to make contributions to their Superannuation Fund accumulation account via the MBA. Ministers may salary sacrifice these contributions into the Beneficiary Fund or another complying Superannuation Fund.

It would be wise for ministers to consult an accountant or financial advisor on these matters.

(Note : Contributions CANNOT be made to a Defined Benefit account, refer 5.1.)

13. IMPORTANT NOTES

- 13.1 Additional income received from weddings, funerals or other sources must not be paid into the Minister's Benefit Account. If it is the policy of the local church council to allow the minister to keep the donations received for these services for personal use, then it becomes the minister's responsibility to declare that income when preparing their personal income tax return each year.
- 13.2 Any amount converted from the designated funds held in a MBA into a cash payment to the minister will be subject to tax at the minister's marginal rate, and will be included on the minister's annual payment summary (group certificate) as gross income. This will apply to any excess monies over the \$7,000 MBA limit as at 31 December each year, unless specific written agreements have been entered into.
- 13.3 There are no limits set by the Australian Taxation Office on the amount of benefits that can be provided to an employee in a salary sacrifice/fringe benefit arrangement. However, where the Commissioner believes that a "scheme" has been entered into for the specific purpose of avoiding a taxation liability, then the Commissioner may invoke the anti-avoidance provision of the Fringe Benefits Tax Assessment Act [FBTAA] and/or the Income Tax Assessment Act [ITAA].

* _____ *

APPENDIX 1

Uniting Church in Australia - National Assembly

OPERATION OF THE MINISTER'S BENEFIT ACCOUNT [WHICH UTILISES THE CHURCH'S EXEMPTION FROM FRINGE BENEFITS TAX FOR RELIGIOUS PRACTITIONERS]

1. The Assembly's decisions in relation to the establishment and operation of Minister's Benefit Accounts are found in Assembly Standing Committee minutes, most importantly minute 94.77.
2. These Guidelines only apply to persons who qualify as religious practitioners for the purposes of the Fringe Benefits Tax legislation. Other persons who may be eligible to consider the receiving of Fringe Benefits need to be addressed under the provisions of normal employment tax provisions.
3. Synods have responsibility for the setting of stipends and the terms and conditions for the Specified Ministries that operate within their bounds. These Guidelines are offered to the church by the Assembly as a resource to assist the church to operate within the requirements of the relevant legislation and the church's ethical framework. Ministers and Church Council Treasurers are advised to contact their Synod office if they need to clarify whether the Synod is following the Assembly's policy.
4. Minister's Benefit Accounts are funds of the employing body and therefore, should only be used as part of the remuneration package of a person to whom the employing body has an obligation to pay a stipend or other allowances. Accordingly it is appropriate to ensure that all money in a Minister's Benefit Account is expended before a person moves to another placement. In synods where the management of Fringe Benefit Accounts are handled centrally it may be possible to consider the possibility of continuing access across placements.
5. It is important to understand that these accounts are not intended as savings accounts for Ministers, etc and as such the regular draw down of balances should be encouraged.
6. 100% of travelling, housing, book and other work-related allowances and up to 30% of the minimum stipend (or pro rata in the case of limited placements) may be paid into a benefit account.
7. The Minister's Benefit Account is operated by the church – i.e. by the Church Council Treasurer, or the Presbytery Treasurer, or in some Synods by the Synod office, or for ministers in Assembly placements by the Assembly office. Money is paid out as the minister requests it, generally with written evidence of the requested expenditure and generally to a third party, in accordance with the approved list of eligible expenditures.
8. All expenses may be paid from a Minister's Benefit Account, except the following:
 - Fines or penalties imposed by Federal, State or Local Government; Traffic infringement notices;
 - Taxation levies, (including payment for the preparation of annual returns);
 - Child support or other Centre Link payments;
 - Offerings and donations to Deductible Gift Recipients;
 - Tax deductible costs (ie payments from these accounts cannot be used as tax deductions); and

- Cash withdrawals;

9. These Guidelines replace the Guidelines that were issued by the Assembly in 1999.

Terence Corkin
Assembly General Secretary
November 2008

APPENDIX 2

EXTRACTS FROM THE FRINGE BENEFITS TAX ASSESSMENT ACT

Tax Ruling TR92/17 Income Tax and Fringe Benefits Tax “Exemption for Religious Institutions” of 10 December 1992 rules that benefits will be exempt when paid to a “Religious Practitioner” or employee of a religious institution, provided they are principally for duties or activities that are pastoral or religious in nature.

A Religious Practitioner is further defined in Tax Ruling TR 92/17:

11. A 'religious practitioner is defined in subsection 136(l) of the FBTA to mean...
 - (a) a minister of religion;
 - (b) a student at an institution who is undertaking a course of instruction in the duties of a minister of religion;
 - (c) a full-time member of a religious order; or
 - (d) a student at a college conducted solely for training persons to become members of religious orders.

13. In determining whether a person is a minister of religion, many, if not all, of the following characteristics should be present:
 - (a) the person is a member of a religious institution;
 - (b) the person is recognised officially by ordination or other admission or commissioning, or, where the particular religion does not require a minister to be formally ordained, the person is authorised to carry out the duties of a minister based on a specified level of theological or other relevant training or experience;
 - (c) the person is recognised officially as having authority in matters of doctrine or religious practice;
 - (d) the person's position is distinct from the ordinary adherents of the religion;
 - (e) the person has acknowledged leadership in the spiritual affairs of the religious institution;
 - (f) the person is authorised to discharge the duties of a minister or spiritual leader, including the conduct of religious worship and other religious ceremonies.

15. Religious practitioners who receive a stipend or other form of remuneration (including non-cash benefits) are employees for the purposes of the FBTA (see the definitions of 'current employee' in subsection 136(1) of the FBTA and 'employee' in subsection 221A(1) of the ITAA). Consequently, if the requirements of section 57 of the FBTA are satisfied, any fringe benefits provided to a religious practitioner who is an employee of a religious institution are exempt benefits. (It should be noted that the consequence of a view that religious practitioners are not employees is, that non-cash benefits provided to a religious practitioner generally would be assessable income on ordinary concepts in the hands of the religious practitioner.)

17. Lay persons acting in the capacity of a minister of religion or equivalent position may be treated as a minister while acting in that capacity. For example, a lay person may be directed to work in a parish where there is no ordained minister. Provided that the lay person comes within the meaning of 'religious practitioner' and is an 'employee' for FBT purposes, fringe benefits provided to that person are exempt.

19. Missionaries who are not:
- (a) ministers of religion; or
 - (b) members of a religious order; or
 - (c) students at a college conducted solely for training persons to become members of religious orders are not religious practitioners for the purposes of the FBTAA.
20. For a benefit to be exempt, it must not be provided principally in respect of duties of the employee other than pastoral duties (subparagraph 57(d)(i) of the FBTAA), or other duties or activities that are directly related to the practice, study, teaching or propagation of religious beliefs (subparagraph 57(d)(ii) of the FBTAA). The latter duties and activities are referred to in this Ruling as 'directly related religious activities'.

What are pastoral duties?

21. Pastoral duties generally are duties associated with the spiritual care of the members of the congregation of a religious body. The following are examples of pastoral duties:
- (a) communication of religious beliefs;
 - (b) teaching and counselling adherents and members of the surrounding community;
 - (c) providing adherents and members of the surrounding community with spiritual guidance and support, -
 - (d) attendance at an in-service training seminar by a person or persons conducting the seminar, provided that the seminar is of a spiritual nature; and
 - (e) meeting with and visiting adherents, the sick, the poor, or persons otherwise in need of emotional and spiritual support.

What are directly related religious activities: i.e. practice, study, teaching or propagation of religious beliefs?

22. The duties or activities must be related directly to the practice, study, teaching or propagation of religious beliefs to meet the requirements of paragraph 57(d) of the F.4.-1A The duties or activities may include secular activities if it can be shown that there is a direct link between those activities and the religious beliefs of the person concerned.
23. Although a full-time member of a religious order may not be involved exclusively or predominantly in pastoral duties, he or she generally is engaged in duties or activities that are directly related to the practice, study, teaching or propagation of their religious beliefs.
24. Missionary work, to the extent that it is not pastoral in character, is, in any event, directly related to the teaching or propagation of religious beliefs

Additional Information

Some examples of people who may use benefit accounts:

- *ministers of religion.*
- *youth workers employed to take care of the spiritual and social needs of youth in a congregation.*
- *lay persons who assist the minister in pastoral duties or who care for specific groups of people.*
- *lay staff employed to take spiritual care of the elderly, including Bible study, counselling, outings, visitation etc.*
- *lay staff employed to take care of Christian Education in the congregation.*

Some examples of people who may NOT use benefit accounts:

- *administrators of a Church or welfare body, whether church auspiced or secular.*
- *ecclesiastical administrators.*
- *administrators of a school or hospital.*

Private schools, private universities and residential university colleges established or conducted by religious institutions generally are not religious institutions for the purposes of the Income Tax Assessment Act [ITAA] and the Fringe Benefits Tax Assessment Act [FBTAA]. However, a Chaplain working in a school may have a Minister's Benefit Account if the salary and MBA are administered by the Centralised Stipends Payroll Service provided by the Synod Office.

Seminaries, theological colleges and Bible colleges may come within the scope of the term 'religious institution'. Where the primary or dominant object of such a body is religious in character, the body will be treated as a religious institution for the purposes of the ITAA and the FBTAA.



MBA FORM 1

THE UNITING CHURCH IN WESTERN AUSTRALIA

MINISTER’S BENEFIT ACCOUNT Application to Participate

I the undersigned,
(Name)

of
(Address)

wish to participate in the packaging of my stipend and allowances as detailed below.

My current placement is

Percentage of Minimum Stipend to be packaged (tick one)

- 10%
- 20%
- 30%
- 50% The maximum allowed by the Church

Allowances to be packaged (tick applicable allowances)

- Vehicle Travel Allowances
- *Vehicle Depreciation
- Vehicle Fixed Cost Payment
- Housing Allowance
- Resources & Development Grant

**Motor vehicle depreciation is paid into a co-op levy account unless otherwise instructed for payment of personal motor vehicle loan.*

This application is to remain in force until written notification to vary it is received from me, or the conditions of my placement change.

I undertake to adhere to the guidelines as set out in “Guidelines for Minister’s Benefit Account” 2019 edition.

Signed: Date:
.....



MBA FORM 2

THE UNITING CHURCH IN WESTERN AUSTRALIA

MINISTER'S BENEFIT ACCOUNT Eligibility to Participate

I the undersigned ,(Name)

of(Address)

declare that I am eligible to participate in the packaging of my stipend and allowances by reason of:

1. I am a Religious Practitioner as defined by the Fringe Benefits Tax Assessment Act
 Yes No

2. My placement requires the performance of pastoral or other directly related duties
 Yes No

If you answered no to question 2, then

3. I satisfy the 'principally' test as described in Item 3.7 on page 6
 Yes No

Note: You must answer yes to question 1 and yes to either question 2 or 3 in order to be eligible to participate.

My current role description is

My current placement is

This application is to remain in force until written notification to vary it is received from me, or the conditions of my placement change.

I undertake to adhere to the guidelines as set out in "Guidelines for Minister's Benefit

Account” 2019 Edition.

Signed: Date:.....

Signature:

Return form, together with receipts, invoices and original Credit Card Statement to Financial Services Unit by the 5th of each month to ensure that payment of accounts are processed by the due date.



MBA FORM 4

This document can be downloaded from the Uniting Church in Western Australia Web Site

Uniting Church in Western Australia Minister's Benefit Account Authorisation to Pay an Expense

To: Financial Services Unit

Date:

Account Payable to: _____

Address: _____

Amount to be paid: _____

I hereby confirm that the above expenditure is in accordance with Uniting Church in Western Australia, "Guidelines for Minister's Benefit Account", 2019 edition and has not been previously reimbursed. I also note that there will be a \$ 20.00 charge for processing this application.

Name: _____

Signature: _____

Placement: _____

Return form with original invoice to Financial Services Unit by the 5th of each month to ensure that payment of accounts are processed by the due date.



MBA FORM 5

**THE UNITING CHURCH IN WESTERN AUSTRALIA
MINISTER'S BENEFITS ACCOUNT**

Updates to percentage of Stipend packaged

I the undersigned,
(Name)

of
(Address)

wish to change the packaging of my stipend as detailed below.

My current placement is

My current percentage of Stipend packaged is:

- 10%
- 20%
- 30%

New percentage of Stipend to be packaged (tick one):

- 10%
- 20%
- 30%
- 50% The maximum allowed by the Church
- No change

This application is to remain in force until written notification to vary it is received from me, or the conditions of my placement change.

Signed: Date: