



Streamline Minister's Stipend & MEA Payments For Anglican churches within the Sydney Diocese

The processing of minister's pay has changed over the years, new law's & processes. Make sure you are using the current most streamline Minister's Stipend & MEA payments methods.

The Law

The Fringe Benefits Tax Assessment Act 1986 taxes the provision of fringe benefits provided to employees by their employers.

Fringe benefits are the provision of such things as - motor vehicles, housing, hospitality, subscriptions, and other non-cash employment benefits.

The Fringe Benefits Tax Assessment Act 1986 makes special provision for 'religious institutions'. This exempts the employer from the obligation to pay this tax where:

- the employer of the employee is a religious institution, and
- the employee is a religious practitioner, and
- the benefit is provided principally in respect of duties of the employee
- engaged in
 - any pastoral duties; or
 - any duties or activities that are related directly to the practice, study, teaching or propagation of religious beliefs.

The exemption does not extend to church employees who are not religious practitioners or to ministers who are not undertaking duties principally of a pastoral or teaching nature. For example, ministers of religion who perform principally an administrative function are not exempt from FBT liability.

Whilst the church is exempt from payment of FBT on benefits provided to a "religious practitioner" where the conditions described above are met, it is still not exempt from an ATO audit to ensure compliance with the Act. The financial records, including paid invoices for expenses, need to be readily available.

The Guidelines for the Remuneration of Parish Ministry Staff for 2016 the Standing Committee, Diocese of Sydney states:

5. Elements of remuneration

5.1 The remuneration paid or provided by a parish to a member of the ministry staff for their pastoral or

related duties normally includes the following elements –

- a) the payment of a stipend;
- b) contributions to a superannuation fund;
- c) the provision of housing or a housing benefit, or the payment of a housing allowance;
- d) the provision of a fully maintained motor vehicle or a travel benefit, or the payment of a travelling allowance;
- e) the payment of utilities such as gas, electricity and water, telephone (including mobiles), and
- f) internet charges, hospitality expenses, professional development costs, computer and office equipment, and other expenses pursuant to [section 10](#);

Tax exempt benefits

While it is technically possible to pay 100% of a pastor's remuneration as tax-exempt benefits the Sydney Diocese has recommended 40% of a minister's stipend should be the maximum that is reasonable to separate for fringe benefit payments.



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Minister's Expense Accounts

11.1 A Minister's Expense Account is a way of keeping account for the minister of benefits provided by the parish (eg, travel, housing, etc) **plus** amounts sacrificed from the stipend, and the expenses paid from that account.

Debit/Credit Cards

Some parishes make use of a dedicated credit/debit card for those expenses which may be paid from the MEA and have found that this simplifies the administration of the MEA. The member of the ministry staff holding that card should supply the original tax invoices supporting charges on the card to the parish to support the latter's claim for both reimbursement and input tax credits.

We recommend the Community Banking Sector Debit MasterCard:

http://www.communitysectorbanking.com.au/solutions/staff_packages/b-packaged-debit-mastercard

DETAILED

FACT

SHEET:

<http://www.communitysectorbanking.com.au/application/assets/uploads/editor/file/55055-CSB-FactSheet-SalaryPackaging.pdf>

FAQ'S:

[http://www.communitysectorbanking.com.au/application/assets/uploads/editor/file/b-packaged_salary_benefit_b-packaged_debit_mastercard_FAQ_0915\(1\).pdf](http://www.communitysectorbanking.com.au/application/assets/uploads/editor/file/b-packaged_salary_benefit_b-packaged_debit_mastercard_FAQ_0915(1).pdf)

Documentation

43D.an employer does not need to hold a tax invoice to claim an input tax credit in relation to the provision of 'meal entertainment' and 'entertainment facility leasing expenditure' to the employee from the use of a card provided such benefits are a GST-creditable benefit with a GST-inclusive value of \$82.50 or less. However, the employer must have records to explain its entitlement to an input tax credit for a creditable acquisition for the purposes of section 382-5 of Schedule 1 to the *Taxation Administration Act 1953*.

Martin Thearle, Manager, Diocesan Finance says:

"Yes. Bendigo's Community Sector Banking b-packaged with debit Mastercard looks like a good product to manage MEA payments. I agree the debit card statement itself can probably suffice for the GST refund claim on purchases less than \$82.50, although tax invoices will still be needed for anything over this amount and the parish may prefer to ask for all invoices in order to just have a single system and to be sure they have correctly identified GST (particularly on food-related purchases). Of course the parish will still need to decide whether it wishes the minister to restrict their use of the amount in their MEA to the list of things in para 11.2 of the Remuneration Guidelines. If they do wish to apply those restrictions they may need to undertake a review of the items purchased after the event and be prepared counsel the minister if they find things have been purchased outside that range."

Alternative Card FYI:

ANZ SALARY PACKAGING CARD:

<https://commcardsupport.anz.com/anzsalportal/index.do>



Streamline Minister's Stipend & MEA Payments

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b-entertained

b-packaged debit mastercard

Fringe benefits and salary packages don't have to be such an administrative headache. Our low fee b-packaged® debit MasterCard makes the entire process simpler and is available to all not-for-profit with PBI (Public Benevolent Institution) status.

The b-packaged® card allows staff to make payments with their card as part of their allowable benefits, instead of their taxable income, while also keeping track of spending and managing tax requirements.

The b-packaged® card meets taxation requirements through an Australian Taxation Office Class Ruling ([CR 2007/15](#)).



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