



Ministers Benefit Account (MBA) procedure

Parent policy

UCA Handbook of Ministerial Provisions and Charges

Background

Persons who qualify as religious practitioners for the purposes of fringe benefits tax legislation are exempt from such a tax. As a consequence they are able to pay into a *Ministers Benefit Account* an amount sacrificed from their salary.

It should be noted that the terms *Ministers Benefit Account* (used within the Uniting Church in Australia) and *Minister of Religion* (used by the Government in relation to religious practitioners) are generic and do not imply that the religious practitioners are included in the UCA definition of a minister.

In line with the guidelines of the National Assembly in this matter, the Uniting Church in Australia Synod of Victoria and Tasmania (the Synod) allows ministers and eligible employees to salary sacrifice up to 30% of the current minimum stipend to a Ministers Benefit Account (MBA) provided that person who applies for an MBA meets the criteria required by Australian Taxation legislation and regulations; and complies with relevant Synod policies and procedures. Written approval from the General Secretary is a requirement of this process.

Scope

This policy applies to lay and ordained staff of the Uniting Church in Australia Synod of Victoria and Tasmania (the Synod).

Legislative framework

1. Fringe Benefits Taxation Act 1986

57 EXEMPT BENEFITS - EMPLOYEES OF RELIGIOUS INSTITUTIONS

Where:

- a) the employer of an employee is a religious institution;
- b) the employee is a religious practitioner;
- c) a benefit is provided to, or to a spouse or a child of, the employee; and
- d) the benefit is not provided principally in respect of duties of the employee other than:
 - (i) any pastoral duties; or
 - (ii) any other duties or activities that are directly related to the practice, study, teaching or propagation of religious beliefs;the benefit is an exempt benefit"

2. Taxation guidelines regarding those who may qualify for such exemption

2.1. Religious practitioner

Taxation guidelines indicate that a *religious practitioner* includes:

- 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.

2.2. Minister of religion

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 that of 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.

2.3. Lay persons

Taxation guidelines indicate that 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.

2.4. Pastoral duties

Pastoral duties generally are duties associated with the spiritual care of the members of the congregation, for example:

- 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) conducting a seminar of a spiritual nature;
- e) meeting with and visiting adherents, the sick, the poor, or persons otherwise in need of emotional and spiritual support.

2.5. MBA account - examples

Some examples of people who may use benefit accounts:

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

Notwithstanding references to the “congregation” in these statements, persons employed by the Synod to undertake certain responsibilities may be recognised as religious practitioners. Religious activities relate to the practice, study, teaching or propagation of religious beliefs.

Procedures

Application for recognition of a position as that of a *religious practitioner* needs the approval of the General Secretary. The relevant position description (PD) must clearly indicate the nature of the duties that allow recognition and the attached checklist is to be completed and attached to the PD prior to the General Secretary's approval being sought.

Definitions

Fringe benefit: The right, benefit, provision of a service or facility, that is provided to an employee in relation to the performance of their work and which is not remuneration by way of salaries and wages.

Fringe benefits tax: The tax payable to the ATO incurred on providing fringe benefits to employees.

Fringe benefits tax year: The fringe benefits tax year runs from 1st April to 31st March. Benefits paid to, or on behalf of the employee during this period, are reported on the employees payment summary for the income tax year ending the following June 30th. * Note it is paid benefits, not accrued or entitlement to benefits which is reported.

Grossing up: This refers to the cost or value of the fringe benefits provided to the employee being recalculated to reflect what they would have cost the employee, had the employee paid for them out of after tax salaries and wages income.

Packaged salary component: Taxable salary payable excluding 'Fringe Benefits' component, but including taxable allowances and additional payments not included for the purposes of remuneration packaging. Normally the figure used for the calculation of PAYG tax.

Synod: The Uniting Church in Australia Synod of Victoria and Tasmania

Taxable fringe benefits: Rebatable employers are taxed at a reduced rate for amounts up to the statutory limit grossed up and then at the full rate above. Limits are subject to change. Please refer to the Synod provider for more information.

Related policies and procedures

Privacy policy

Related documents

UCA Handbook of Ministerial Provisions and Charges

Summary of ministerial provisions and charges

| VERSION: APPROVAL | POLICY MANAGER | REVIEW DATE |
|---------------------------|---------------------------|-----------------|
| 1: Senior Leadership Team | Director People & Culture | 24 April 2012 |
| 2: Senior Leadership Team | Director People & Culture | 26 October 2019 |

Further assistance

Contact the Ministers Benefit Account representative in Accounting Services for interpretation and assistance with this procedure.