

Eligibility for FBT exemptions (non-cash benefits)

ATO tax ruling TR 2019/3 states that those eligible for Fringe Benefit Tax (FBT) exemptions are religious practitioners whose ministry is religious activities or pastoral duties. It is for particular people employed in a particular role.

Who is considered a religious practitioner?

- ordained ministers
- people who are studying to be ministers
- people who are formally set apart to conduct a role similar to ministers (through training or similar experience) from time to time

A religious practitioner has recognized authority and leadership, with some distinction from regular church members.

What roles satisfy the criteria?

In order to qualify for the exemption, religious practitioners must be performing duties which are either (a) pastoral; or (b) directly related to the practice, study, teaching or propagation of religious beliefs. Pastoral duties can be defined as those associated with the spiritual care of people, and generally includes things such as sharing religious beliefs, teaching or counselling, offering spiritual guidance and support, and pastoral supervision. In summary, pastoral care is primarily deliberate spiritual care which engages with Christian beliefs in a focused manner.

Therefore, the following people qualify for FBT exemptions within the PCNSW, assuming they are working primarily in a role that is pastoral care or formally working with religious beliefs:

- Ordained ministers
- Home Missionaries or Commissioned Gospel Workers
- Candidates for the ministry
- Deaconesses
- Pastoral Assistants (Unsupervised)

Pastoral Assistants (Supervised) would need to demonstrate that they are formally set apart to conduct a role similar to ministers. Therefore, they would need to meet this criteria:

- be recognized as a spiritual leader in the church community by the congregation and Session
- have adequate training and/or experience that enables them to conduct a role similar to that of ministers
- very clearly perform one or both of:
 - duties which are related to the practice, study, teaching or propagation of religious beliefs
 - pastoral care duties which are primarily deliberate spiritual care, engaging with Christian beliefs in a focused manner

Other cases

Dual categories	e.g. an ordained minister who is contracted as a Pastoral Assistant (Supervised): Their formal denominational status takes precedence when it comes to assessing the person. However, this does not automatically grant them a FBT exemption – their job description would have to satisfy the role criteria.
Bible college students	Because they are not studying to be a minister within the PCNSW, they are primarily assessed through their role as a Pastoral Assistant (Supervised).
Chaplains	PCNSW chaplains whose role is pastoral care qualify for the exemption.
Admin/Pastoral	Some roles have both administrative and pastoral components. If a PA has a role which primarily fits the criteria for the FBT exemption, with a smaller or incidental amount of administration, the exemption applies. However, if the role is primarily administrative, the exemption does not apply.

Example Scenarios

Children's Worker

Susan is employed four days per week as the Children's Worker. She has a Diploma of Theology from SMBC and has approximately 7 years experience. She oversees the children's program, writes materials, teaches Sunday School classes, mentors and pastorally supports children's ministry volunteers, delivers kids' spots during Sunday services, is expected to attend staff meetings, prays at church, and is generally involved in Sunday life. Susan has been commissioned into her position due to the important spiritual role and function of her duties. She is recognized as having a spiritual leadership role in the congregation.

Susan satisfies the requirements to access exempt fringe benefits as a religious practitioner as she has been recognised as having spiritual authority and leadership within her congregation and has been set apart to perform ministries which relate to the practice, study, teaching or propagation of religious beliefs as well as pastoral duties. Her roles are closer to the job description of a minister, as compared with a volunteer or even volunteer leader.

Children's Ministry Assistant

Tony is employed one day per week to assist the Children's Worker. He mainly organizes the rosters, orders materials, sets up the ministry rooms, and teaches both a Sunday School class and one SRE class during the week. Though he is not formally trained, he is a mature Christian man with solid beliefs, and he wishes to give something back to the church now that he has taken early retirement.

Tony is not recognised as a religious practitioner as he does not have the necessary training and spiritual recognition and position within the church, and accordingly does not qualify to access

exempt fringe benefits. While his direct ministry with children can be considered teaching, he does not fit most of the criteria. The teaching role Tony undertakes is the same as that of many unpaid volunteers.

Roster Coordinator

Brenda works two days per week to assist the office staff and the Serve Pastor by coordinating the Sunday rosters for all three services. As she contacts people about their volunteering, she aims to encourage them and provide opportunities, so that they can grow through service.

Brenda does not qualify to access exempt fringe benefits as a religious practitioner. Her role is primarily administration. While there is a spiritual element within her duties, she is not primarily pastorally caring in a focused manner which engages Christian beliefs, and is not recognized by the congregation as having any spiritual or doctrinal authority within the context of her role.

Women's Worker

Sally works full-time as the Women's Worker. She meets with women of the church regularly with an aim to build relationships, disciple, counsel and support them. She organises women's activities such as socials, workshops, and evangelistic events. Sally is studying at Bible college part-time. She is expected to be involved and present at Sunday services, occasionally writes articles for the church news, and promotes women's ministry within the church services a few times a year. She also meets with the Youth Pastor regularly to discuss the care of the female youth leaders and to pray for them. Sally has been commissioned into her role. She is a recognized ministry leader of her church, having spiritual authority to perform her role and duties.

Sally is a recognized as having spiritual and doctrinal authority within her congregation and has been commissioned into her role. Sally satisfies the requirements to be recognised as a religious practitioner, and her role includes duties which are clearly related to the practice, study, teaching or propagation of religious beliefs. While other people in the church also minister to women, Sally does so with a specific authority and recognition of the role, and the training in which she is undertaking.

Music Coordinator

Jim works part-time as the music coordinator. His job is to recruit musicians, organise rosters, choose songs to fit Sunday service themes, arrange rehearsals, and oversee music for Sundays and for church events.

Jim does not qualify to access exempt fringe benefits as a religious practitioner. His role is primarily administration. While there is some theological reflection and content in song choosing, it is not strongly related to the practice, study, teaching or propagation of religious beliefs. This is more of an administrative role that is informed by Christian beliefs. Jim is also not recognised as having spiritual authority or leadership role by the congregation.

Worship Pastor

Harry works full-time as Worship Pastor. He has a BTh. He was commissioned into the role and is recognized as a having spiritual leadership within the church. He oversees the recruitment of

musicians, rosters, song choosing, rehearsals, and music for Sundays and church events, though volunteers assist with administration. As music team leader, it is part of his role to meet with the volunteer musicians to spiritually care for them and encourage them towards growth in Christ. He contributes a Christian music devotion to church social media on a monthly basis. He organises an annual jazz concert for community engagement and evangelism. He meets regularly with the other lead pastors (Preaching, Missions, Service, and Discipleship). He is expected to share information about songs with the service leaders and pastors so that musical worship is strongly integrated into Sunday services.

Harry is recognised as having spiritual and doctrinal authority within his church and has been commissioned into his role. His duties are both pastoral in nature and are also directly related to the practice, teaching and propagation of religious beliefs. He regularly engages people with Christian content that both teaches and propagates religious beliefs. Harry, as compared with the example of Jim above, is performing musical and pastoral leadership duties within a framework similar to that of a minister.

Appendix

Document Locations

ATO: Taxation Ruling TR 2019/3

<https://www.ato.gov.au/law/view/document?LocID=%22TXR%2FTR20193%2FNAT%2FATO%22&PiT=99991231235958>

ATO: Ruling Compendium TR 2019/3EC

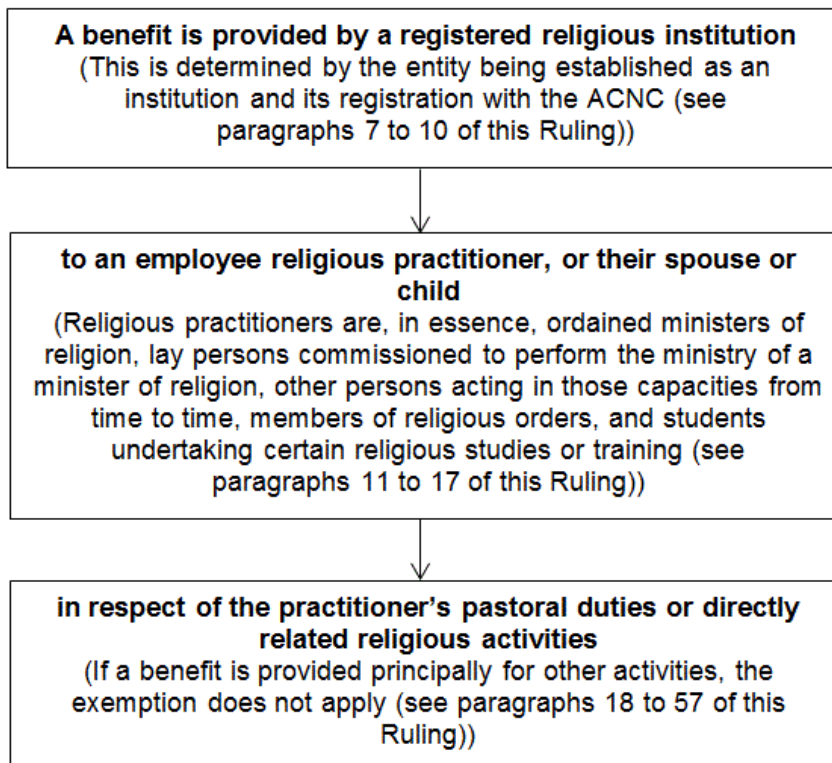
<https://www.ato.gov.au/law/view/document?LocID=%22CTR%2FTR2019EC3%2FNAT%2FATO%2F0001%22&PiT=99991231235958>

ATO: Religious Practitioners

<https://www.ato.gov.au/business/payg-withholding/in-detail/religious-practitioners/#Definingreligiouspractitionersandinstitu>

Relevant rulings from the above documents

6. The requirements for exemption under section 57 are summarised as follows:



12. 'Religious practitioner' is defined to mean:

- a minister of religion
- a student at 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, or

- a student at a college conducted solely for training persons to become members of religious orders.

14. Except in rare cases, a minister of religion would have all of these characteristics:

- is a member of a religious institution
- is recognised by ordination or other admission or commissioning, or has authority from the religious institution to carry out the duties of a minister based on theological training or other relevant experience
- is officially recognised as having authority on doctrine or religious practice
- is distinct from ordinary adherents of the religion
- is an acknowledged leader in spiritual affairs of the institution, and
- is authorised to act as a minister or spiritual leader, including the conduct of religious worship and other religious ceremonies.

18. To be exempt, the benefit must be provided principally in respect of the following employee duties:

- pastoral duties, or
- other duties or activities that are directly related to the practice, study, teaching or propagation of religious beliefs.

48. Pastoral duties are duties associated with the spiritual care of people.[20] Examples of pastoral duties undertaken by religious practitioners are:

- communication of religious beliefs
- teaching and counselling adherents and members of the community
- providing adherents and members of the community with spiritual guidance and support
- conducting an in-service seminar of a spiritual nature
- meeting with or visiting adherents, the sick, the poor, and others who need emotional and spiritual support, and
- providing pastoral supervision to those engaged in pastoral duties.

49. The words 'directly related' point to a close connection between the duties or activities of the religious practitioner and the practice, study, teaching and propagation of religious beliefs. In this context, duties and activities will be directly related where, in their essential nature, they promote the practice, study, teaching and propagation of religious beliefs.

50. Directly related religious activities may include incidental secular activities, provided there is a direct link between the conduct of those activities and the religious beliefs of the participants ...