



# **Guidelines for employment and the remuneration of ministers**

## Contents

Purpose .....	3
Definitions, acronyms and terminology .....	3
Employing staff .....	5
Eligibility for exempt fringe benefits .....	5
Components of remuneration .....	6
Payment of salaries/stipends and non-cash benefits.....	10
Single Touch Payroll (STP) .....	11
Reporting exempt fringe benefits as income .....	<b>Error! Bookmark not defined.</b>
Long service leave .....	12
Workers compensation .....	13
Need assistance? .....	13

## Purpose

The purpose of this document is to provide guidelines for employment and the remuneration of ministers for Baptist Churches in NSW and ACT. This document has been prepared to assist churches determining their own policy on remuneration issues.

## Definitions, acronyms and terminology

ABN	Australian Business Number
Accredited Ministers	Have gone through a rigorous assessment of their call, character, gifts and doctrine, and have been accepted and accredited by the Baptist Assembly for ministry in our churches and other related ministries. Accredited Ministers have also completed the requisite formal theological qualifications for becoming a Baptist minister.
ATO	Australian Tax Office
BANSWACT	Baptist Association of NSW and ACT
Called minister	A person who is called by a church to carry out church pastoral or other duties or activities that directly relate to the practise, study, teaching or propagation of religious beliefs.
Exempt fringe benefits	Fringe benefits that are exempt from Fringe Benefits Tax.
FBT	Fringe Benefits Tax
Fringe benefit	<p>A 'payment' to an employee, but in a different form to salary or wages.</p> <p>According to the fringe benefits tax (FBT) legislation, a fringe benefit is a benefit provided in respect of employment. This effectively means a benefit is provided to somebody because they are an employee. The 'employee' may even be a former or future employee. The terms 'benefit' and 'fringe benefit' have broad meanings for FBT purposes. Benefits include rights, privileges or services. For example, a fringe benefit may be provided when an employer:</p> <ul style="list-style-type: none"><li>• allows an employee to use a work car for private purposes</li><li>• gives an employee a cheap loan</li><li>• pays an employee's gym membership</li><li>• provides entertainment by the way of free tickets to concerts</li><li>• reimburses an expense incurred by an employee, such as school fees</li></ul>

- gives benefits under a salary sacrifice arrangement with an employee<sup>1</sup>

GST	Goods and Services Tax
Non-cash benefits	See <i>fringe benefits</i> .
Pastoral duties	<p>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:</p> <ul style="list-style-type: none"> <li>a) communication of religious beliefs;</li> <li>b) teaching and counselling adherents and members of the surrounding community;</li> <li>c) providing adherents and members of the surrounding community with spiritual guidance and support;</li> <li>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</li> <li>(e) meeting with and visiting adherents, the sick, the poor, or persons otherwise in need of emotional and spiritual support.</li> </ul>
PAYG	Pay As You Go (Withholding tax)
Recognised Ministers	While not meeting the requirements for accreditation, are involved in church or related ministry. In light of local endorsement, the Affirmation Oversight Team has acknowledged their current ministry. The level of theological training among Recognised Ministers varies considerably from person to person.
Religious practitioner	An accredited minister, recognised minister or non-accredited, non-recognised minister of the Baptist Association of NSW and ACT or a student of an institution who is undertaking a course of instruction in the duties of an accredited minister or recognised minister.

---

<sup>1</sup> Definition of Fringe benefit from the Australian Tax Office Website available at [https://www.ato.gov.au/General/Fringe-benefits-tax-\(FBT\)/In-detail/Employers-guide/What-is-FBT-/](https://www.ato.gov.au/General/Fringe-benefits-tax-(FBT)/In-detail/Employers-guide/What-is-FBT-/)

## Employing staff

All employed staff should have a written contract in place between the church as an employer and the employee.

A helpful general guide on employing new staff is available from the Fair work Ombudsman website <sup>2</sup>.

Certain employees in churches are eligible to be paid in exempt fringe benefits.

We note that pastors can be employed or spiritually appointed. Refer to our guidance on *Employment vs Spiritual Appointment* available on our website<sup>3</sup>.

## Eligibility for exempt fringe benefits

The following conditions must be met to be eligible to pay exempt fringe benefits:

- The benefit must be paid by a registered religious institution with the ACNC and
- The benefit must be paid to a religious practitioner and
- The benefit is provided principally in respect of pastoral or other directly related religious duties. This means that the consideration/value paid is 'earned' fulfilling a role of religious duties.

### Example

ABC Baptist Church employs Rev Jane Doe as their Sole Pastor. Her main duties are pastoral. Jane is eligible to be paid fringe benefits that are exempt from fringe benefits tax (also known as exempt fringe benefits).

### Example

ABC Baptist Church employs Rev Jane Doe as the Executive Pastor. Her main duties are answering the phone, managing the property and paying invoices. Jane is not eligible to be paid exempt fringe benefits even though she is paid by a religious institution, and she is not a religious practitioner as her duties are not of a pastoral or religious nature.

### Example

ABC Baptist Church employs Sam Smith, a lay person as a called minister to lead their youth group. His main duties are those of a Youth Pastor. Sam is eligible to be paid exempt fringe benefits.

<sup>2</sup> Available at <https://www.fairwork.gov.au/find-help-for/small-business/hiring-employees>

<sup>3</sup> Available at <https://nswactbaptists.org.au/resources/employment-vs-spiritual-appointment>

## Components of remuneration

Remuneration provided to religious practitioners for their pastoral duties consist of one or more of the following elements:

- a) Salary or stipend
- b) Superannuation
- c) Use of a fully maintained vehicle or the provision of a travelling benefit
- d) The provision of a manse or the provision of a housing benefit
- e) The payment of utilities and other benefits e.g. telephone, electricity and gas
- f) Other benefits (some which are a legal requirement) including the provision of annual leave, long service leave, parental leave, personal leave, workers compensation insurance, professional indemnity insurance.

Remuneration component / other entitlements	BA Recommendation 2025	Exempt fringe benefit portion <sup>4</sup>	Income tax Treatment
Salary or stipend	In line with BA's recommended stipends, refer to the Recommended Stipends Section below for details.	50%	50% is Assessable income i.e. subject to income tax by the religious practitioner
Housing benefit	Refer to the Housing benefit section below for details.	100%	Not assessable
Car benefit <sup>5</sup>	A benefit of \$8,800 per annum is recommended to reimburse the vehicle owner for 10,000 kilometres of motor vehicle travel incurred in the course of church ministry.	100%	Not assessable
Superannuation <sup>6</sup>	12% including Superannuation Guarantee. <sup>7</sup>	n/a	n/a
Annual leave	In line with national legislation (being 4 weeks per annum).	n/a	In line with the split of remuneration component above

<sup>4</sup> There are no available government guidelines for the portion that can be paid as a non-cash component. The percentages listed are a guideline set by BANSWACT. Refer to the section below on Exempt Fringe Benefits for further information.

<sup>5</sup> The car benefit is based on the ATO tax deduction for motor vehicle expenses rate for 88 cents per kilometre

The salary component for the superannuation contribution should include the following amounts:

- Stipends
- Housing benefit or notional value of housing if the minister is provided with a manse
- Other benefits that are not expense type allowances. (Expense allowances are those allowances paid to an employee with a reasonable expectation that the employee will fully expend the money on expenses in the course of their work e.g. car benefit)

<sup>7</sup> Superannuation guarantee rate for the period 1 July 2024 to 30 June 2025 is 11.5%, the additional superannuation component will be 0.5%, totaling 12%. From 1 July 2025 the superannuation guarantee rate will be 12%, there will no longer be an additional superannuation component.

Long service leave <sup>8</sup>	In line with the Baptist Long Service Leave Scheme or state legislation. Refer below to the Long Service Leave section for further information.	n/a	In line with the split of remuneration component above
Personal leave	In line with national legislation (being 10 days per annum for full time employees and on a pro rata basis for part time employees)	n/a	In line with the split of remuneration component above
Parental leave	In line with national legislation. Refer to the Fair Work Ombudsman Website. <sup>9</sup>	n/a	In line with the split of remuneration component above
Compassionate/ Bereavement Leave	2 days of paid compassionate leave each time they meet the criteria. <sup>10</sup>	n/a	In line with the split of remuneration component above
Family and Domestic Violence Leave	10 days of paid Family and domestic violence leave per year. <sup>11</sup>	n/a	In line with the split of remuneration component above
Community Service Leave	This includes activities such as voluntary emergency management activities or jury duty.  Community Service Leave is unpaid. <sup>12</sup>  Jury Duty Leave is for both full-time and part-time employees. They have to be paid 'make-up pay' for the first 10 days of jury selection and jury duty. <sup>13</sup> It should be noted that members of clergy and	n/a	Unpaid  In line with the split of remuneration component above

<sup>8</sup> The salary component for the long service leave payments under NSW Legislation should include their ordinary pay rate which may include:

- Stipends
- Housing benefit (or notional value of housing if the long service leave payment is on termination and the minister is no longer living in the church manse)
- Other allowances that are not expense type allowances.

Note that the pastor should be reimbursing to the church from their LSL fund an amount equivalent to a housing component if, at the time they take their LSL, they have their housing provided by the church.

<sup>9</sup> Available at <https://www.fairwork.gov.au/leave/maternity-and-parental-leave>

<sup>10</sup> Compassionate leave is for when:

- a member of their [immediate family](#) or household dies, or contracts or develops a life-threatening illness or injury
- a baby in their immediate family or household is [stillborn](#)
- they have a [miscarriage](#), or
- their current spouse or de facto partner has a miscarriage.

For further details refer to <https://www.fairwork.gov.au/leave/compassionate-and-bereavement-leave>

<sup>11</sup> For further details and eligibility refer to <https://www.fairwork.gov.au/leave/family-and-domestic-violence-leave>

<sup>12</sup> For further details refer to <https://www.fairwork.gov.au/leave/community-service-leave>

<sup>13</sup> For further details refer to <https://www.fairwork.gov.au/leave/community-service-leave/jury-duty>

	religious orders are exempt from Jury Duty.		
Workers compensation	It is a requirement to hold workers compensation insurance if the salaries and wages of your church exceed \$7,500 p.a.	n/a	Refer to <a href="https://www.icare.nsw.gov.au/">https://www.icare.nsw.gov.au/</a> for more information
Preaching fees	The recommended amounts to be paid to visiting preachers are as follows: For one Service \$250 For two Services \$375  Churches should also reimburse travelling expenses at 85 cents per kilometre.  The above guidelines also apply for visiting Baptist Association staff. Please make payments direct to the Association.	n/a	Assessable income (in most instances)
Pastoral Supervision costs	Professional pastoral supervision for accredited and recognised ministers for at least six sessions per year in line with the Royal Commission recommendations.	n/a	n/a
Psychological Assessments	All applicants for accreditation, recognition and transfers of accreditation undergo psychological assessments which are used to equip them further for ministry, facilitating their health and well-being as they serve in ministerial contexts.	n/a	n/a

### Example

ABC Baptist Church employs Rev Tom Jones as their Sole Pastor full time. His remuneration details are as follows:

Stipend	\$50,000 p.a.
Housing benefit	\$26,000 p.a.
Car benefit	\$7,000 p.a.
Superannuation	\$9,120 p.a. (being 12% of the stipend and housing benefit in line with Baptist Association guidelines. )
Long Service Leave	\$1,566 p.a.

- \$25,000 p.a. (being 50% of stipend) is paid into his personal account and is assessable income i.e. needs to be declared as income in his personal income tax return.
- \$58,000 p.a. (being 100% of housing benefit, 100% car benefit and 50% of stipend) is paid into a non-cash benefit account as an exempt fringe benefit. Refer below to section 4 for further details.



- \$9,120 p.a. is paid into his nominated superannuation fund.
- \$1,566 p.a. in long service leave contributions are paid quarterly into his Baptist Association Long Service Leave Fund account. We note that the contribution amount into the Baptist Association Long Service Leave Fund is inclusive of superannuation. Refer below to the Long Service Leave section for further details.

### **Salary or stipend**

It is recommended that a religious practitioner be paid an amount in line with BANSWACT's recommended stipend which is updated annually. This information is available on our website.<sup>14</sup>

### **Housing benefit**

Housing Benefit should be paid to a pastor where the church does not provide housing (i.e. access to a church owned manse<sup>15</sup>).

If it is expected that a pastor live geographically close to the church's ministry context, a housing benefit should be negotiated between the church and the pastor with reference to the church budget and that local property market.<sup>16</sup> If the church is happy for the pastor to live further away in order to access more economical housing, the housing benefit may be negotiated accordingly. However, the church should then recognise and allow for any limitations not living in the local community may place on the pastor.

It is recognised that the cost of housing varies significantly from region to region. Pastors may need to be flexible in relation to the location and type of housing provided by the church. There should be a mutual recognition by the pastor and the church of the reality that where housing of a size to accommodate a family is required, many modern families are dual income in some form out of necessity, especially in more expensive areas.

The principles a church uses to determine housing benefits should be applied consistently across all pastors in the same church.

Housing benefit payments should be provided on a pro-rata basis. For example, a part time pastor who works 2 days per week should receive 40% of whatever appropriate full-time equivalent housing benefit is provided by the church. If a pastor works part-time for the church but their housing is fully provided by the church, normally an equitable downward adjustment should be made to their overall remuneration to offset this.

In the case where a pastor's current housing benefit is higher than what is recommended in these guidelines, the church should at least maintain the pastor's current level of housing benefit, except by mutual agreement with the pastor.

---

14 Available at <https://nswactbaptists.org.au/resources/remuneration-information/>

15 It should be noted that the Association no longer recommends that a church lease a property in its own name for a pastor. Where a pastor's housing is in the form of rented accommodation which is either partially or fully paid for by the church, the rental contract should ideally be in the name of the pastor. The church then provides the agreed housing benefit to the pastor as part of their remuneration.

16 Refer to <https://www.facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard> for data on Rent by Postcode and LGAs.

Overall, a church should provide well for its pastors' housing needs, within the constraints of its financial capacity.

### **Provision of utilities and other benefits**

The provision of utilities and other benefits is as negotiated and agreed between the religious practitioner and church.

## **Payment of salaries/stipends and non-cash benefits**

The taxable portion of an employee's salary or stipend should be paid into their nominated personal bank account as requested by the employee.

The non-cash benefit portion can should be in the name of your church and can be treated in different ways including:

- Depositing it into an account or debit/ credit card in the name of your church to pay for expenses on behalf of the religious practitioner.
- Direct payment of expenses on behalf of the religious practitioner.
- Using a BFS Pay card.<sup>17</sup>

Records should be kept for all expenses from this account as the church would do for all other expenses e.g. invoices.

### **Example**

In the same example above for Rev Tom Jones:

- \$25,000 p.a. of his remuneration is paid into an account under his own name
- \$58,000 p.a. is paid into an account under the name of ABC Baptist Church for payment of expenses on behalf of Rev Tom Jones.

### **GST and non-cash benefit accounts**

Expenses incurred using non-cash benefit accounts may include GST. This may be claimed back in the church's BAS return provided that the church is registered for GST and there is appropriate supporting documentation. Refer to the ATO website for documentation required to claim back GST.<sup>18</sup>

### **Non-cash benefit accounts – allowed and disallowed expenses**

Tax legislation does not limit the types of expenses which can be paid on behalf of religious practitioners. The types of expenses which can be paid from non-cash benefit accounts should be decided by leadership or governance group at the church.

The following expenses should not be spent using non-cash benefits:

**Recommended by the Baptist Association**

**As required by tax ruling or other legislation**

<sup>17</sup> Refer to [https://www.bfs.org.au/wp-content/uploads/BFS\\_Factsheet\\_BFS\\_VISA\\_Prepaid\\_PayCard\\_PERSONAL.pdf](https://www.bfs.org.au/wp-content/uploads/BFS_Factsheet_BFS_VISA_Prepaid_PayCard_PERSONAL.pdf) for further information on the BFS Paycard.

<sup>18</sup> Available at <https://www.ato.gov.au/Business/GST/Claiming-GST-credits/When-you-can-claim-a-GST-credit/>

<ul style="list-style-type: none"> <li>• Cash withdrawals and advances and any other instrument that can be converted into cash e.g. travellers cheques</li> <li>• Fines e.g. parking, speeding</li> <li>• Offerings, donations and gifts of a financial nature</li> <li>• Tax deductible costs (i.e. payments from Fringe Benefits accounts cannot be used as tax deductions)</li> </ul>	<ul style="list-style-type: none"> <li>• Mortgage payments into a loan offset account. (However, payment into a redraw facility is deemed to be fine as per Taxation Ruling TR 2000/2.)</li> <li>• Taxation debts e.g. income tax or withholding tax, HELP/ HECS debt.</li> <li>• Centrelink debts</li> <li>• Child support payments</li> </ul>
---	---

## Single Touch Payroll (STP)

STP is mandatory payroll reporting to the ATO which would be reported through at each pay via STP-enabled software. Payroll information includes:

- salaries and wages
- pay as you go (PAYG) withholding
- superannuation.

Payments that are benefits can be set up as pay items under Ordinary Times Earnings and must be reported via STP 2

A 'salary sacrifice' type O will need to be created (updated) to reduce the amount of earnings being taxed.

For any assistance with STP reporting, please contact Balance Ministry Services at [hello@balanceservices.org.au](mailto:hello@balanceservices.org.au) .

## Centrelink payments

One consequence of STP Phase 2 is that information in relation to a religious practitioner's gross remuneration will now be reported directly to Centrelink.<sup>19</sup>

Whether or not exempt benefits received by a minister of religion need to be disclosed to Centrelink depends on the type of entitlement that is paid to that minister.

Eligibility for income support payments from Centrelink is based on an applicant's income, which includes their ordinary income plus "valuable consideration".<sup>20</sup>

<sup>19</sup> The requirement to disclose the gross remuneration information to Centrelink existed in certain circumstances before STP Phase 2.

<sup>20</sup> Valuable consideration is defined as items that are capable of being valued in monetary terms and includes employer-provided fringe benefits. Although ministers of religion receive "exempt" benefits, Centrelink regards these amounts as "fringe" benefits.

### **Income support payments**

The following income support payments from Centrelink take exempt benefits into consideration when determining eligibility:

- Age Pension
- Austudy
- Carer Payment
- Disability Support Pension
- JobSeeker Payment
- Parenting Payment
- Special Benefit
- Farm Household Allowance

### **Youth Allowance**

Exempt benefits are not taken into account when determining the eligibility of Youth Allowance.

### **Other benefits**

The following entitlements do not require disclosure of a minister's exempt benefits when determining eligibility:

- Family Tax Benefit Part A and Part B
- Child Care Subsidy
- Parental Leave Pay
- Dad and Partner Pay
- Child Support
- Commonwealth Seniors Health Card
- Carer Allowance and Carer Allowance Healthcare Card

### **Disclosures to Centrelink – housing**

Where a religious practitioner is provided accommodation at no cost i.e. a manse, it is not counted as income for Centrelink purposes.

However, where a religious practitioner is paid an allowance by the church to cover the cost of private accommodation, the payment is counted as income. This includes situations where the church or organisation pays the mortgage repayments on a minister's home. The value of the mortgage payment is assessed as valuable consideration.

## **Long service leave**

Long Service Leave (LSL) is a period of paid leave granted to an employee (permanent, part time or casual) who has served a specified period of continuous employment in one organisation. In NSW, this is 13 weeks for 15 years of service, vesting<sup>21</sup> at 10 years. In the ACT, the benefits are the same, but the vesting period is 7 years.

Pastors often serve in a particular church for less than 10 years, yet could be in pastoral ministry for many years, moving from one church to another.

---

<sup>21</sup> "Vesting" refers to when a person begins to be legally entitled to something. In this context, while an employer should put aside funds regularly so they can prepare to pay an employee's LSL in the future, in NSW the employee only becomes entitled to this LSL (ie it vests to them) after 10 years' service (7 years in ACT).

Because of this, the Baptist Association of NSW & ACT LSL Program was established so Baptist churches, the Baptist Union of NSW and other approved organisations could accumulate on behalf of their eligible staff an amount of money which will be available to pay the liability for Long Service Leave of their ministers when it falls due. This would then recognise continuity of service where a Pastor moves from one church or organisation to another. The Association recommends that churches contribute to this fund on behalf of all their pastoral staff.

It should be noted that where a pastor does serve more than 10 years in a single church or organisation (7 years in the ACT) then that employer is legally obliged provide long service leave to that employee, including paying any unused LSL that accumulated from their employment at that church to them when that employment concludes. In such cases accumulated LSL funds *from that church* cannot be left within the Baptist Association of NSW & ACT LSL Program after the pastor concludes employment with that church.

All Long Service Leave payments must go through payroll and appropriate ATO reporting. Refer to the *Long Service Leave Fund Rules* and *Long Service Leave FAQs* on the Baptist Association website for further details. <sup>22</sup>

## **Workers compensation**

All employers in NSW, unless you pay less than \$7,500 in annual wages, must have a workers compensation policy.

## **Need assistance?**

If you need assistance with the remuneration of Ministers, please email Balance Ministry Services at [hello@balanceservices.org.au](mailto:hello@balanceservices.org.au) .

---

<sup>22</sup> Available at <https://nswactbaptists.org.au/resources/long-service-leave/>