

# Exempt Benefits for Pastors

## FAQ—Frequently Asked Questions

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Exempt Benefits for pastors is a confusing issue for many churches. We have compiled the most frequently asked questions to assist with this process.

### 1. Who should administer the accounts?

The account can be administered by the Church Treasurer, reimbursing the pastor for receipts provided, or by the pastor themselves who keep all the records. Either way is ok. If the church administers the accounts, there is a GST advantage to be gained, but it is sometimes inappropriate for pastors to have to provide all their documentation to the Treasurer. Both approaches are detailed in the Pastoral Remuneration Guidelines document, available on the QB web site.

### 2. What can I spend the money on?

It is still commonly considered by pastors that you have to spend the money on ministry related matters, or housing or motor vehicles. This is not the case. The legislation indicates the money can be spent on any goods and services, but NOT taken as cash.

### 3. Do I need to keep receipts?

Strictly, all expenditure from such accounts requires receipts. However, if a pastor was using a credit card or account dedicated to being an exempt benefit account, a detailed statement on that account would probably suffice. This would be sufficient to demonstrate that the entire amount has been spent on goods and services and not taken as cash. However – this particular point has never been tested by an audit by ATO, to my knowledge.

### 4. Can I save the money up?

It is strongly recommended that you do not save up Exempt Benefit amounts, but spend this amount first before you spend your cash. Churches ought to undertake a reconciliation process at the end of each financial year, and ensure that all the money transferred into the exempt benefit account has been spent. If at the end of the financial year, or if you were finishing up from a ministry position, any lump sum in the account cannot be paid out directly as this would be deemed to be taking the benefit in cash.

The alternative is to pay it out and tax it – which would defeat the purpose of having the exempt benefit account. Of course, you can save whatever you want out of the taxable component of your remuneration, and if you are intending to save more than this – you ought to instruct the church to reduce the amount of exempt benefit and increase your cash remuneration.

Baplink offer a facility through Westpac using a Purchasing Card (looks and feels like a credit card). The cards can be re-



stricted to align with exempt benefit account rules and the statements will meet the documentation requirements as well.

Please contact Baplink on [baplink@baplink.org.au](mailto:baplink@baplink.org.au) or 07 3354 5611 if you would like any further information about this product.

Of course, if you have any questions or need further help, please do not hesitate to contact us in the office:

## Queensland Baptists

### **Administrative Services**

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