



Dealing with the Government in Australia: INFORMATION FOR MISSIONARIES

current as at 30th August 2016

This guide has been prepared to assist the personnel of Missions Interlink Members and alert them to potential relevant information. The terms 'mission' and 'missionary' are used in reference to overseas cross-cultural ministry and some information may differ between mission agencies, where specific practices may apply.

DISCLAIMER: *The information in the guide is of a general nature and it does not contain legal, financial or other advice. Legislation, regulations and rates will undergo change and it is recommended that current details are obtained from government agency call centres, websites, literature or sending agency when required.*

Government Agencies

The government departments and agencies that missionaries deal with mostly are the [Australian Taxation Office](#) (ATO), [Department of Human Services](#) (DHS), specifically [Centrelink](#) and [Medicare](#), and the [Department of Immigration and Border Protection](#).

MyGov Website

[myGov](#) is a way to access government online services and access them all in one place. Individuals can set up a secure myGov account where you can provide personal details and receive messages from Medicare, Australian Tax Office, Centrelink, Child Support and National Disability Insurance Scheme.

Prior to a missionary's departure from Australia, it is advisable to register for an online myGov account at <https://my.gov.au/> using their email address and a password.

1. Residency

The definitions of residential status and requirements vary between government departments and agencies, and so missionaries serving overseas cannot assume their status will be the same for all purposes.

Mission organisations generally consider all missionaries serving overseas to be 'residents of Australia temporarily absent overseas', as they intend to return to Australia.

Residency is determined in each specific instance in the context of the applicable regulations. This is not a personal choice. However, it is possible for missionaries to arrange their situation in such a way so as to be likely to produce the desired outcome.

2. Taxation

This section highlights relevant issues set out in the *Tax Guide for Missionaries*, produced by the Australian Not-for-Profit Network Inc (a network of Christian Accountants working predominantly for Christian organisations and Christian workers). The *Missionary Tax Guide* is available for purchase through Missions Interlink: admin@missionsinterlink.org.au

Please note the following information is based on a missionary being an 'Australian Resident Temporarily Absent Overseas' (for taxation purposes).

2.1 Paying income tax

Australian income tax legislation currently requires Australian taxpayers (residents for the purposes of paying income tax) to declare their worldwide income in their annual tax return. Personal allowances are treated as income for this purpose. Additionally, most countries impose an income tax liability on people living and working in the country. Thus, an Australian resident 'serving temporarily overseas' may have tax obligations in both countries.

2.2 Income Tax Obligations in Australia

Missionaries serving overseas must lodge an annual income tax return in Australia before 31st October each year (unless when using a tax agent, and an extension of time is arranged). Income received from overseas service must be declared as either exempt foreign-service income, or as taxable foreign-service income.

Salaries (or allowances) of missionaries are generally calculated on the basis of the total needs of the 'missionary unit' including children. The total amount is normally halved, and equal amounts paid to both husband and wife. These amounts may be declared as exempt foreign-service income if the payments are for service directly attributable to an assignment by an organisation that is prescribed by law as exempt from Australian income tax. Mission agencies that are full members of Missions Interlink are prescribed for income tax exemption under Regulation 50.50.02 of the *Income Tax Assessment Act* (1997). Consequently payments made to the personnel of Missions Interlink Member organisations for overseas service can be treated as 'exempt foreign income' for income tax purposes.

2.3 Income Tax Obligations in Country of Service

Missionaries are responsible for determining whether they are liable for any income tax in the country in which they are serving. The local mission representative or team leader should be able to advise on this.

All personnel serving in the same capacity should expect to be subject to the same income tax liability in their country of service.

However, it should be noted that some countries define taxable income as being wider than the salary amount paid by the mission.

All income tax obligations imposed by the country of service must be met.

It is important for missionaries to determine if there is a liability for income tax. In some situations, no tax may be payable due to the low level of income.

2.4 How your mission agency can assist

On request, some missions will make a provision for a missionary's expected annual tax liability in either, or both, countries. For this to happen, missionaries must estimate the required amount and request that a provision be made to cover this amount. It is not possible for missions to estimate this amount, as individual tax affairs differ from person to person.

2.5 Professional advice from a suitably qualified tax agent

Missionaries are encouraged to seek the assistance of a suitably qualified tax agent who is familiar with mission financial operations and the operation of a foreign tax credit system. Missions can generally recommend a tax agent if needed.

NB: An Australia-wide list of such practitioners is provided with the *Income Tax Guide for Missionaries & Overseas Workers* (available from Missions Interlink).

2.6 Capital Gains Tax (on residence owned in Australia)

If a missionary owns a property in Australia, capital gains tax may be incurred upon disposal (or sale) of the property.

We recommend professional advice be sought on how best to manage this situation.

2.7 Non-Reportable Fringe Benefits

Many missionaries may qualify as 'Religious Practitioners' as defined in Fringe Benefits Taxation legislation.

Some benefits received by the missionary may be 'Non-Reportable Fringe Benefits'.

The Non-Reportable aspect of these benefits applies to Taxation matters only, including Family Tax Benefits payments (but not other Centrelink payments such as Youth Allowance).

3. Medicare

3.1 Medicare card

Missionaries should ensure they have a current Medicare card before they go overseas. The Medicare card does not need to be taken overseas (where it cannot be used).

It is advisable to store the Medicare card in a safe place.

Having a Medicare card readily available will expedite treatment and claims if the missionary needs to return to Australia for medical reasons and during their Home Assignment period.

NB: Expired Medicare cards cannot be renewed from overseas.

3.2 Medicare eligibility

The category of 'temporary absence overseas' does not exist for Medicare eligibility (or for Australian health benefits funds, although these funds may agree to suspend paid membership).

When applying to renew eligibility on return to Australia, the applicant must declare that they have returned permanently.

Under a special Health Ministerial Order, a missionary returning temporarily will qualify for Medicare benefits, provided that the missionary is an Australian citizen, was last absent from Australia for no longer than five (5) years, and has previously qualified for Medicare.

3.3 Accessing Medicare

Prior to departing overseas, missionaries need to ensure that Medicare has a current Australian address where mail can be sent. The address of the sending out mission agency can be used if no other contact is available.

Upon returning to Australia, missionaries must contact Medicare to notify them that they are back in the country, and to renew eligibility.

There is a *proforma letter available from the mission office which, if required, may be used to assist reactivation of Medicare eligibility upon re-entry to Australia for home assignment or emergency treatment.

Evidence of Australian departure and arrival dates is required, so it is important to ensure passports are stamped or other evidence retained.

It is important to re-establish eligibility prior to any other dealings with Medicare. Otherwise, even a current Medicare card could be confiscated or claims may be rejected when records are cross-matched with the Immigration computer file showing that the missionary has recently entered Australia.

Any missionary who has a problem with Medicare eligibility on Home Assignment or on a short-term medical leave should contact the mission office immediately.

NB: Please refer to 'Accessing Medicare' (document) supplied by Missions Interlink.

4. Centrelink

Missionaries with children, or who receive other benefits paid through Centrelink, are normally able to receive benefits at least temporarily while they are overseas.

4.1 Residential Eligibility

A person is eligible for Department of Human Services (DHS) benefits if they are a resident of Australia, i.e. lives in Australia permanently, has done so for a considerable time, or has a settled place of abode here.

Australian missionaries who cease to live in Australia (and work and live overseas on a permanent basis) would not meet that requirement.

Persons who go overseas but return to Australia periodically (and intend eventually to return to live here permanently) generally would meet the requirements – they would be considered to be a resident of Australia but temporarily absent.

However, entitlement to benefits may be affected for any absences from Australia for longer than 6 weeks, even if residential eligibility is maintained.

Anyone receiving DHS benefits and leaving Australia for more than 6 weeks should contact Centrelink well in advance of their planned departure to discuss how their payments will be affected.

A range of evidence may be needed to show that an absence from Australia is temporary, especially in the case of longer-term or recurring appointments. Such evidence might include:

- Property being maintained in Australia (home, real estate, furniture or other belongings);
- Savings or investments being maintained in an Australian institution;
- Family (immediate or extended) remaining in Australia;
- Length of residence in Australia prior to departure, and anticipated date of return;

- Continued connection with an Australian employer (and/or a superannuation scheme) i.e. the mission, who has assigned the missionary to an overseas location for the period shown in their Missionary Agreement, and to which the missionary will be returning at the end of that period.

Missionaries must advise Centrelink of any changes to their circumstances that would normally affect their payment, if they were living in Australia.

Centrelink also needs to be advised upon the missionary's return to Australia, with passports needed to confirm the return date so it is important that passports are stamped with each exit and re-entry to Australia.

Even with a myGov account <https://my.gov.au>, missionaries should ensure that the Centrelink office has a current Australian address to which mail can be sent if necessary, and before they leave, should authorise someone in Australia to speak to Centrelink on their behalf.

If a missionary is away for less than 12 months, payments will be paid directly into their bank account every 2 weeks. If a missionary intends to be away for more than 12 months, payments will be made every 4 weeks either:

- into their Australian bank account; or
- into an overseas bank account

see: <http://www.humanservices.gov.au/customer/enablers/outside-australia>

4.2 Benefits for the Family

Australians are allowed to receive some family benefits when they are absent from Australia. However, if a missionary is absent from Australia for more than 56 weeks, these benefits will be cancelled (not suspended) and a new application must be made in Australia. A minimum stay of 13 weeks in Australia (e.g. on home assignment) is necessary to re-establish eligibility. The 56 weeks always dates from the end of the last period of 13 weeks or more spent in Australia.

If a child is born overseas, Centrelink should be notified immediately. There are a number of allowances paid to parents upon the birth of child. As eligibility for these may change, missionaries expecting a baby should consult the DHS website or ask someone in Australia to seek advice on their behalf, to determine what payments they could be eligible for.

4.3 Family Tax Benefit Part A

Families that are Australian residents, temporarily absent from Australia, should be paid Family Tax Benefit Part A while they are overseas for up to 6 weeks absence at the full rate (reduced from 56 weeks) but lower rates will apply after that time. Please note that this payment may be stopped immediately if a missionary leaves Australia without notifying Centrelink.

4.4 Family Tax Benefit Part B

This is not available for missionaries overseas after 6 weeks, but should be available on return to Australia for Home assignment or conclusion of service once eligibility has been re-established.

4.5 Paid Parental Leave scheme and Baby Bonus

If the other eligibility conditions are met, Paid Parental Leave has the same residency requirements as Family Tax Benefit Part A. Baby bonus payments only apply to children who were born (or adopted) before 1 March 2014.

4.6 Health Care Card

Many Australian missionaries will be entitled to a Health Care Card while they are in Australia on Home Assignment because they are low-income earners. Missionaries can contact the mission office if they require a statement of income to comply with Health Care Card requirements.

4.7 Youth Allowance

Subject to strict tests (parental & personal income, assets and means) and other criteria, Youth Allowance can be paid to full-time students and job seekers in Australia, aged 16 – 24. Young people not considered independent must be assessed to receive the away-from-home rate. Temporary absences from Australia of up to 6 weeks may be approved.

4.8 Fringe Benefits

Recipients of Centrelink allowances to families (including Youth Allowance for dependent children in Australia) will need to provide information about any fringe benefits they receive. Missionaries need to be aware that they may be receiving employer provided assistance for:

- accommodation
- school fees
- low interest loan (e.g. car loan)

It is recommended that missionaries contact their mission office to establish to what extent fringe benefits may apply to them, before completing any income forms.

4.9 Other Pensions and Allowances

Eligibility for Age or other pensions or allowances has been subject to recent changes, including residency requirements. Missionaries relying on these payments should familiarise themselves with the current conditions applicable to payments, before making decisions which may affect their current or

subsequent eligibility for them, particularly with respect to residency. (These may differ from what applies elsewhere with Centrelink or for Tax or Medicare.) In all instances, Centrelink will need to be advised in advance of a departure from Australia and upon re-entry.

Austudy may be available for those over the age of 25 and undertaking full-time study in Australia. Missionaries who qualify in other respects, must be in Australia in order to lodge a claim for Austudy.

5. Australian Immigration

Australian Immigration authorities do not stamp Entry and Exits in the passports of Australian citizens unless requested. Ensure that passports are stamped on each entry and exit to/from Australia. This is likely to be required for Medicare, Centrelink, the ATO, and the Health Insurer. Difficulties may be experienced if this is not done.

6. Points to note

Limitations of this guide

This guide does not contain legal, financial or other advice and the information in it may be subject to change without notice. Missionaries should obtain confirmation of the currency of information from Australian government departments before making decisions that are affected by it.

Non-reportable fringe benefits

Missionaries who qualify to receive part of their remuneration as non-reportable fringe benefits should be aware that they are 'non-reportable' principally with respect to taxation. They are not included in the income test for Family Assistance Office benefits handled by Centrelink (Family Tax Benefit Parts A & B) but *are to be included* in income declarations for other benefits handled by Centrelink such as Youth Allowance, etc.

Reporting income

When reporting income and assets ensure that ministry and mission amounts are not mixed in with the personal figures to be declared. If necessary request clarification from the mission office.

Payments through Centrelink

Anybody receiving payments through Centrelink must give notice (preferably six weeks) of departure overseas and subsequent return, even for a brief survey or holiday trip. If not, repayment will be demanded of payments that would have been otherwise correctly received. (Government computers inter-communicate.)

Most Centrelink payments continue overseas at the current rate for a period of time for temporary absences, so it is essential for missionaries to describe their circumstances overseas as being clearly "temporary". Beneficiaries have

to be back in Australia for at least a continuous 13 weeks to re-establish eligibility.

- If apparently erroneous payments keep coming, try to resolve the matter immediately. Don't assume it's some gracious largesse as when discovered a demand for repayment will be issued, even when it's demonstrably the agency's error.
- Unfortunately numbers of missionaries overseas receiving Family Tax Benefit Part A miss out on some other payments because they mistakenly assume they do not apply to them overseas.
- A nominee to handle Centrelink business has to be appointed in writing; a Power of Attorney *per se* is not accepted for this purpose.
- Ensure people at the nominated postal address in Australia know what to do with the mail that arrives – there are classic stories of elderly parents who faithfully accumulated all the mail unopened for missionaries on their return, with all kinds of dire consequences. There are often good reasons for nominating the mission office.

Claiming Medicare

Be aware that only medical treatments in Australia can be claimed on Medicare (and Australian private health funds), and eligibility can be renewed only while in Australia. However, such treatments can be claimed retrospectively if there is a holdup with eligibility.

Friends, relatives or fellow church members may offer professional assistance in these areas, which is great. However, it has been found that such advisers may not always be as helpful as they intend if they are unfamiliar with the details of how missionary circumstances impact dealing with the government. The mission office can suggest advisers with lengthy experience in this sector.

Don't panic!

If, despite all care and diligence, a problem arises with some authority, the missionary should (1) not panic, (2) not try to battle it out alone. They should contact the mission office as the mission has access to services with considerable experience in resolving such issues. If in dispute with a governmental authority please do not attempt to take the high moral ground of being an 'ethical conscientious Christian'.

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