



DEALING WITH THE GOVERNMENT IN AUSTRALIA

INFORMATION FOR MISSIONARIES

This Guide is adapted from the section of a member society's Missionary Handbook developed with the assistance of the Missions Interlink Liaison Officer. 'Mission' and 'missionary' are used generically in this context in reference to overseas cross-cultural ministry. Much of the advice is structured on the basis of a missionary being legally an employee of the mission, however else that relationship may be expressed. Where that is not the case, some items will not apply or may need to be interpreted accordingly. Some of the material (e.g., included under the Taxation heading) reflects specific practices of the source mission and would differ between missions.

This material is intended mainly to alert missionaries to potentially relevant items rather than to give a lot of details that would need to be updated constantly as rates, legislation and regulations undergo continual change. Missionaries can then ascertain current details from government agency call centres, websites and brochures, or check with the mission office. The information included relates primarily to pre-departure and serving missionaries, but may have some relevance for those who are resettling or 'retiring'.

The government departments and agencies that missionaries will deal with mostly are the Australian Taxation Office (ATO), and the Australian Government Departments of Human Services (for Centrelink and Medicare) and Immigration and Citizenship (immigration). Note that Centrelink is not a single department as such, but an agency that delivers payments and services for some 20 client government departments. So it is not relevant to refer to a 'Centrelink' definition or requirement, as these factors vary on a client-specific basis across the spectrum.

1 Residency

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

Mission organisations generally consider all their missionaries to be residents of Australia temporarily absent overseas, as they intend to return to Australia at the end of a transitory stay (for the purposes of employment) overseas.

How residency is determined in each specific instance will be a matter of fact in the context of the applicable regulations, and not a personal choice. However, it is often possible for missionaries to arrange their affairs to be likely to produce the desired outcome.

Residency-specific information is outlined where needed in following sections.

2 Taxation

This section highlights particular issues and summarises some of the more extensive detail set out in Income Tax Guide for Missionaries and Overseas Workers, Australian Not For Profit Network Inc. <info@anfpn.org.au>.

The following is based on a [missionary] being an 'Australian Resident Temporarily Absent Overseas'.

2.1 General

The Australian income tax legislation requires Australian resident taxpayers to declare their worldwide income in their annual tax returns. Personal allowances are treated as income for this purpose. In addition, most countries impose an income tax liability on people living and working in the country. As a result, an Australian resident serving temporarily overseas (as is usually the case with mission personnel) may have tax obligations in both countries.

2.2 The Missionary's Income Tax Obligation in Australia

Missionaries must lodge an annual income tax return in Australia before 31 October each year (unless when using a tax agent, who can usually arrange for an extension of time). The income received in respect of overseas service must be declared as either exempt foreign-service income or as taxable foreign-service income.

The 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 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. Organisations that are Members of Missions Interlink are prescribed for income tax exemption under Regulation 50.50.02 of the Income Tax Assessment Act (1997).

2.3 The Missionary's Income Tax Obligation in their Country of Service

Missionaries must determine 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 the country of service. Be aware that some countries define taxable income wider than the salary amount the mission pays. All income tax obligations imposed by the country in which missionaries are working must be met. Therefore it is important that missionaries determine if there is a liability for income tax. However there may be no tax actually payable because of the level of income.

2.4 The Mission's Assistance

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

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

(NOTE TO MISSIONS: An Australia-wide list of such practitioners is provided with the Income Tax Guide for Missionaries & Overseas Workers. This 35-page guide is produced by the Australian Not-for-Profit Network Inc (a network of Christian Accountants working predominantly for Christian organisations and Christian workers). For copies or further information, contact admin@hardings.org.au or telephone 08 9271 1844.)

2.6 Effect of Capital Gains Tax on a Partner's Residence in Australia

If a missionary owns a residence in Australia, capital gains tax may be incurred upon disposal 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. This means that 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

The category of 'temporary absence overseas' does not exist for Medicare eligibility (and for Australian health benefits funds, although these funds may agree to suspend paid membership). Furthermore, when applying to renew eligibility on return to Australia, the applicant must declare that they have returned permanently.

However, 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 5 years, and has previously qualified for Medicare.

Missionaries should ensure they have a Medicare card before they go overseas. As it cannot be used overseas, it does not need to be taken overseas. (In fact it may be better to leave it 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. However, expired Medicare cards cannot be renewed from overseas.

Missionaries on leaving Australia need to ensure that the Medicare office has a current Australian address to which any notifications can be sent, so that a copy (not originals) of any notifications can be forwarded on to them. The mission office can be used if no other contact is available.

On return to Australia, it is important for missionaries to visit the Medicare office 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 must be used when re-activating Medicare eligibility upon re-entry to Australia for home assignment or emergency treatment. Evidence of Australian departure and arrival dates will be required, which will be facilitated if all departures and arrivals are stamped in missionaries' passports.

This letter must be used 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, having used this letter, has a problem with Medicare eligibility on Home Assignment or on a short term medical leave should contact the mission office immediately.

** Missions: refer to Accessing Medicare 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 missionary who wishes to maintain residential eligibility must inform their Centrelink office well in advance of their planned departure, and be sure to update the information if necessary.

A person is eligible for Department of Human Services 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 for one or more terms 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.

Absences of up to three years are generally accepted readily. In any case, evidence to show that an absence is to be temporary will be needed, e.g. that it is for a fixed and limited period. Other factors relevant to establishing a temporary absence, especially in cases of longer term appointments include:

- the fact that property is being maintained in Australia (a home, real estate, furniture or other belongings);
- savings or investments are maintained in an Australian institution;
- family - immediate or extended - are 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 also need to advise their return to a Centrelink office as soon as they return to Australia, and their passport entries will be needed to confirm the return date. If this is not done there will be problems with continued benefits. For this reason it is important to have all passports stamped with each exit and re-entry to Australia.

Missionaries must ensure that the Centrelink office has a current Australian address to which any notifications can be sent, so that copies of notifications (not originals) can be sent to them promptly. The mission office can be used if no other contact is available.

4.2 Benefits for the Family

Australians are allowed to receive some benefits for up to three years when they are absent from Australia. A minimum stay of 13 weeks in Australia (e.g. on home assignment) is necessary to re-establish or maintain eligibility. The three years always dates from the end of the last period of 13 weeks or more spent in Australia.

If a child is born overseas, Centrelink must be notified immediately. The mission office may remind you of this.

There are a number of allowances paid to parents upon the birth of child. Missionaries should make sure they obtain a current publication from Centrelink which outlines the payments you would be eligible for, including Family Allowances, Rent Assistance, Health Care Card etc.

4.3 Family Tax Benefit Part A

This is normally given to families overseas for up to 3 years (but may be stopped if a missionary leaves Australia without notifying Centrelink), and is paid into the nominated bank account.

4.4 Family Tax Benefit Part B

This is not available for missionaries overseas after 13 weeks, but should be available on return to Australia for Home assignment or conclusion of service.

4.5 Paid Parental Leave scheme and Baby Bonus

If the other eligibility conditions are met, these payments have the same residency requirements as Family Tax Benefit Part A.

4.7 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.

4.8 Austudy

Austudy for tertiary education is available for low income families, therefore details should be sought through the educational institutions and Centrelink.

4.9 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 (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.

4.10 Other Pensions and Allowances

Missionaries should familiarise themselves with conditions applicable to Age or other pensions or allowances for which they do currently or may subsequently qualify, particularly with respect to residency. (These may differ from what applies elsewhere with Centrelink or for Tax or Medicare.) The mission may be able to assist in following through such matters. In all instances, Centrelink will need to be advised in advance of a departure from Australia and upon re-entry.

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

- 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.
- 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.
- 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 up to 13 weeks of a temporary absence. Family Tax Benefit Part A will continue thereafter at the minimum rate for up to a total three years of a temporary absence, 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 set the 13 weeks / three year clock ticking again.
- 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.
- Be aware that medical treatments only 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.
- 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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