

AUSTRALIAN NOT-FOR-PROFIT ACCOUNTANTS NETWORK INC.

MISSIONARY TAX GUIDE

1. INTRODUCTION

Issues involving tax related matters for individuals and their employers have become increasingly complex in recent years with continuously changing tax legislation and the trend toward self-assessment.

Under this self-assessment system the onus of responsibility for determining tax liability falls upon the taxpayer and there is an expectation of a presumed level of knowledge of the taxation laws and how they are applied to determine taxable income. If errors are made penalties apply.

For missionaries, and other Australians serving overseas, additional problems arise most commonly in the following areas:

- Determination of residency for taxation purposes
- Treatment and determination of assessable income
- Ascertaining what legal relationship exists with Missions for tax purposes
- What tax deductions are allowable
- Establishing any 'in country' tax liability for an expat – if any
- Changes to tax legislation whilst overseas
- Lack of available information on tax matters due to remoteness
- Tax treatment whilst on Home Assignment
- Financial and tax planning for retirement
- Superannuation
- Centrelink notification requirements for overseas periods of service

Other issues, such as claiming tax credits or offsets for tax paid in an overseas country, can make the preparation of an accurate Australian income tax return a most complex and expensive assignment.

The following information is designed to be of assistance to those contemplating missionary service, currently serving as missionaries and those involved in mission administration who are faced with uncertainty concerning taxation matters and some of the problems mentioned above.

The Australian Not for Profit Accountants Network welcomes constructive criticism of the technical content of this Guide.

Please note the Network itself is not in a position to provide you with professional advice, but our members are experienced tax agents who would be delighted to assist you. A fee would normally be expected particularly where research or a technical opinion has been requested.

Please feel free to email us with your comments at info@anfnpn.org.au or direct to one of our members (details above).

David Shedden – July 2010