

Guidelines for payment to speakers/lecturers.

General Principles

Special rules apply when a “religious practitioner is undertaking activities in the pursuit of a vocation as a religious practitioner, and as a member of a religious institution”. The Tax Act basically deems them to be employees even if they are not, so the PAYG rules for religious practitioners apply.

“PAYG rules” means:

- a) the employer or deemed employer is obliged to withhold part of the payment and submit it to the tax office (subject to various concessions and other factors); and
- b) the employee has an obligation to declare the receipt as assessable income when submitting their tax return.

A “Payment Summary” is a statement provided by the employer to the employee showing the amount of income earned and the amount of tax deducted from that income. Payment Summaries are issued to the employee or deemed employee at the end of the financial year and reported to the tax office.

How an amount is described does not determine its treatment for tax purposes. Describing a payment as an honorarium will not of itself mean that the payment can be made without a consideration of its tax treatment. However, if payments are small and simply cover expenses incurred, it may be possible to treat the amounts as non-taxable honoraria (see Honoraria fact sheet). In almost all cases payments to speakers will not be considered to be honoraria for tax purposes. It is better to consider them as wages or payment for service and refer to them as a “speakers fee” or equivalent. Describing the transaction in this way is likely to set up expectations in the speakers mind which are consistent with how we are required to treat the payment. Calling a payment an honorarium when it is something else often leads to false expectations about the transaction and ultimately disappointment.

Where the payment is considered or deemed to be wages, PAYG rules will apply and the payment will be subject to payment of superannuation to meet the Superannuation Guarantee Levy. However the SGL levy does not apply to payments of less than \$450 a month.

Religious Practitioner within the PCV

Payments for speaking will be subject to PAYG rules for religious practitioners. The payment may be able to be paid in part or wholly as an exempt fringe benefit (NCB).

Religious Practitioner from outside PCV

Either:

1. The practitioner’s home church may issue a tax invoice to PCV and then pass the payment to the practitioner through their local pay arrangements. This may enable the home church to provide the payment or part of the payment to the speaker as an exempt benefit (NCB). In this case the home church would assume any responsibility to meet the PAYG obligations; or

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2. The speaker completes and provides a Tax File Number Declaration form. PAYG tax will be deducted from the payment at the rate determined according to the information provided. A payment summary will be issued. Superannuation must be paid if the amount is more than \$450 per month or equivalent; or
3. PAYG tax of 46.5% will be deducted from the payment. A payment summary will be issued. A payment summary will be issued. Superannuation must be paid if the amount is more than \$450 per month.

Person employed by PCV but not a Religious Practitioner

- a) A **genuine** honorarium for a minimal amount (less than \$350) is being made. Payment can be made as a minor Fringe Benefit to employees e.g. a gift card, but not as cash. Payment of cash would be subject to PAYG tax being deducted.
- b) Payments of \$350 or more, or payments not considered to be a genuine honorarium are subject to PAYG tax being deducted and superannuation being assessed.

Overseas person from USA

No additional information is required. Payment can be made without deducting tax based on the double tax treaty between Australia and USA.

Overseas person from other country

If the country has an appropriate double tax treaty with Australia, no additional information is required. Payment can be made without deducting tax. Otherwise PAYG withholding tax of 46.5% must be deducted from the payment. Please seek advice from the General Manager in advance.

Australian person not a Religious Practitioner and not employed by PCV

If either:

1. The payment is \$75 or less; or
2. the supplier quotes an ABN; or
3. the supplier provides a completed form "Statement by Supplier (reason for not quoting an ABN)". When asking a supplier to complete this form, care should be taken not to provide advice or imply that the supplier is able to complete the form. The supplier must make their own consideration in good faith as to whether they are able to sign the form. There will be instances where none of the categories are applicable to the supplier and they should not complete the form;

payment can be made in full.

Otherwise, PAYG withholding tax of 46.5% must be deducted from the payment.