

FBT Exemption for Religious Practitioners

Fact Sheet

If your work as a religious practitioner involves pastoral duties, you may be able to salary package up to 100% of your income without being subject to an FBT threshold.

You are exempt from an FBT threshold if:

- Your employer is a registered religious institution, and
- You are a religious practitioner, and
- The benefit is provided to you and/or your family; and
- Your income is paid principally for pastoral duties or any other duties that are directly related to the practice, study, teaching or propagation of religious beliefs.

You are a deemed a 'religious practitioner' if you are:

- A minister of religion
- A student undertaking a course on the duties of a minister of religion
- A full-time member of a religious order
- A student at a college conducted solely for training people to become a member of a religious order.



Pastoral versus non-pastoral: what's not covered?

Only employees whose work is primarily carrying out pastoral duties are considered eligible for this benefit. Non-pastoral duties include:

- The administration of a church
- Work undertaken by a director of a department of a Diocese or similar unit of ecclesiastical administration
- The running of a school.

If your role is primarily non-pastoral duties, or your role changes to include mostly non-pastoral duties, salary packaging thresholds determined by the ATO will apply.

If you are a religious practitioner with both pastoral and non-pastoral duties, it is possible for the benefits to be provided based on your pastoral duties, and therefore they're exempt from FBT.

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Case Studies



John is a religious minister at a private school and is also required to teach non-religious subjects. John has a mortgage and chooses to salary package 50% of his income towards the mortgage. Though not all of John's teaching activities are pastoral, his wages are provided in respect of his pastoral duties, and therefore his salary packaging arrangement towards his mortgage is exempt from FBT.



Sarah is a minister of religion and performs administrative duties for a religious institution. Sarah chooses to salary package her child's school fees. As the duties she performs for her employer are not pastoral, her salary packaging arrangements are subject to an annual threshold, as determined by the ATO.



Kyle is a minister of religion and employed initially as a chaplain at a private school. Kyle salary packages 30% of his income towards his mortgage, and this arrangement is exempt from FBT as his duties are considered pastoral. Kyle is appointed headmaster of the school, and his duties change so that they relate predominantly to the administration of the school. Kyle's salary packaging arrangements are no longer exempt and, from the date his duties change, are subject to thresholds and FBT.