



Taxation Administration (Withholding Variation for Certain Payments to Religious Practitioners) Legislative Instrument 2026

I, Will Day, Deputy Commissioner of Taxation, make the following instrument.

Draft published 11 December 2025

Will Day **DRAFT ONLY—NOT FOR SIGNATURE**
Deputy Commissioner of Taxation

Contents

| | |
|--|---|
| 1 Name | 1 |
| 2 Commencement | 1 |
| 3 Authority | 1 |
| 4 Definitions | 1 |
| 5 Schedules | 1 |
| 6 Variation for payments related to certain allowances | 2 |
| 7 Variation for payments related to certain locum services | 2 |
| 8 Variation for certain payments related to work or services | 3 |

| | |
|---------------------------|----------|
| Schedule 1—Repeals | 3 |
|---------------------------|----------|

| | |
|---|---|
| <i>Pay as you go withholding - Variation and exemption of withholding requirements for certain payments made to religious practitioners</i> | 3 |
|---|---|

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1 Name

This instrument is the *Taxation Administration (Withholding Variation for Certain Payments to Religious Practitioners) Legislative Instrument 2026*.

2 Commencement

This instrument commences on the day after it is registered on the Federal Register of Legislation.

Note: The register may be accessed at www.legislation.gov.au.

3 Authority

This instrument is made under sections 15-15, 16-153 and 16-180 and subsection 389-10(1) in Schedule 1 to the Act.

4 Definitions

Note: A number of expressions used in this instrument have the same meaning as in Schedule 1 to the Act. Expressions in Schedule 1 to the Act have the same meaning as in the *Income Tax Assessment Act 1997* (see section 3AA of the Act). The following expressions are relevantly defined in section 995-1 of the *Income Tax Assessment Act 1997*:

- (a) business kilometres
- (b) car expense
- (c) travel allowance expense
- (d) quarter;
- (e) religious practitioner.

In this instrument:

Act means the *Taxation Administration Act 1953*.

ITAA 1997 means the *Income Tax Assessment Act 1997*.

locum services means activities performed by a religious practitioner in temporarily relieving another religious practitioner of their duties.

religious institution has the same meaning as the term ‘ACNC-registered religious institution’ in section 195-1 of the *A New Tax System (Goods and Services Tax) Act 1999*.

5 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

6 Variation for payments related to certain allowances

- (1) The amount an entity must withhold from a withholding payment it makes to a religious practitioner under section 12-47 in Schedule 1 to the Act is varied to nil if:
 - (a) the payment relates to an allowance specified in subsection 6(2);
 - (b) the entity reasonably expects that the religious practitioner will incur deductible work expenses related to the allowance that in total are at least equal to the amount of the allowance; and
 - (c) the amount and nature of the payment is shown separately in the accounting records of the entity.

Note: Normal withholding rates apply to the part of a payment related to a specified allowance that exceeds a limit specified in subsection 6(2) for that allowance. The normal withholding rates that apply for the financial year relevant to the payment are provided in a legislative instrument made under section 15-25 in Schedule 1 to the Act for that financial year.

- (2) The following allowances are specified for the purposes of subsection 6(1):
 - (a) an allowance for car expenses based on a set rate per kilometre travelled by a car, where:
 - (i) the allowance is calculated by multiplying the set rate per kilometre by the total number of business kilometres travelled by the car; and
 - (ii) the set rate used in the calculation does not exceed the rate determined for the income year under subsection 28-25(4) of the ITAA 1997; and
 - (iii) the total number of business kilometres used in the calculation in respect of which the allowance is paid during the financial year does not exceed the number of business kilometres provided for in subsection 28-25(2) of the ITAA 1997;
 - (b) an allowance for domestic travel allowance expenses which does not exceed the amount that the Commissioner considers reasonable for the income year for the purposes of section 900-50 of the ITAA 1997;
 - (c) an allowance for overseas travel allowance expenses which does not exceed the amount that the Commissioner considers reasonable for the income year for the purposes of section 900-55 of the ITAA 1997.

7 Variation for payments related to certain locum services

The amount that a religious institution must withhold from a withholding payment it makes to a religious practitioner under section 12-47 in Schedule 1 to the Act is varied to nil where:

- (a) the payment relates to locum services performed by the religious practitioner in a quarter; and
- (b) the payment relates to days of services in that quarter not exceeding 2; and
- (c) the total days of services in that quarter in respect of which the payment and any previous withholding payment were made does not exceed 2.

Note: Normal withholding rates will apply to payments that relate to locum services performed on more than 2 days in any quarter.

8 Variation for certain payments related to work or services

- (1) The amount that an entity must withhold from a withholding payment it makes to a religious practitioner under section 12-47 in Schedule 1 to the Act is varied to nil if:
 - (a) the entity is not a religious institution; and
 - (b) the payment relates to:
 - (i) work or services, other than chaplaincy services or counselling services, performed by the religious practitioner; or
 - (ii) chaplaincy services or counselling services performed by the religious practitioner where that payment does not exceed the relevant amount specified in subsection (2).
- (2) For the purposes of subparagraph (1)(b)(ii), the following amounts are specified:
 - (a) for a payment made on or before 30 June 2026 that is:
 - (i) made on a weekly basis – \$150
 - (ii) made on a fortnightly basis – \$300
 - (iii) made on a monthly basis – \$650
 - (b) for a payment made on or after 1 July 2026 that is:
 - (i) made on a weekly basis – \$200
 - (ii) made on a fortnightly basis – \$400
 - (iii) made on a monthly basis – \$867.

9 Payment summary and annual report exemption

An entity that makes a withholding payment to which section 8 applies is not required, in relation to that payment, to:

- (a) issue a payment summary under section 16-155 in Schedule 1 to the Act; or
- (b) issue a part year payment summary under section 16-160 in Schedule 1 to the Act; or
- (c) report under subsection 16-153(2) in Schedule 1 to the Act; or
- (d) notify the Commissioner of amounts required to be notified under section 389-5 in Schedule 1 to the Act.

Schedule 1—Repeals

Pay as you go withholding - Variation and exemption of withholding requirements for certain payments made to religious practitioners

1 The whole of the instrument

Repeal the instrument