



## Pulpit Supply (Locum Service) Payments – PAYG Withholding and Supplier Rules

### Purpose

This guide helps congregations and committees determine the correct treatment of payments for pulpit supply (locum services) and similar occasional services. It explains when PAYG withholding applies, what evidence must be collected and what reporting may be required.

**Important:** *This document summarises ATO guidance and key legislative references for common pulpit supply scenarios. It is not legal or tax advice. If you are unsure about a particular arrangement, please seek further advice before making payments.*

### At a glance

- Identify whether the supply provider is a **Religious Practitioner (RP)** (Step 1) or **not a RP** (Step 2).
- If the provider is **not** a religious practitioner, collect either a **valid ABN** on an invoice or a **Statement by a supplier (NAT 3346)** form before paying.
- If no ABN/Statement is provided and the payment is **more than \$75 (ex GST)**, withholding may be required at the top tax rate
- If pulpit supply becomes **regular or ongoing**, reassess employment vs contractor indicators (Step 3).

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### Who is providing the pulpit supply?

If the provider is a **religious practitioner** performing duties in pursuit of their vocation and as a member of a religious institution, PAYG withholding rules may apply (TAA 1953 – Sched. 1, section 12-47. See ATO guidance: [Religious practitioners – PAYG withholding rules](#)).

### Step 1 – If the provider is a religious practitioner

#### 1. Supply provided by an inducted or employed PCNSW Minister/Religious Practitioner

##### What to do (Internal Process)

- The congregation receiving the pulpit supply should remit any agreed supply fee (including any travel reimbursement) to the practitioner's home (employing) congregation, rather than paying the practitioner directly.
- If a practitioner provides the supply without missing regular duties, the home congregation (via the CoM) may pay this amount to the minister in addition to their ordinary stipend/salary. In this instance, process the payment through payroll, including any applicable PAYG withholding and STP reporting.
- Churches using central payroll can notify the General Office Payroll Manager to facilitate the payment ([payroll@pcnsw.org.au](mailto:payroll@pcnsw.org.au)).
- Internal resource: recommended supply fees are published annually in the M&M Stipend and Allowances schedule: <https://mmpcnsw.org.au/people/salaries-and-remuneration/>

## 2. Supply provided by non-PCNSW Religious Practitioner or Retired PCNSW Minister/ Religious Practitioner

### ATO PAYG withholding variation to nil

- For supply (locum) services paid by a religious institution to a religious practitioner (including retired ministers), the ATO applies a special PAYG withholding outcome depending on the number of days of locum service performed in a quarter (*LI 2026/12*). See ATO guidance: [Religious practitioners – PAYG withholding rules](#).

PAYG withholding is varied to nil where:

- The retired practitioner provides **2 days or fewer locum services in a quarter**. (**Note:** A quarter is defined as a period of 3 months ending 31 March, 30 June, 30 September or 31 December.)

PAYG withholding is **not varied to nil** where:

- The practitioner is engaged for **2 days initially, and then for a further period in the same quarter** - withholding is varied to nil for the initial 2 days; **subsequent payments are subject to withholding according to the relevant tax tables**.
- The practitioner is engaged for **more than 2 days continuous in the quarter** - withholding applies **from the whole payment** according to the relevant tax tables.

### If withholding applies, you must:

- Provide the required PAYG reporting to the payee (either a [PAYG payment summary](#) if you are not reporting and finalising through STP, or an STP income statement if reported through STP).
- Report amounts withheld on your Business Activity Statement (BAS) at label **W4** and pay the withheld amount to the ATO by the due date.
- Lodge the relevant PAYG withholding annual report for payments that are **not** reported and finalised through STP. See ATO guidance: [PAYG withholding annual reports](#). (**Note:** payments may still need to be included in the relevant annual report, including where withholding is nil.)

## Step 2 – If the provider is not a religious practitioner

### 1. Supply provided by a non-religious practitioner (lay person)

#### Before you pay (evidence required)

- Treat the payment under the ATO's withholding-from-suppliers rules. Collect evidence showing why withholding is (or is not) required.
- Before paying a pulpit supply fee, obtain **one** of the following:
  - ✓ An invoice from the provider that quotes a **valid ABN**; or
  - ✓ A completed **Statement by a supplier** form (**NAT 3346**), where the supplier is eligible to use it. See ATO guidance: [Statement by a supplier not quoting an ABN](#) and [Form \(PDF\)](#).

**Note:** *If you have reasonable grounds to believe an ABN is incorrect/invalid, or that a Statement by a supplier is not valid for the circumstances, seek clarification or updated documentation before paying. If appropriate evidence is not provided, apply the no-ABN withholding rules below.*

## 2. Valid ABN or Statement by a Supplier is provided

- If the supplier quotes a valid ABN or provides a valid Statement by a Supplier form (NAT 3346), then the **no-ABN withholding** rules generally do **not** apply.
- Note: this does not remove any withholding or payroll obligations that may arise under other rules (for example, if the arrangement is 'employment-like').

**Note 1: NAT 3346** – This form cannot be used for payments received “as a religious practitioner”.

**Note 2: NAT 3346** – If the supplier is an individual and the supply is genuinely a private recreational pursuit or hobby (or wholly private/domestic), this is an allowable exemption category.

## 3. No ABN or Statement by a Supplier is provided

- If the payment for a supply is **more than \$75 (excluding GST)** and the supplier does not quote an ABN, or provide a valid Statement, you generally must withhold from the payment at the **top rate of tax (currently 47%)** (TAA 1953 Sched. 1, section 12-190). See ATO guidance: [Withholding if ABN is not provided](#)
- Remit and report withheld amounts to the ATO and payee, in line with PAYG withholding obligations (see detail in Step 1).

## Step 3 – If the supply becomes ongoing or regular

- If the same person is engaged repeatedly, or the arrangement is planned or continuous, treat this as a higher-risk compliance scenario.
- You may need to reassess whether the person should be treated as an employee for payroll purposes, rather than a supplier/contractor. See ATO guidance: [Employment vs contractor](#).
- If you are unsure about the arrangement, please seek further information.

For **more information**, please contact:

Suat-Har Maher (Payroll Manager) [smaher@pcnsw.org.au](mailto:smaher@pcnsw.org.au)

Jordan Perry (Chief Financial Officer) [jperry@pcnsw.org.au](mailto:jperry@pcnsw.org.au)

# Pulpit Supply Flowchart

