



A guide: Tax for mission workers

Overview:

Whilst there are no specific tax laws for missionaries, it is important to comply with existing tax legislation. Please use this document as guidance for general rules only and seek professional advice when needed.

This document focuses primarily on self-funded UK-based mission workers serving overseas, rather than employees of mission agencies. If you go through an agency, they will typically guide you through things like tax codes and paperwork.

What does the Bible say about taxes?

Matthew 10:16 – Be “wise as serpents and innocent as doves.” Christians must be honest and thoughtful, not naive.

Romans 13:1, 6–7 – Paying taxes is part of submitting to governing authorities.

Key questions to be asking of yourself:

1. What is your tax residency status?
(E.g., Will you live in another country for over 183 days per year?)
2. Are you taxed on worldwide income?
3. What is your UK tax situation regarding income and expenses?
(Does the UK have a tax treaty with the country you’re serving with?)
4. What is the situation with your UK home?

Understanding your UK tax status

Statutory Residence Test (SRT)

- Your residency should be reviewed annually. Why not set a reminder on your calendar for an ‘SRT’ day each year? Determine what your UK v overseas working days are.



- UK residents are taxed on their worldwide income, their vocation, which includes even those who work abroad or serve overseas for part of the year.
- If you are not a UK resident and only work abroad, this could mean that you avoid UK tax; however, where you work matters.
- Always remember to use reasonable apportionment to split income between the UK and overseas working days.
- Only UK residents have to pay National Insurance

Taxable Income

If you're a UK resident, the following are taxable:

Grants and gifts for personal or family maintenance from churches or charities.

What is not taxable?

Funds for specific projects (e.g. building wells) or one-off personal gifts (e.g. for medical care).

What are some tax-deductible expenses (for UK Residents)?

- Training costs
- Working-from-home expenses
- Equipment for mission use
- Project-related expenses
- Not deductible: personal expenses like children's education or holidays.

Best Practices:

1. Keep detailed records of all your expenses
2. Separate out the taxable V non-taxable income
3. Ask family (if they support) to donate directly, if you are claiming Gift Aid.
4. Think strategically about when you receive income e.g. frontload gifts before you return to the UK.



5. If you are serving as a married couple, consider setting up a partnership (LPA) to share your income/expenses and personal tax allowances (this does require a joint tax return).

When letting out your home in the UK, remember:

- Rental income is taxable in the UK.
- If married, consider transferring the property to joint ownership for shared tax allowances - Watch for stamp duty, however, if there's a mortgage.
- For those with homes in the UK, who are not UK residents, consider looking into the *Non-Resident Landlord Scheme*.
 - Apply to HMRC for gross payment status if tax liability is low (e.g., under personal allowance).

Pension arrangements

To receive a UK pension, you need **3 years of residency** and qualifying contributions.

You can receive UK pension tax relief if:

- You are currently a UK resident;
- Or if you were a UK resident within the past 5 tax years, and
- Have relevant UK earnings.

Residence Tests Overview:

You are either a resident or non-resident for the full tax year unless you qualify for *split-year treatment*. It may, however, be useful to consider UK residence if it helps with pensions or ISAs.

1. Automatic Overseas Test: You're non-resident if you meet specific criteria (e.g. <90 UK days/year).

2. Automatic UK Test: You're likely a UK resident if you spend significant time in the UK.

To stay non-resident:



Plan your home visits in a way that supports your residency status.

- In years 1–3 of serving abroad, keep your UK visits to <90 days per tax year
- From year 4 onwards, limit your UK visits to <120 days per tax year

Before leaving

1. Register for self-assessment
2. Complete your tax returns online, even if you're abroad
3. Consider Global Connections' *International Retirement Benefit Plan* for further pension guidance and support.