



Salary Packaging Manual

Version 5.1

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Table of Contents

Table of Contents

Table of Contents	2
Disclaimer	4
Explanation of Terms	5
1.0 Introduction	6
1.1 Salary Packaging Overview	6
1.2 Salary Sacrifice Arrangement	7
1.3 Effective salary sacrifice arrangement	7
1.4 What are the salary implications for employees?	7
1.4.1 Assessable Income	7
1.4.2 Income for Employer Contributed Superannuation Purposes	7
1.5 Who can participate in Salary Packaging	7
1.6 To Commence Salary Packaging	8
1.6.1 Car Leases	8
1.6.2 Superannuation	8
1.6.3 Laptop/Notebook Computer	8
1.8 Independent Financial Advice	9
1.9 Employee Responsibilities in the Administration of a Salary Package	9
2.0 Package Items.....	9
2.1 Category A – FBT Exempt Benefits	9
2.1.1 Self-Education Expenses (work related)	10
2.1.2 Portable Electronic Devices	10
2.1.3 Subscriptions to Trade and Professional Journals, Airport Lounge Memberships	10
2.2 Category B - Concessionally Taxed Benefits	11
2.2.1 Superannuation	11
2.2.2 Car	12
2.3 Category C – Full FBT Benefits	14
2.3.1 Home Mortgage or investment loan (non-commercial)	14
2.3.2 Private Rental	14
2.3.3 Everyday Living Expenses	14
2.3.4 Meal Entertainment and Venue Hire	14
2.4 Reportable Fringe Benefits	15
2.5 Fringe Benefits Tax	15
2.6 Input Tax Credits and the GST	15

3.0	Administration Fees	16
3.1	Standard Fees	16
3.2	Non-Standard Fees	16
4.0	Payments.....	17
5.0	Changing or Terminating the Package	17
6.0	Leave without Pay (LWOP) or Long Service Leave (LSL)/Annual Leave at Half-Pay	17
7.0	Statements.....	18
8.0	FBT Declarations – Novated Motor Vehicle Leases.....	18
9.0	Contact with Salary Packaging Team.....	18
	MENU ITEMS AVAILABLE FOR SALARY PACKAGING	19
	CATEGORY A - Otherwise Deductible Items	19
	CATEGORY B - Concessionally Taxed and Exempt Items	19
	CATEGORY C - Full FBT Items.....	20

Disclaimer

This publication has been prepared without consideration of the particular investment objectives, financial situations and needs of Territory employees (“employees”). In all cases, employees must conduct and rely upon their own investigation and analysis of the information contained in this publication. No employee should act on the basis of any matter contained in this publication without considering, and, if appropriate, obtaining legal, financial and other professional advice upon the employee's particular circumstances.

The actions of the employer, and Shared Services (SS), as the salary packaging administration provider, in making payments to a third party for employment benefits in accordance with an employee's salary package do not in any way imply a transfer of liability to the Territory, or the provider (SS), in relation to any agreement,* understanding or obligation between the employee and the third party.

The Australian Capital Territory Public Service (“ACTPS”), each of its employees, employees of Shared Services and every person involved in the preparation of this publication expressly disclaims all liability for any loss or damage of whatsoever kind (whether foreseeable or not) which may arise from any person acting or relying on any statements contained in this publication, and notwithstanding any negligence, default or lack of care.

Employees should not assume that any item or matter not covered by this manual is available for packaging but should seek clarification of the matter from the Salary Packaging Team, Shared Services. Australian Taxation legislation, any ATO publication or external taxation advice received by Shared Services overrides the content of this manual.

While this publication discusses taxation at a general level, given the complexity of taxation legislation, individual circumstances may produce particular results.

This disclaimer does not limit or alter those statutory rights that cannot be excluded.

Please be aware, Financial Planners do not determine the Shared Services administrative policy on salary packaging. Consequently you need to be familiar with the Shared Services approved items and arrangements. If in doubt about any aspect, contact the Salary Packaging Team, Shared Services.

Explanation of Terms

Unless stated otherwise, terms referred to in this document have the following meaning:

Concessionally Taxed Items	Refers to those package items that do not attract full FBT.
Employee Contribution Method	Refers to after-tax salary package contributions made by an employee to reduce the employee's FBT liability.
Exempt Items	Refers to those package items that are exempt from FBT.
FBTAA	Refers to the <i>Fringe Benefits Tax Assessment Act 1986</i> .
FBT	Refers to the Fringe Benefits Tax imposed by the FBTAA.
Full FBT Items	Refers to those package items that are subject to the full rate of FBT.
GST	Refers to the tax imposed as Goods and Services Tax by the GST Act.
GST Act	Refers to the <i>A New Tax System (Goods and Services Tax) Act 1999</i> .
Gross Salary	Represents an employee's cash salary before tax is deducted.
Input Tax Credits	Refers to an entitlement arising under the GST Act.
ITAA	Refers to the <i>Income Tax Assessment Act 1997</i> .
Novated Lease	Under a novated lease, the employee's obligations under a finance lease agreement are transferred (novated) to the employer for the term of the deed of novation.
Otherwise Deductible Items	Refers to those package items for which an employee would usually claim a tax deduction. An employee cannot claim a tax deduction for such package items if they form part of the employee's salary package.
PH	Organisations which have the status of a Public Hospital under the FBTAA.
Reimbursement	Refers to the repayment to an employee of monies originally paid out by the employer for package items, upon receipt and product of original receipted accounts.
Salary Packaging	Refers to an arrangement between an employee and the employer whereby the employee elects to exchange cash salary for non-cash benefits. Non-cash benefits can be taken as a range of package items provided for in this document.

1.0 Introduction

Shared Services (SS) administers the salary packaging for all ACTPS staff.

This manual should be read in conjunction with the *ACTPS Salary Packaging Policy and Procedures*.

1.1 Salary Packaging Overview

Salary packaging is a legal process whereby an employee, with the approval of the employer, can take their salary as a combination of cash and non-cash benefits. For example, the payment of a novated lease and running expenses associated with a car, a laptop computer or supplementary superannuation may be packaged. There is no PAYG tax payable on these benefits when salary is packaged. The non-cash benefits are paid for from the employee's pre-tax salary. Under a salary packaging arrangement Fringe Benefits Tax (FBT) replace the income tax normally payable on the employee's pre-tax salary. The amount of FBT depends on the type and value of the benefit items packaged. The overall tax outcome for each employee will vary depending on the employee's particular circumstances.

Some benefit items may also attract Goods and Services Tax (GST). Under a salary packaging arrangement an entitlement to a Goods and Services Input Tax Credit (ITC) may arise. Where there is an entitlement to an Input Tax Credit (ITC), SS will claim and return the ITC to the employee. In the case of Novated Motor Vehicle Leases any pre-tax salary deduction is ex-GST, therefore all ITC's returned from the ATO are held by SS.

Some employees of Public Hospitals (PH's) may be eligible for an exemption of FBT on the value of benefits provided to the grossed up value of \$17,667. The taxable value of any fringe benefit is "grossed up" and shown on the employee's payment summary at the end of each financial year. Within the ACTPS only certain employees employed in ACT Health, Health SSICT and the ACT Ambulance Service are eligible for PH exemption.

Salary packaging may provide a range of benefits to both employees and employers, including:

- a) more effective remuneration for employees;
- b) retention of valued employees; and
- c) attraction of key employees.

This manual discusses the administrative process and procedures, including the types of benefit items that can be salary packaged, and the administrative arrangements that operate under the SS "in-house" arrangements. These arrangements may change from time to time.

The *Fringe Benefits Tax Assessment Act 1986* and *Income Tax Assessment Act 1936* and *1997* regulate the relevant tax payable on such benefits. Any changes to this legislation, or any other legislation, that impacts on salary packaging will be reflected in the employee's remuneration package and will not increase or decrease the total cost to the employer. Should such a change in legislation occur, the employee will be entitled to amend their salary packaging arrangements in accordance with arrangements set out in this document.

If a higher Fringe Benefits Tax (FBT), or any Territory tax equivalent, becomes payable on a packaged item, the employee must make payment of the additional FBT amount, or equivalent, to their employer at the end of the reconciliation period.

Shared Services offers a very streamlined model to ensure the cost of the administration of salary packaging is contained.

Not all employees will benefit from salary packaging.

Employees are under no obligation to participate in salary packaging.

1.2 Salary Sacrifice Arrangement

A salary sacrifice arrangement is an arrangement between the employer and the employee where the employee agrees to forego part of their future entitlement to salary or wages in return for the employer providing benefits of a similar cost to the employer.

Under a salary packaging arrangement:

- The employee only pays income tax on the reduced salary or wages.
- The employer is liable to pay Fringe Benefits Tax (FBT) on the fringe benefits provided. Under the ACTPS Salary Packaging Policy, any employer FBT liability is directly passed onto the employee.
- Salary sacrificed superannuation contributions are classified as employer superannuation contributions (not employee contributions) and are taxed in the superannuation fund at 15%.

1.3 Effective salary sacrifice arrangement

- An effective salary sacrifice arrangement is an arrangement between the employer and the employee detailing the amount of salary or wages income to be sacrificed. To be effective it must be entered into before the employee becomes entitled to be paid.
- The salary sacrifice arrangement would be entered into prior to the work being performed.
- Employees can re-negotiate a salary sacrifice arrangement at any time.

1.4 What are the salary implications for employees?

1.4.1 Assessable Income

The employee pays income tax only on the reduced salary and the employee receives a reduced salary plus non-cash benefits. Employees can also make employee contributions from their after-tax income towards the FBT cost of providing the benefit (ECM) when they salary package a car.

1.4.2 Income for Employer Contributed Superannuation Purposes

The employee's income for superannuation guarantee purposes is their gross salary excluding any deduction for salary sacrifice. Eligible employees will continue to contribute to their current superannuation scheme.

1.5 Who can participate in Salary Packaging

Salary packaging is only available to eligible employees. An eligible employee is either:

- A permanent officer or temporary employees employed under the Public Sector Management Act 1994 who is covered by a Certified Agreement, an Australian Workplace Agreement (AWA) or Special Employment Arrangement (SEA) or an AWA, which contains a clause providing access to salary packaging.

- A casual employee, may, subject to the agreement of the relevant Director General (or his or her Delegate), be permitted to salary package some items from the approved menu. This will extend to salary packaging for laptop/notebook computers and superannuation. This entitlement would not apply to novated motor vehicle leases. For casual employees to salary sacrifice to superannuation, a casual superannuation deduction form must be emailed on each occasion their casual timesheet is lodged.
- An Executive contracted to an agency.

1.6 To Commence Salary Packaging

- Request a Salary Packaging Letter of Offer from the Salary Packaging Team, Shared Services, by phoning 6207 9000. Alternatively, you can submit a request via Salary Packaging@act.gov.au
- Once received, complete the Salary Packaging Agreement (from the Letter of Offer) and forward back to the Salary Packaging Team, Shared Services, for processing.

1.6.1 Car Leases

- Standard Novated Leases are available from a number of leasing companies. Further information can be obtained direct from the leasing company.
- A standard Novated Lease is between the employee and the leasing company. The employer enters into a novation agreement making the employer responsible for all lease payments during their employment with the ACTPS. When the employee is on extended leave without pay or leaves the employment of the ACTPS, the novation agreement expires and the employer is no longer liable and the ex-employee becomes responsible for any future lease payments.
- The majority of leasing companies provide novated leases for both new and second-hand vehicles. Details can be obtained from leasing companies.

1.6.2 Superannuation

- Staff are able to package superannuation into a complying superannuation fund. The CSS or PSS Defined Benefits Schemes are not complying funds.

1.6.3 Laptop/Notebook Computer

If you wish to salary package a laptop/notebook computer a declaration signed by your manager is required stating that the equipment is required for employment duties and/or work-related training. See Section 2.1 for procedural details.

1.8 Independent Financial Advice

- Shared Services strongly recommends that all employees wishing to salary package obtain financial advice, including specialist advice on packaging options, before making any decisions.
- Regardless of which financial adviser is chosen, staff need to be fully conversant with the items that SS allow to be packaged.
- The first visit to the financial advisor is unable to be salary packaged.
- Subsequent appointments with the financial adviser are able to be salary packaged if the services pertain to the employee's salary packaging arrangement.

1.9 Employee Responsibilities in the Administration of a Salary Package

Employees are required to take a pro-active role in their salary packaging arrangement. For example, for novated car leases, information on vehicle usage to enable prompt calculation of an FBT liability must be provided to SS Salary Packaging Team by the nominated date following the end of each FBT year (31 March).

2.0 Package Items

Under the SS "in-house" arrangements, the following items are allowable:

- New cars through Novated lease;
- Used cars through Novated Leases from a number of leasing companies. **NOTE:** subject to approval from the leasing company;
- Laptop/notebook Computers; (required to undertake employment duties and/or work related-training - a signed declaration is required from your supervisor);
- Supplementary Superannuation contributions. **(This does not include contributions to the existing Commonwealth CSS/PSS Defined Benefits Schemes, but, does include the PSSap scheme);**
- Work Related Membership Fees for Professional Associations including annual subscriptions for work related journals and magazines. Eligibility for these items is assessed on a case-by-case basis.
- Airline Lounge Memberships (e.g. Qantas Club);
- Financial Advice after the initial visit;
- Income Protection Insurance;
- **Additional items which attract Full FBT (e.g. home mortgages/Meal Entertainment) are only available to staff employed in areas with Public Hospital (PH) status, e.g. these include parts of ACT Ambulance Service and parts of ACT Health Directorate (eligible employees only).**

Employees can package up to 100% of their pre-tax salary.

Note: Independent Financial Advice is strongly recommended before entering into a salary packaging arrangement.

2.1 Category A – FBT Exempt Benefits

Notebook/Laptop Computers, (required to undertake employment duties and/or work-related training, including Subscriptions to Trade and Professional Journals, Airport Lounge Memberships

- These items are not subject to FBT if an employee could usually claim a tax deduction when preparing their annual tax return (e.g. complying Work Related Expenses, Self-Education Expenses).
- Each employee is allowed to package one portable electronic device (PED) per FBT year (FBT Year is 1 April to 31 March) which will be free of FBT provided it is required for business use. Desktop personal computers are not eligible for this concession.

Microsoft's Home Use Program (HUP) is available to ACT Government employees for the term of the Microsoft Enterprise Agreement. This agreement allows employees to order their own copy of approved Microsoft media for installation of applications (such as Microsoft Office) on their laptop computer. Further information on the Microsoft Home Use Program is available in Shared Services ICT's *Microsoft Home Use Program* fact sheet <http://sharedservices/ACTgovt/ICTfactsheets.asp>.

- GST payable on these purchases is refunded through an Input Tax Credit (ITC).

2.1.1 Self-Education Expenses (work related)

- Expenses (eg. course or tuition fees, text books, technical instruments and equipment) incurred by an employee attending a course at an educational institution or a work related conference which is directly relevant to the current employment activities that may be allowable as an income tax deduction. Please note that HECS/HELP payments are not otherwise deductible expenses and courses with a HECS HELP subsidy are not able to be packaged.

2.1.2 Portable Electronic Devices

- Employee purchases a portable electronic device.
- The employee's manager signs the FBT declaration stating that the PED is required for the employee to carry out their employment duties and/or work-related training.
- In order to receive the reimbursement employees must submit the original of the tax invoice or receipt showing the cost of the computer with the Salary Packaging claim form.
- The bank account name, number and BSB where the reimbursement is to be deposited are required.
- The SS reimbursement will generally be made over a number of pays periods. The reimbursement will be made to the employee's nominated bank account.

2.1.3 Subscriptions to Trade and Professional Journals, Airport Lounge Memberships

All of these items are FBT exempt.

2.2 Category B - Concessionally Taxed Benefits

Certain items are concessionally taxed for FBT purposes.

2.2.1 Superannuation

- Employees may contribute to a private superannuation fund as part of their packaging arrangements.
- Superannuation is suitable for packaging as no FBT is payable regardless of the employer's FBT status, though it is required to be reported on an employee's Payment Summary.
- Additional contributions must be made to a complying superannuation fund.
- Additional superannuation contributions paid to a private fund via salary packaging are considered to be an employer contribution and as such are subject to annual limits. Employees will only be able to direct funds to certain self-managed superannuation funds (SMSF) as prescribed by ATO regulations.
- All contributions are presently subject to a 15% contributions tax.
- A SS Salary Packaging Deduction Authority must be provided to the Salary Packaging Team before the deductions can commence.
- Funds must be deposited into a superannuation account in the employee's name. Contributions to spouses/partners accounts attract full FBT. Further advice can be obtained from your financial advisor.
- Casual employees may salary sacrifice into superannuation on completion of a casual salary sacrifice deduction authority form each fortnight. Further information is available from the Salary Packaging Team, SS.
- Due to restrictions and capped limits on concessional contributions, it is recommended that you seek financial advice prior to commencing salary packaging to your superannuation fund.
- ACT Government will be submitting payment through the My Super portal from 1 April 2016.
- If the superannuation fund is a standard choice superannuation fund you must supply the following:
 - Super fund Australian Business Number (ABN)
 - Unique Superannuation Identifier
- If the fund is a self managed superannuation fund (SMSF), the employee must supply the following:
 - SMSF Trustee Australian Business Number (ABN)
 - SMSF Australian Prudential and Regulatory Authority (APRA) and Registrable Superannuation Entities (RSEs) ATO letter of compliance.
 - SMSF ATO registered Fund electronic service address (ESA)
- Only funds that accept EFT transfers can be salary packaged into.

The SS arrangements will be directed to an approved fund that accepts EFT. Refer to the Superannuation fact sheet for additional information.

Please note this superannuation is in addition to any post tax superannuation contributions you currently make.

2.2.2 Car

Definition of a Car for FBT purposes.

For FBT purposes, cars designed to carry less than 9 passengers and have a carrying capacity of less than 1 tonne are eligible. A number of utilities and light vehicles fit this category.

Novated Lease

- Under a novated lease arrangement the employee makes some of the payments for the salary packaged car from their pre-tax salary. The novated lease is managed by the leasing company. If an employee's employment is terminated, or on extended leave without pay, the employee has the obligation to pay future lease payments and/or payment of the residual value and retains the use of the vehicle as lessee.
- Employees can choose from any approved leasing company. Check with the Salary Packaging Team prior to entering into an arrangement with a leasing company.
- If the employee leaves the ACTPS, in some cases it may be possible to transfer the lease to Australian Public Service (APS) agencies, subject to approval from the leasing company and the new agency.

Once you salary package a car, you cannot legally claim any business expenses associated with the car as a tax deduction.

Fringe Benefits Tax on Cars

- A car fringe benefit generally arises when a car, which is owned or leased by an employer, is made available for the private use of an employee. If the employer's car is garaged at an employee's house, it is regarded as having been made available for private use.
- Cars can only be provided through a Novated Lease. All running and maintenance costs can be included in the packaged cost for the car.
 - Running costs include petrol, oil and auto club membership, vehicle repairs, tyres and service costs, insurance and registration.
 - Running costs do not include infringement notices, road tolls and similar items.

The novated lease arrangement includes provision for running expenses. Only items as defined in the FBT Act are legitimate expenses.

FBT is only paid from commencement date of the novated car lease, i.e. pro-rata (daily basis) for the first FBT year. Post tax payments are adjusted in the lease payments in the first FBT year to offset the leased car's FBT liability.

Novated car leases that were entered into after 10 May 2011 are subject to a flat 20% statutory fraction.

The statutory formula method is generally for calculating the FBT benefit value is:

$$\text{Taxable Value} = A \times B \times C/D - E$$

Where:

- A = the 'base value' of the car
- B = the statutory percentage
- C = the number of days in the FBT year when the car was used or available for private use of the employee
- D = the number of days in the FBT year
- E = the employee contribution – this must be an after-tax contribution

Calculation of taxable value of taxable value of Motor Vehicle where:

A = \$25,000

B = 20%

C = 365 days

D = 365 days (ie. a full FBT year)

E = NIL

$$\text{Taxable value} = \$25,000 \times 20\% \times 365/365 - 0$$

$$\text{Taxable value} = \$5,000$$

$$\text{FBT} = \text{Taxable value} \times \text{Gross-up factor} \times \text{FBT rate}$$

$$\begin{aligned} \text{FBT} &= \$5,000 \times 2.0802 \times 47\% \\ &= \$4,888.47 \end{aligned}$$

Note: the gross-up factor and FBT rate are based on 2017/18 ATO rates.

2.3 Category C – Full FBT Benefits

These benefits are only available to employees employed in eligible PH and ESA Ambulance positions. Consult the salary packaging team on 6207 9000 for clarification. The benefit provided must not exceed the allowable FBT exempt cap. The benefit is spread evenly over the FBT year.

The employee must inform the salary packaging team if they move to an ineligible position or perform duties in an ineligible area. The benefit will cease at this point. Any benefits provided after this date are subject to full FBT and will be recovered from the employee.

2.3.1 Home Mortgage or investment loan (non-commercial)

- The employee must provide proof of the financial arrangement through mortgage and bank statements.
- Every second year the employee must produce proof that the mortgage or investment loan is continuing.
- The benefit will be scheduled for two years and cease after this time pending ongoing substantiation of the mortgage or investment loan.

2.3.2 Private Rental

- The employee must provide proof of the rental agreement. This benefit will extend to the period of the current rental agreement only. Should the employee be on a month to month agreement, the benefit will be scheduled for a maximum of six months. A new home rental contract must be provided to recommence the benefit.
- The benefit will be spread evenly over the FBT year.

2.3.3 Everyday Living Expenses

- Employees may package everyday living expenses such as groceries, private travel, motor vehicle expenses, insurance, school fees, HELP debts and utility charges.
- The benefit will be spread evenly over 25 pays. This will allow the employee to utilise the benefit before 31 March each year.
- The benefit is paid by loading up an everyday living expense debit card through fortnightly deductions from your salary. Any balance left on the card as at 31 March will reduce the benefit available in the next FBT year.
- To apply for an everyday living card a form is available on the Shared Services intranet and is to be emailed to SalaryPackaging@act.gov.au.
- The Everyday Living Expense card is cancelled when you move out of an eligible position, including undertaking duties in another part of ACT Government or leave ACT Government. The employee must notify the Salary Packaging Team if either of these circumstances occurs. Any of these benefits provided after moving out of an eligible position is subject to full FBT. Funds left on the card at the date of ineligibility will be taxed and reimbursed to the employee through the payroll system.

2.3.4 Meal Entertainment and Venue Hire

- Employees may package meal entertainment as per the Meal Entertainment and Venue Hire guidelines.
- This benefit is subject to a cap of \$2,550 from 1 April 2016.
- The benefit will be spread evenly over 25 pays. This will allow the employee to utilise the benefit before 31 March each year.

- Employees must retain receipts for a period of seven years for audit purposes. The Directorate may request these receipts. The request for valid tax invoices must be complied with.
- An application form is available on the Shared Services intranet.

2.4 Reportable Fringe Benefits

If the total taxable value of certain fringe benefits received by an employee in an FBT year (1 April to 31 March) exceeds \$2,000, the grossed-up value of those benefits will be recorded on the employee's payment summary for the corresponding income year (1 July to 30 June). Grossing up reflects the amount of gross salary that would have to be earned to purchase the benefit from after tax dollars. This is calculated at the highest marginal tax rate, including applicable levies (e.g. Medicare levy).

The value of fringe benefits reported on the payment summary is known as a Reportable Fringe Benefit.

The ATO advises that the Reportable Fringe Benefits will not be included in the employee's assessable income or affect the amount of basic Medicare levy payable.

The figure will be used to calculate the following:

- Medicare levy surcharge
- Deduction for personal superannuation contributions
- Superannuation contributions and termination payments surcharge
- Higher Education Loan Program (HELP) repayments
- Child Support obligations
- Entitlement to certain income tested government benefits

2.5 Fringe Benefits Tax

- Fringe benefits tax makes it possible for employers to legitimately pay benefits on behalf of employees. The employer pays FBT rather than the employee paying PAYG. Because salary packaging is at no cost to the ACT Government or any ACTPS agency, employees are required to pay their FBT liability from their gross salary. The FBT withheld from pre-tax salary is held by SS until paid to the ATO. The amount of FBT payable by individual employees is reconciled at the end of each FBT year (31 March). Each FBT year is independent of other FBT years.
- Any additional FBT liability incurred each FBT year as a result of insufficient post tax dollar contributions, planned pre-tax FBT salary deductions will be paid by your directorate and recovered from the employee's future pre-tax salary as negotiated with the employee prior to the commencement of the following FBT year.

2.6 Input Tax Credits and the GST

- A number of benefits that are commonly packaged will be subject to GST. SS will be entitled to claim Input Credits which will be rebated to the employee, negating the effect of the GST.

- To ensure that employees are not avoiding GST in this way, the government has introduced a second (higher) gross up rate to calculate the FBT. The effect of the higher gross up rate is to increase the FBT to cover the Inputs Tax Credits claimed by the employer.
- Where the underlying benefit is subject to FBT, the employer will be entitled to an Input Tax Credit regardless of whether or not the employer actually claims the Input Tax Credits. The entitlement means that the benefit must be grossed up using the higher gross up rate rather than the lower grossed up rate.
- Where Input Tax Credits are able to be claimed, SS will claim the credits and pass them back to the Salary Packaging Account and then will credit the individual employee salary packaging accounts where appropriate. In the case of novated car leases, the fortnightly salary post tax deduction is GST inclusive and the pre-tax deduction is net of GST. In this situation, any GST claimed by SS will be retained.

3.0 Administration Fees

- SS charges an administration fee for providing salary packaging services on a cost recovery basis. This decision is based on the condition that the “in-house” salary packaging model must be at no cost to the ACT Government, SS or participating agencies.
- Fees are only payable for the duration of the package.

Note: All fees are ex-GST and included in the salary package as a “pre-tax” cost.

3.1 Standard Fees

- The standard fee (excluding superannuation benefits) is \$10.00 (pre-tax) per fortnight. This amount is capped irrespective of multiple benefits.
- Superannuation (EFT) - fees are \$5.00 (pre-tax) per fortnight.

3.2 Non-Standard Fees

Non-standard fees are payable in addition to the above standard fee(s).

- For reimbursement of costs over one pay a “one-off” fee of \$25.00 (pre-tax) is payable
- For reimbursement of costs and lease processing there is a “one-off” fee of \$50.00 (pre-tax) for reimbursements beyond one pay period.

Benefits included under this arrangement are:

- Financial advice
- Interest payments on investment loan reimbursement
- Self-education
- Portable electronic devices
- Other deductible items

4.0 Payments

- SS will process payments by Electronic Funds Transfer (EFT) in the majority of cases.

5.0 Changing or Terminating the Package

- Employees can terminate or amend (re-negotiate) their packaging arrangements at any time without any additional SS fees other than those associated with the administration of the package.
- There is no restriction on the number of variations to contribution rates with superannuation packaging.
- Employees who decide to terminate their car lease should be aware of the implications when they terminate. These details are set out in the novated lease fact sheet.
- When terminating a car lease, adequate notice is required to ensure sufficient time to process the paperwork, collect any outstanding amounts, and general management of the process.
- Where a car lease is involved, if an employee has overspent on their package, the employee will be informed and will need to make arrangements with the SS Salary Packaging Team to repay the funds. This information will be obtained from the leasing company.
- If an employee has spent less than the budgeted amount, the difference will be included in calculating any termination pay the employee is entitled to and the appropriate tax will be deducted.
- SS must receive a signed original FBT Declaration from the employee to enable the package to be finalised where a car has been packaged.
- The final monies payment to the employee cannot be made until the package has been reconciled and all necessary documentation is received and actioned.

Additional information is contained in the Novation Deed.

6.0 Leave without Pay (LWOP) or Long Service Leave (LSL)/Annual Leave at Half-Pay

- Employees will need to ensure there are adequate funds in their package balance to sustain any period of LWOP or LSL/Annual leave at half-pay.
- If the funds from their salary deduction are insufficient, the employee will need to make other arrangements, such as terminating the lease (including laptop/notebook and car leases) and suspending superannuation contributions.
- Employees who have a salary packaging arrangement in place and are terminating their employment with the ACTPS, must contact Shared Services salary packaging. Any outstanding costs i.e. FBT arrears will be recovered from the employee prior to their cessation or from final monies.

7.0 Statements

- Salary Packaging reports will be available by logging onto the salary packaging employee portal.

8.0 FBT Declarations – Novated Motor Vehicle Leases

- At the end of each FBT Year ending 31 March, employees are required to satisfy the substantiation rules, which include the completion of any days the vehicle is unavailable and any out of pocket unreimbursed vehicle expenses. Closing odometer readings are no longer required for cars where FBT is calculated using a statutory percentage of 20%.
- Declarations are available on the intranet and will be required to be completed and returned to the Salary Packaging Team no later than 10 April each year.

9.0 Contact with Salary Packaging Team

Phone: (02) 6207 9000

Email: salarypackaging@act.gov.au

MENU ITEMS AVAILABLE FOR SALARY PACKAGING

The Head of Service has agreed the following items may be included in salary packaging arrangements for ACT Public Service employees. It should be noted that this list may be amended from time to time by the Head of Service without prior notice:

CATEGORY A - Otherwise Deductible Items

(i.e. benefits that would otherwise be tax deductible)

- Disability/Income protection insurance premiums;
- Financial counseling fees;
- Interest payments on an Investment loan;
- Membership fees and subscriptions to professional associations and unions (i.e. AIM, AMA, CPA, unions, etc.);
- Self education expenses related to the employee's current employment activities; and
- Work-related travel expenses (not including travel to and from work).

CATEGORY B - Concessionally Taxed and Exempt Items

Exempt items

(i.e. benefits that are exempt from FBT)

- Child care fees - '**in house**' (i.e. employer provided, if available); and
- Laptop computers required to undertake employment duties(i.e. notebook, ipad).

Concessionally taxed items

(i.e. benefits where the full value of the benefit is not subject to FBT)

- Contributions to a private superannuation fund (contributions made by the employer are exempt from FBT and income tax, but are subject to a contributions tax);
- Motor vehicle (for private use) through a fully novated lease;
- Replacement vehicle - where an Executive chooses to 'cash-out' the employer-provided motor vehicle the replacement vehicle may be taken as a novated lease through salary packaging;
- Upgrade of an Executive's employer-provided motor vehicle - where the Directors-General agrees to allow payments covering the difference between the lease payments to be made from the Executive's pre-tax salary through approved salary packaging arrangements.

CATEGORY C - Full FBT Items

(i.e. benefits subject to the full rate of FBT)

- Insurance premiums, other than income protection (eg. trauma/life, motor vehicle, home/contents);
- Investment loan (eg. real estate property for non-commercial purposes);
- Own home mortgage (or private home rental) payments;
- Private health insurance premiums;
- Private travel (eg. personal holidays, home to work travel, car parking, bus fares, other modes of transport);
- School and higher education fees (including HECS);
- Utilities charges (eg. gas, electricity, telephone, water, rates, etc.);
- Meal entertainment expenses
- Venue hire expenses.

The above categories are in accordance with taxation rules at the date of publication.