

A Guide to Salary Packaging 'Exempt Benefits'

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About The Salary Packaging People

The Salary Packaging People are an independent company who administer salary packaging on behalf of your employer. We are required to comply with statutory requirements and taxation legislation. All information sent to us is treated as strictly confidential.

What is Salary Packaging?

Salary Packaging is an arrangement whereby an employer can pay an employee (you) in a flexible way through a combination of wages and Australian Taxation Office (ATO) approved non-cash benefits. You can salary package Exempt Benefits and Concessional Benefits (refer to 'Guide to Salary Packaging – Government-Corporate Novated Lease'). This guide focusses on information relating to Exempt Benefits.

The amount paid through your salary deductions for Exempt Benefits is not subject to Fringe Benefits Tax (FBT) or Income Tax therefore no amount appears on your PAYG Summary at the end of the Financial year.

What Can Be Salary Packaged? (Exempt Benefits)

Permissible Exempt Benefits include:

- ✓ Superannuation*
- ✓ Income Protection Insurance
- ✓ Self-Education Expenses (post Graduate course fees)
- ✓ Professional Development (including subscriptions)
- ✓ Financial Consulting (tax advice)
- ✓ Work related Laptop
- ✓ Work related Mobile Phone
- ✓ Work related Electronic device
- ✓ Briefcase
- ✓ Airport Lounge membership
- ✓ Professional Journal subscription
- ✓ Professional Body membership
- ✓ Development Travel (e.g. Professional Travel seminars)
- ✓ Development relocation expenses
- ✓ Tools of Trade

* Salary Packaged Superannuation Contributions are reported separately on your PAYG summary.

The above is an outline of the most common Exempt Benefits that employees include in their Salary Package. You are also able to package Concessional benefits, which is detailed in a separate guide. If you wish to package expenses other than those listed, please consult us to ensure the amount falls within the FBT legislation and to arrange the method of payment.

How is Salary Packaging Paid?

Your nominated salary packaging amount is deducted from your gross pay (which in turn reduces your tax). This will appear on your payslip. That amount is transferred to us by your employer and we disburse the received amount in accordance with your instructions.

How to Apply for Salary Packaging

You will need to complete a The Salary Packaging People Application Form which identifies the items that you wish to salary package and what you need to provide to ensure your packaging arrangement complies with any Government regulations.

You will need to advise us whether you wish to accumulate a balance of funds before you spend them on a nominated Exempt Benefit, or whether you want a regular payment established for disbursement to a nominated supplier or a reimbursement to your nominated account. You are required to supply supporting documentation relating to the Expense Benefit prior to the payment of the amount deducted from your salary.

Should you choose to include a Work Related expense as your Exempt Benefit, a declaration by you and your Employer will need to be completed. This declaration states that the equipment is used for “primarily business use”. A template of the declaration is available by contacting us directly.

Once we’ve processed your application, the amount including fees is provided to your payroll team, who commence deductions from the following pay cycle.

Independent Financial Advice

It is recommended that you seek independent financial advice on the make-up of your salary packaging, but when seeking advice please ensure that your financial advisor is familiar with salary packaging.

Please contact The Salary Packaging People on 03 5229 4200 or info@salarypackagingpeople.com.au with any queries and to arrange the set-up of this benefit.

You can also enquire through our website www.salarypackagingpeople.com.au