5.18 SALARY PACKAGING

INTRODUCTION
Salary Packaging is an arrangement that allows a staff member to forgo salary and receive benefits or goods instead thereby reducing their taxable income. The GST normally payable on some benefit items may also be refunded.

Generally any benefit paid in lieu of salary will attract a Fringe Benefits Tax (FBT). However, there are some benefit items which either do not attract FBT or attract a lower concessional rate of FBT. These are the benefit items that are offered as part of the UTS Salary Packaging Scheme.

FINANCIAL ADVICE
These Guidelines are intended to provide a general introduction to Salary Packaging at UTS. They are not designed to provide personal taxation advice. The University recommends that staff interested in salary packaging seek advice from a qualified financial advisor or accountant. It is compulsory for a staff member to obtain financial advice if they wish to package a vehicle lease.

ELIGIBILITY
Salary packaging is available to staff who are employed on a continuing or fixed-term basis for greater than twelve months. Some benefit items are also offered to casual, part-year and sessional staff.

Generally staff may salary package up to 90% of their pre-tax salary. However, it is the staff member’s responsibility to ensure they retain sufficient after-tax income to meet their living expenses.

SALARY PACKAGING BENEFIT ITEMS
The following salary packaging benefit items are available at UTS:
> Compulsory UniSuper, SSS and SASS superannuation contributions.
> Additional UniSuper superannuation contributions.
> Additional (private) superannuation contributions to choice of fund.
> Vehicle leasing.
> Variable pay benefit (for staff who wish to salary package a bonus or other one-off payment into their superannuation fund).
> Parking fees arising from travel to and from UTS premises.
> Briefcases.
> Work-related professional subscriptions and membership fees.
> Financial advice fees relating to salary packaging.
> Airport lounge membership fees.
> Kuring-gai gym fees.

SALARY PACKAGING FEES
UTS charges a nominal fee to offset the costs associated with offering and administering salary packaging.

The cost to staff is $1.00 per benefit, per fortnight, with the exception of motor vehicle leases, which incur a $10 per fortnight fee. This fee is deducted from a staff member’s fortnightly salary on a pre-tax basis.
SALARY PACKAGING AGREEMENTS AND COMMENCEMENT DATES
A staff member wishing to enter into a salary packaging arrangement with UTS is required to sign a standard Salary Packaging Agreement outlining the conditions.

The Salary Packaging Agreement must be signed by the staff member and an authorised officer of the University before packaging can take effect. Once in effect the Agreement is in place for the duration of the staff member’s employment. Staff are able to add or cease benefit items at their discretion.

The Agreement cannot be made retrospectively; therefore it must be in place prior to the income (that the staff member wishes to salary package) being earned.

REPORTING ON PAYSLEIPS AND PAYMENT SUMMARIES
Payslips will report fortnightly salary packaging deductions.

If a staff member packages superannuation contributions or a vehicle lease, UTS is required to report the value on annual Payment Summaries.

ADJUSTING AND CANCELLING YOUR SALARY PACKAGING BENEFIT ITEMS
If a staff member wishes to change any of his/her salary packaging arrangements s/he must contact the relevant Payroll Officer in the first instance except for vehicle leases.

If a staff member wishes to cancel or vary a vehicle lease before the lease term has expired it will likely change the lease payments and charges. Please consult with Staff Services, HR as a matter of priority.

LEAVE WITHOUT PAY OR OTHER VARIATIONS TO YOUR EMPLOYMENT ARRANGEMENTS
A staff member’s salary packaging arrangements may be affected by a reduction in pay arising from leave without pay or half pay, maternity/adoption leave or reduced hours of work. If a staff member’s fortnightly pay cannot accommodate their salary packaging benefits, their arrangement will automatically be suspended.

Specific arrangements must be made if a staff member packages a vehicle lease. Please contact Staff Services, HR to discuss the impact of leave arrangements on vehicle lease payments.

IMPACT ON THE PAYMENT OF HECS-HELP
A staff member’s HECS-HELP repayments may decrease if their taxable income decreases as a result of salary packaging. This will increase the duration of the repayments.

If a staff member making HECS-HELP repayments packages superannuation contributions and/or a vehicle lease a HECS-HELP adjustment may occur in their annual tax return. For further information and to prevent this please contact your Payroll Officer.

DISCLAIMER
Every effort has been made to ensure this document is free from errors or omissions. However, the University or any UTS staff member shall not accept responsibility for injury, loss or damage occasioned to any person acting or refraining from action as a result of material in this document whether or not such injury, loss or damage is in any way due to any negligent act or omission, breach of duty or default on the part of the University or any UTS staff member.
FURTHER INFORMATION
Information on specific benefits and how to package them is located on the Salary Packaging Webpage at http://datasearch.uts.edu.au/site_manager_sites/hru_2008/conditions/packaging/overview.html

CONTACTS
Vehicle and general salary packaging:
Staff Services; email staffservices@uts.edu.au or phone 9514 1060

Superannuation:
Superannuation and Packaging; superannuation@uts.edu.au or phone 9514 2853

To find your Payroll Officer visit http://www.fsu.uts.edu.au/contact/index.html#payroll

APPROVAL AND REVISION TABLES

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Revision/Modification History

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leave on termination as a salary packaging option pending clarification of implementation issues