

Salary Packaging Information



OUR PURPOSE

To make lives better by helping people achieve their goals

Salary Packaging – Consultant Information

Purpose of Salary Packaging

The aim of salary sacrificing/packageing at Peoplebank is to provide PAYG consultants with the opportunity to maximise their individual disposable income. Participation in the salary sacrificing program with Peoplebank is voluntary and at the initiation of the employee.

You can elect to salary sacrifice the following benefits:

- Superannuation

Exempt Fringe Benefit Items:

- Laptop
- PDA
- Mobile handset
- Briefcase, electronic diary
- Calculator

Otherwise Deductible Items:

- Membership fees and subscriptions – includes professional journals
- Income protection insurance
- Work Related Training Seminars

What is salary sacrificing?

Salary sacrificing is an arrangement where consultants agree to forego a component of their taxable salary, in return for specific non-cash benefits of equivalent value provided by Peoplebank. Payments are made from the pre-tax salary, thereby reducing the taxable income.

Should I obtain independent advice before entering into salary sacrifice arrangements?

Most definitely. Peoplebank recommends that you seek independent financial advice.

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Requirements/Limitations

1. Exempt Benefits

Under Fringe Benefits Tax legislation, only one item per category above can be salary sacrificed per individual, per FBT year, without incurring Fringe Benefits Tax (FBT). The item must be purchased predominately for work purposes.

Otherwise Tax Deductible Items

2. Under Fringe Benefits Tax legislation, items must be used for earning assessable income and must satisfy the otherwise 100% tax deductible rule, which requires for the expense to be 100% tax deductible by the individual had the expense not been reimbursed by Peoplebank.
3. The salary sacrifice will be processed over one pay.
4. The individual must purchase the item, and pay all costs associated with the purchase.
5. The Tax Invoice must:
 - a) be from an Australian Registered Business
 - b) be in the name of the employee
 - c) detail the cost incurred
 - d) confirm it has been paid in full
 - e) be separated, where external hardware/software or accessories are purchased
6. Only the cost of the benefits will be salary sacrificed.
7. If the individual does not disclose any changes to the Peoplebank, and as a result Peoplebank is responsible for paying additional taxes or other costs, then the individual will compensate Peoplebank for those costs.
8. It is the individual's responsibility to seek financial, and/or taxation advice, prior to commencing any salary sacrifice arrangement.

Work Test

- If the employee is aged between 65 and 74, any additional employer contributions (including those made under a salary sacrifice arrangement) and voluntary after-tax contributions made by the employee are subject to a work test.
- To satisfy the work test, an employee must have been gainfully employed on a full or part-time basis for at least 40 hours in 30 consecutive days in the financial year.
- No additional contributions can be made once the employee turns 75. Any super contribution made by an individual aged 74 must be received by the super fund within 28 days of the end of the month in which the individual turns 75 or it cannot be accepted.
- The work test also applies to spouses aged 65-69 receiving spouse contributions from their partner.

Salary Sacrifice Processing

1. Prior to purchasing the item, the individual should contact the Talent Coordinator to ensure their purchase will be eligible for salary sacrificing.
2. Once the item has been purchased, the individual must contact the Talent Coordinator who will provide a link to an online Salary Sacrifice Agreement to read, and sign.
3. A scanned copy of the tax invoice must be uploaded to complete the Salary Sacrifice Agreement. There will be a prompt to do this when completing the form online.
4. Reimbursement of the purchase (including GST) will be completed over 1 pay run.
5. The salary sacrificed amount is exclusive of GST.