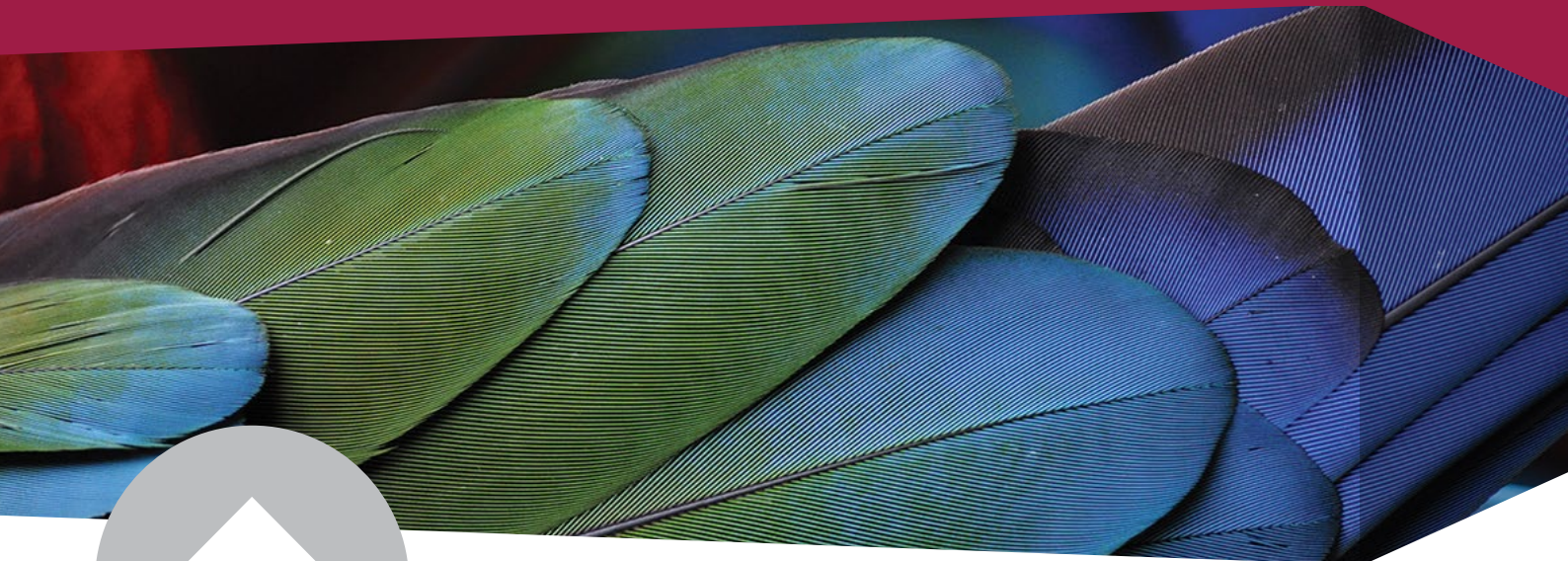


Fact Sheet

Salary packaging and Reportable Fringe Benefits



Introduction

This AccessPay fact sheet is intended to provide employees who work for a not-for-profit organisation with guidance about salary packaging and how Reportable Fringe Benefits will appear on your PAYG payment summary.

Impact on salary packaging

Salary packaging reduces your taxable income and is then represented on your PAYG payment summary as Reportable Fringe Benefits. Your Reportable Fringe Benefits amount can affect other entitlements. These include:

- Centrelink payments
- Medicare levy surcharge
- Private Health Insurance Rebate
- Child Support payments
- Superannuation co-contribution
- Tax offsets
- Education debts

For further information, visit www.accesspay.com.au.

Reportable Fringe Benefits

Participation in your employer's salary packaging and employee benefits program enables you to legally reduce your taxable salary, and as a result, pay less income tax. One of the outcomes of participation is that an amount known as Reportable Fringe Benefits will be recorded on your PAYG payment summary.

The Reportable Fringe Benefits amount is calculated individually for each person and is based on the value of:

- General Living Expenses
- Entertainment Benefits
- Car Benefits
- Housing Benefits

Fact Sheet

Salary packaging and Reportable Fringe Benefits

Employers are required to 'gross up' the value of your salary packaging benefit and record this on your PAYG payment summary as Reportable Fringe Benefits.

PAYG payment summaries

Employees

The Reportable Fringe Benefit figure represents the 'value' of the salary packaging payments made for the year, which runs from 1 April - 31 March. If the total taxable value of fringe benefits provided to you exceeds \$2,000, it will appear on your PAYG payment summary.

Your Reportable Fringe Benefits needs to be declared when you lodge your tax return. Whilst you will not be assessed for income tax on the Reportable Fringe Benefits amount, it will be declared to the Australian Tax Office (ATO) and added to your Taxable income when the ATO calculates your income.

If you work for an FBT-Exempt employer, you are required to advise Centrelink or the Department of Human Services of your Adjusted Taxable Income. You will need to record your Reportable Fringe Benefit amount as an Exempt Reportable Fringe Benefit.

If you work for an FBT-Rebatable or FBT-Taxable employer, you will need to declare your Reportable Fringe Benefits amount as a Reportable Fringe Benefit, which may result in a change to your current Centrelink payments (if applicable).

Example 1 – Reportable Fringe Benefit

Gabriella salary packaged her annual General Living Expenses of \$15,900. The grossed up value that would appear on her PAYG payment summary would be \$30,000. This is calculated as follows:

General Living Expenses	\$15,900
Grossed up value	1.8868
Reportable Fringe Benefits	\$30,000

An annual cap of \$2,650 applies for Entertainment Benefits and will appear on your PAYG payment summary as a Reportable Fringe Benefit.

Example 2 – Reportable Fringe Benefits including Entertainment Benefits

Shane salary packaged his annual General Living Expenses of \$15,900 plus \$2,650 towards Entertainment Benefits. The grossed up value that would appear on his PAYG payment summary would be \$35,000. This is calculated as follows:

General Living Expenses	\$15,900
Entertainment Benefits	\$2,650
Grossed up value	1.8868
Reportable Fringe Benefits	\$35,000

Employers

When issuing an employee with a PAYG payment summary, employers are required to answer the question "Is the employer exempt from FBT under Section 57A of the FBTA 1986?" This is due to the recent change to how Reportable Fringe Benefit amounts are treated for income testing purposes.

Please note: Information, advice or guidance provided in this fact sheet, is general in nature and provided without reference to your organisation policies or your circumstances. It is not and should not be considered to be organisational or personal advice to you. Please contact your accountant, tax agent or legal adviser to determine how the information in this fact sheet may apply to your circumstances. Alternatively you can contact AccessPay with any queries about how the information in this fact sheet may apply to your circumstances.

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