

Salary Packaging Guidelines

Section 1 - Purpose

(1) These guidelines outline and explain the key principles and administrative arrangements of the salary packaging scheme at Charles Sturt University (the University) and the resulting flexible remuneration options available to employees of the University.

Section 2 - Policy

(2) Nil.

Section 3 - Procedures

(3) Nil

Section 4 - Guidelines

(4) The University recognises that, subject to applicable legislation in place at any time, salary packaging arrangements may provide employees with greater financial flexibility to meet their individual needs.

(5) Participation in salary packaging is voluntary.

(6) A salary packaging agreement between the employee and the University must be established prospectively.

(7) The University will, at its own discretion, determine which benefits may be salary packaged, and the arrangements that will apply. The University will only allow salary packaging of items that are fringe benefits tax (FBT) exempt, with the exception of novated leases.

(8) All continuing and fixed-term employees of the University are eligible to participate in the scheme with the exception of novated vehicle leasing (where the employee must have an employment contract greater than 12 months).

(9) Casual employees can only participate in salary packaging for their superannuation.

(10) Where any inconsistency arises between the provisions set out in applicable industrial instruments or legislation in force at the time of these guidelines, the industrial instrument or legislation will prevail.

(11) The University reserves the right to alter or amend the provisions of the salary packaging scheme. The circumstances in which the University will amend the scheme will include, but not be limited to, the following:

- a. to comply with applicable legislation
- b. where the existing range of benefits available under the scheme changes
- c. in any circumstance where the University considers it necessary to alter administrative arrangements

pertaining to the scheme.

(12) Employees cannot claim an income tax deduction on any benefits that are salary packaged.

(13) Salary packaging arrangements are to be provided at no cost to the University. Staff electing to enter into a salary packaging agreement will be responsible for all applicable administration fees, charges and taxes. Any costs borne by the University associated with salary packaging, including any FBT liability, will be recovered from the employee.

(14) The University reserves the right to introduce a fee to administer an employee's salary packaging agreement. Any such fee would be separate from those payable by an employee under a salary packaging agreement with a third party.

(15) Salary packaging arrangements are subject to a range of complex legislative provisions. The scheme will be subject to all applicable legislation that may be in force at any time including, but not limited to:

- a. [Income Tax Assessment Acts 1936 and 1997](#)
- b. [Fringe Benefits Tax Assessment Act 1986](#)
- c. Superannuation Contributions Tax (Assessment and Collection) Act 1997
- d. [New Tax System \(Family Assistance\) Acts 1999](#).

(16) The legislative provisions regulating salary packaging arrangements are subject to change. The University will apply any legislative changes applicable to the University's salary packaging scheme as soon as they are passed by the government.

(17) The University will not provide financial advice to employees. The University strongly suggests that employees seek financial advice from an independent, licensed financial adviser before proceeding with any salary packaging arrangement. As a precondition to participation in the scheme, an employee will be required to certify that they sought or had the opportunity to seek independent financial advice regarding the consequences of entering into a salary packaging agreement. The University will not take responsibility for decisions made by employees or reimburse employees if they commit to salary packaging based on a wrong decision or incur any debts.

(18) Employer superannuation contributions and arrangements are not reduced by participation in the salary packaging arrangements.

(19) With the exception of novated lease agreements for motor vehicles, an employee may direct the University to terminate or change their salary packaging agreements. An employee must provide the University with a minimum of one week's written notice of any requested change. The direction to terminate or change an agreement will take effect from the first full pay period after the date of receipt of a written request.

(20) Employees who have salary packaged a novated lease for a vehicle remain responsible to the nominated financier for all payments that are outstanding under the novation agreement.

(21) An employee who takes unpaid leave or reduces their service fraction will be responsible for maintaining, adjusting or terminating their voluntary salary packaging arrangements as required.

(22) From the commencement of an employee's salary packaging agreement, salary packaged items are detailed on the employee's payslip.

(23) FBT and reportable superannuation contributions will be reported on an employee's income statement. These amounts will be counted as assessable income for most government surcharges and income tests including but not limited to:

- a. child support obligations
- b. Centrelink payments
- c. HELP and SFSS payments
- d. Medicare levy surcharge
- e. other tax offsets e.g. senior Australian tax offset, dependant tax offsets, pensioner tax offset
- f. superannuation co-contribution.

(24) If an employee has any of these benefits/obligations, it is recommended that they seek independent financial advice to ensure that they understand how salary packaging will affect their individual circumstances.

(25) The benefits set out below are currently available to be packaged under the University's salary packaging scheme.

Child care fees

(26) An employee may package child care fees incurred at the University's children's centres located at the Albury-Wodonga and Wagga Wagga campuses for their own children.

(27) Employees should note that the packaging of childcare fees will impact an employee's entitlement to a child care subsidy. Employees are urged to seek financial advice and refer to the information on the Department of Human Services website.

(28) Only childcare fees may be packaged. An employee will be responsible for the direct payment of all other costs associated with childcare.

(29) The minimum fortnightly deduction amount will be no less than the charge for one full day. Any excess payments made under these arrangements which require a refund to be processed through the University's payroll and taxed accordingly. Direct refunds for salary packaged childcare fees will not be available through the Children's Centres.

Superannuation

(30) Employees who are members of UniSuper, State Authorities Superannuation Scheme (SASS) or State Superannuation Scheme (SSS) are eligible to salary package their standard employee superannuation contributions. It is important to note that salary packaged contributions to superannuation are considered to be employer-sponsored benefits and, as such, attract a 15% contributions tax. Therefore, to maintain an employee's standard superannuation contribution at the correct rate, the pre-tax rate superannuation deduction will include an extra 15% to allow for the contributions tax. For example, the rate of 7% will become 8.25% when deducted from pre-tax salary.

(31) Employees may also elect to salary package voluntary superannuation contributions to Unisuper (or a complying self-managed superannuation fund). As SASS and SSS are closed, these funds cannot accept additional voluntary contributions above a member's compulsory contribution rate. An employee who chooses to package voluntary contributions to a complying superannuation fund is responsible for maintaining their standard employee contribution where applicable to Unisuper, SASS or SSS. Salary packaged voluntary superannuation contributions attract a 15% contributions tax which is levied by the fund.

(32) Employees should note that due to preservation requirements all employee contributions made to a superannuation fund, including salary packaged contributions, are fully preserved until the applicable preservation age.

(33) Employees are urged to obtain financial advice regarding contribution caps which are applicable to employer and employee salary sacrificed superannuation contributions. More information about contribution caps can be obtained from your superannuation fund or from the Australian Taxation Office (ATO).

Corporate uniform

(34) An employee may package the purchase cost of the University's corporate uniform.

(35) The amount packaged will be equal to the fortnightly deduction made from an employee's salary to repay the total cost incurred in purchasing the corporate uniform. Information is available on the corporate uniform website.

Motor vehicles

(36) An employee may apply to salary package the fortnightly lease payment for a motor vehicle under a budgeted fully maintained novated lease agreement provided by the University's nominated leasing company.

(37) A novated lease is a three party agreement between an employee, the University and the University's nominated leasing company. The employee enters into a finance lease with the lease provider and a novation agreement is used to transfer some of the lease obligations to the University. This arrangement enables employees to lease a fully-maintained vehicle of their choice. Once the novation is in place, the University will deduct fortnightly payments from an employee's salary and remit these payments to the lease provider. The employee must abide by the terms and conditions of their lease and they are liable for the vehicle and its usage.

(38) Leasing represents a financial commitment and involves some risks and responsibilities that employees must understand before entering into a lease agreement. As any liability for the vehicle rests with the employee, all employees are urged to seek independent financial advice before entering into a novated lease agreement. The University will not be responsible for any charges associated with an employee's decision to enter into a novated lease agreement.

(39) The University requires employees to complete a novated lease salary packaging agreement and the leasing provider requires the employee to sign an 'employee undertaking, acknowledgement and indemnity declaration'. These documents outline the employee's responsibilities in undertaking a novated lease arrangement. The novated lease arrangement will not commence until all applicable documentation is completed.

(40) Employees must be aware that entering into an agreement to purchase a vehicle is a legally binding contract. If an employee decides to cancel a vehicle order, any fees incurred will be borne by the employee.

(41) The nominated leasing company will provide drivers with a mechanism to purchase fuel and pay for maintenance under a novated lease agreement. The novated lease company reserves the right to cancel the fuel and maintenance card if the card has been used fraudulently or the employee's account balance is unacceptable and the employee does not agree to re-cost to recover the outstanding sum.

(42) The nominated leasing provider will establish a running cost account for each novated lease vehicle. If an employee's budgeted salary deductions are less than actual expenditure, the employee is required to adjust their salary deductions for the vehicle. If an employee refuses or ignores requests to adjust the payments, the University reserves the right to terminate the novation agreement and the payment of the monthly lease rental and ongoing running costs of the vehicle will become the responsibility of the employee. Any excessive balance on reconciliation of the lease will become immediately payable.

(43) The following items cannot be included or reimbursed as part of the expenses for a novated lease:

- a. traffic infringements
- b. parking fines
- c. E-tag expenses and tolls
- d. after-market capital items added to the car such as roof racks or tow bars.

(44) It is a condition of the lease agreement that all novated lease vehicles are comprehensively insured at all times.

To ensure an appropriate level of cover, employees may utilise the comprehensive insurance offered by the novated lease company.

(45) A novated lease vehicle will be registered in the employee's name. It is a condition of the novated lease agreement that all vehicles are registered at all times. The University or the novated lease company will not take any responsibility if the employee allows the vehicle to become unregistered.

(46) Vehicles purchased under novated leasing arrangements are 100% private use.

(47) The employee is liable for any FBT associated with salary packaging a vehicle.

(48) If an employee's novated lease vehicle is unavailable for FBT purposes, they are required to advise the days unavailable in writing to the Manager, Remuneration and Benefits outlining the nature of the reason the vehicle is unavailable. The employee must provide a declaration stating that the car is secured and is unavailable for their use. During this time, neither the employee nor an associate may have custody or control over the vehicle.

(49) Where an employee ceases employment with the University, the employee remains responsible to the lease provider for all payments that are outstanding under the novated lease. The University will no longer have any obligations under the novated lease agreement.

(50) When proceeding on leave without pay (LWOP), an employee must contact the novated lease provider to discuss their options regarding their salary package options lease repayments while on unpaid leave.

(51) Termination of the novated lease agreement for any reason will result in the employee's vehicle running costs accounts being reconciled. When a lease is terminated for any reason the employee must:

- a. return all fuel/maintenance cards associated with the vehicle to the leasing company
- b. organise payment of the residual value.

(52) Once all required documentation is completed, a reconciliation of the vehicle running costs for the term of the lease is prepared. This will result in either a settlement credit or debit. Employees are responsible for any costs incurred after the termination date of the lease.

(53) Where a terminated employee incurs a deficit upon reconciliation of their novated lease running costs, any balance owing will be deducted from an employee's termination payment. If an employee has insufficient funds in their termination payment to settle the outstanding deficit, the debt will be payable immediately and a debtor's invoice will be raised to this effect.

(54) Where a continuing employee incurs a deficit upon reconciliation of their novated lease running costs, the employee will be contacted by the Remuneration and Benefits to facilitate repayment. Any outstanding deficit will be required to be settled within 30 days of the termination reconciliation being received by the University from the lease provider.

(55) The University reserves the right to review and change the nominated novated lease provider at any time.

(56) Further details regarding the salary packaging of a motor vehicle under the provisions of these guidelines are available from the University's motor vehicle financier. Details of the current novated lease provider are available on the [salary packaging website](#).

Self-education expenses

(57) An employee may salary package the course fees for work-related self-education that qualify as FBT exempt under ATO guidelines.

(58) Payments to the Higher Education Contribution Scheme (HECS) are not FBT exempt and cannot form part of a salary packaging agreement.

Professional memberships

(59) Employees may salary package the cost of annual memberships and subscriptions to an FBT exempt work related professional association.

(60) An employee is required to provide the University with an original paid tax invoice that evidences payment of the annual membership.

Financial advice

(61) Employees may salary package the cost of financial advice which is incurred in gaining or producing an assessable income.

(62) To be eligible to be salary packaged, the advice must be provided by a registered tax agent.

(63) An employee is required to provide the University with an original paid tax invoice that clearly specifies the advice provided by the tax agent. The paid invoice must be in the employee's name and be incurred in the current financial year.

Electronic portable devices

(64) Employees may salary package the cost of FBT exempt portable electronic devices.

(65) Eligible devices are tablets (iPads), laptops and smartphones.

(66) To be eligible to be salary packaged, the employee must declare that the device has been purchased primarily for work purposes.

(67) Claims cannot exceed one eligible portable device with identical function per FBT year (1 April to 31 March).

(68) The invoice/receipt must be in the employee's name in the current FBT year.

Application

(69) To participate in the scheme, an employee will be required to certify that they have sought or had the opportunity to seek independent financial advice in regard to the implications of entering into a salary packaging agreement.

(70) Employees must complete and sign the appropriate documentation directing and authorising the University to make payment of packaged benefits and expenses on their behalf. Original documentation should be forwarded to the Remuneration and Benefits.

(71) An employee's salary packaging agreement will not take effect until all relevant documentation has been appropriately completed. The agreement will take effect from the first full pay period after the Remuneration and Benefits receives the correctly completed agreement. Salary packaging agreements cannot be retrospective, except in the case of novated lease payments in certain circumstances.

(72) While the University has made, and will continue to make, all reasonable endeavours to provide employees of the University with accurate information with respect to the salary packaging scheme, the University disclaims all liability in relation to financial decisions and arrangements made and entered into by an employee under the scheme.

(73) The information contained in these guidelines is intended to be used by employees of the University as a general guide only. These guidelines are not to be relied upon as a substitute for independent financial or legal advice.

(74) In making a payment to a third party of packaged employment benefits under the scheme, the action of the University will not in any way imply a transfer of liability to the University in regard to any agreement made between a participating employee and a third party.

Section 5 - Glossary

(75) For the purposes of these guidelines, the following terms have the definitions stated:

- a. Benefits - means non-cash employer-provided benefits.
- b. Fringe benefits tax (FBT) - is tax payable by the University on some categories of benefits provided to staff members.
- c. FBT year - runs from 1 April to 31 March.
- d. Gross salary - is salary before tax.
- e. Salary packaging - is an arrangement between an employee and their employer to pay for certain items from pre-tax salary. The result is that the taxable salary of a participating employee is reduced and hence his or her PAYG tax liability may be reduced. However, the savings achieved depend on an employee's personal financial circumstances and the benefit items included in the package.

Status and Details

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