

# Salary Packaging Policy

## Section 1 - Background Information

(1) This Policy has been developed in support of Salary Packaging for staff at ACU.

## Section 2 - Policy Statement

(2) Salary packaging enables staff to receive part of their income in the form of benefits rather than receiving it all as salary to potentially maximise 'take home' remuneration. Salary packaging is entirely voluntary and is subject to eligibility.

## Section 3 - Policy Purpose

(3) The purpose of this Policy is to inform staff of the arrangements and conditions associated with salary packaging at ACU.

## Section 4 - Application of Policy

### Eligibility

(4) Salary packaging is entirely voluntary. If staff choose not to participate, they will continue receiving 100% of their remuneration as net (after tax) salary plus superannuation.

(5) Salary packaging benefit items with the University salary packaging provider is available to all continuing staff, and to fixed-term staff employed for a contract period of more than 12 months and paid through the University's payroll system.

(6) Salary packaging the benefit item of superannuation is available to all employees and will be facilitated by the University, if permitted by the staff member's fund. Casual staff may be eligible to contribute to superannuation to the employer nominated fund. Provisions on salary packaging superannuation in line with this clause are covered within the University's [Superannuation Policy](#).

### Salary and the Effect of Salary Packaging on other Entitlements

(7) Salary for the purpose of salary packaging is a staff member's substantive base salary. The salary for packaging purposes does not include any higher duties allowance, overtime, shift penalties, leave entitlements, or any other salary based allowances.

(8) Superannuation and annual leave loading will be calculated on an amount equal to the employee's base salary (before any salary packaging) and any eligible salary based allowances.

### Salary Packaging with the University Salary Packaging Provider

## **Participation in Salary Packaging with the University Salary Packaging Provider:**

(9) It is a requirement that all staff members seek independent financial advice before entering into salary packaging arrangements with the University salary packaging provider to ensure they have a proper understanding of the terms and conditions and the effects these arrangements can have on their personal financial circumstances. This advice may be obtained either from the staff member's personal financial adviser or from an accredited and trained remuneration consultant with the University salary packaging provider.

(10) The University will allow staff to access the following benefit items for salary packaging purposes:

a. Category A (FBT Exempt) Benefit Items:

- i. Personal Portable Computers - Notebook / Laptop
- ii. Car Parking
- iii. Superannuation (must be a complying fund)
- iv. ACU Sport Gym membership fee (Melbourne and North Sydney campus)
- v. Financial Counselling Fees
- vi. Salary Packaging Administration Fees

b. Category B (Concessionally Taxed) Benefit Items:

- i. Motor Vehicle (for private use) by way of the available range of Novated Leases from the University salary packaging provider

c. Category C (Full FBT) Benefit Items:

- i. Own Home Mortgage Payments
- ii. Private Home Rental Payments
- iii. Amounts payable on or amounts already paid off credit cards (not debit cards)

(11) The University reserves the right to add or remove an item at any time, in order to comply with relevant changes in legislation, and the changing needs of staff.

(12) Staff are free to request those benefits that the University has made available that best suit their personal and financial circumstances.

(13) Management of the salary packaging account is directly between the staff member and the University salary packaging provider.

(14) Any direct costs associated with salary packaging arrangements will be met by the staff member.

(15) Any increment or increase in salary awarded during the package year is to be taken as a salary component of the package.

(16) Staff members will be provided with all the relevant information relating to their FBT account for the purposes of lodging their individual tax return.

(17) In the event of any increase in taxation payable by the University, including [Fringe Benefits Tax](#) (FBT) or any tax equivalent, the University will pass on such costs to the staff member by deducting it from the staff member's salary, and where necessary utilising the University's overpayment procedures. Any recovery required must be finalised upon the termination of a staff member from salary packaging.

(18) In the event of any Input Tax Credit (ITC) being credited to the University, the University will pass on 60% of the benefit, reviewed annually, in the form of salary to the staff member. The total cost of salary packaging is cost neutral to the University and all costs are borne by participating staff members.

## **Terminating the Salary Package**

(19) A staff member may terminate their salary packaging arrangements with the University salary packaging provider at any time.

(20) Staff members who choose to exit the salary packaging scheme with the University salary packaging provider, are still liable for any obligations that have been made. The University accepts no liability in relation to non-payment of a debt/commitment incurred by a staff member under salary packaging arrangements.

## **Cessation of Employment or Change in Employment Circumstances at ACU**

(21) Where a staff member ceases employment with the University, the staff member is responsible for notifying the salary packaging administrator of the effective date of cessation of employment with the University. The staff member is still liable for any obligations that have been made and the University accepts no liability in relation to non-payment of a debt/commitment incurred by a staff member under salary packaging arrangements.

(22) A staff member will remain liable for any obligation in relation to their salary package and the payment of final monies will be withheld until the salary package is finalised. If the package includes a novated car lease, it can take up to six weeks to finalise the account, including the return of any residual monies from your salary packaging account.

(23) It is the staff member's responsibility to immediately notify the package administrator in the event the staff member's employment circumstances at the University change for whatever reason. Such reasons may include, but are not limited to the following:

- a. cessation of employment at the University, for whatever reason;
- b. appointment to a position outside the University;
- c. commencement of unpaid leave of any form;
- d. suspension of employment without pay;
- e. transferring from full-time employment to part-time or casual employment;
- f. transferring from part-time employment to full-time or casual employment;
- g. commencing leave at half pay;
- h. taking up the option of a pre-retirement fixed-term contract or a fixed-term retirement transition contract;
- i. commencing workers compensation payments and choosing to cease salary packaging arrangements while receiving workers compensation payments.

(24) Such notification is required prior to the event wherever possible. It may also be necessary for a staff member to obtain updated independent financial advice regarding the effect of reduced salary on salary packaging arrangements.

## **Salary Packaging and Fringe Benefits Tax (FBT)**

(25) The [Income Tax Assessment Act 1936 \(Cth\)](#) and [Income Tax Assessment Act 1997 \(Cth\)](#), and the [Fringe Benefits Tax Assessment Act 1986 \(Cth\)](#) regulate and define the types of benefits the University can provide to their staff members and the relevant tax payable on such benefits. These arrangements may change from time to time.

(26) FBT ensures that tax is paid on benefits that are provided in place of, or in addition to, salary or wages of staff members unless the benefit is exempt from FBT.

(27) FBT is payable by the University and is assessed on the value of fringe benefits provided to staff members or their associates (third parties). Under these arrangements the cost of the FBT liability will be passed on to the staff member.

## Section 5 - Approvals

(28) Participation in salary packaging of benefit items with the University salary packaging provider is subject to the eligible staff member entering into a salary packaging agreement with the University salary packaging provider.

## Section 6 - Procedures

### Salary Packaging Superannuation for Employees

(29) Staff members electing to salary package superannuation with an existing fund, where allowed, should complete the relevant form and submit it to via [Service Central](#).

### Salary Packaging Benefit Items with the University Salary Packaging Provider

(30) Staff members contact the University salary packaging provider via [Service Central](#) to set up salary package arrangements and ensure they have a proper understanding of the terms and conditions and the effects these arrangements can have on their personal financial circumstances.

(31) Staff members are encouraged to seek independent financial advice before entering into salary packaging arrangements with the University salary packaging provider.

(32) The University salary packaging provider will provide advice to People and Capability in relation to the commencement, alteration or cessation of fortnightly salary packaging deductions.

(33) The University or package administrator will pay packaged items to third parties or reimburse employees as agreed using Electronic Funds Transfer.

(34) At the conclusion of each FBT year (31st March) the University salary package provider will conduct reconciliation between the amount of FBT provision debited and the actual FBT liability incurred for each staff member and advise the University of the outcome and any necessary actions that need to occur such as:

- a. should there be a surplus balance in the staff member's FBT account, the University will pay the surplus to the staff member subject to PAYG tax;
- b. if there are insufficient funds in the staff member's FBT account to meet the FBT liability, then the following steps are followed:
  - i. if there are funds available from any Input Tax Credit owing to the staff member, the amount will be used to meet the FBT liability;
  - ii. if there are enough funds in the staff member's package account to cover the entire shortfall, the appropriate amount will be transferred, at the request of the staff member, from the package account to the FBT liability;
  - iii. if there are insufficient funds in the staff member's package account to meet the entire deficit in the FBT account, the available funds will be transferred, at the request of the staff member, from the package account. The recovery of the remaining FBT deficit will be initiated in accordance with the University's overpayments procedure;
  - iv. the staff member will be notified of the FBT account deficit and of the appropriate course of action to be followed.

## Section 7 - Revisions made to this Policy

(35) The revision table includes revisions up until this document was migrated into the current policy platform. Any later changes will show in the Status and Details tab.

Date	Major, Minor or Editorial	Description
21 April 2020	Minor	Procedures updated to reflect change in salary packaging provider.
4 June 2021	Minor	Inclusion of "ACU Sport Gym membership fee (Melbourne and North Sydney campus)" at item 4.3.1.2 Category A (FBT Exempt) Benefit Items

(36) The University may make changes to this policy from time to time to improve the effectiveness of its operation. In this regard, any staff member who wishes to make any comments about this policy may forward their suggestions to People and Capability.

## Section 8 - Further Assistance

(37) Staff are advised to visit [Service Central](#) to obtain information on the University's salary packaging provider if they wish to commence salary packaging.

(38) Any staff member who requires assistance in understanding this policy or wishes to obtain further information on salary packaging superannuation should contact their relevant superannuation fund.

## Section 9 - Associated Information

(39) For related legislation, policies, procedures and guidelines and any supporting resources please refer to the Associated Information tab.

## Status and Details

<b>Status</b>	Current
<b>Effective Date</b>	18th December 2023
<b>Review Date</b>	29th April 2024
<b>Approval Authority</b>	Vice-Chancellor and President
<b>Approval Date</b>	18th December 2023
<b>Expiry Date</b>	Not Applicable
<b>Responsible Executive</b>	Angelle Laurence Chief People Officer
<b>Responsible Manager</b>	Angelle Laurence Chief People Officer
<b>Enquiries Contact</b>	Bernardine Lynch ER and Safety Committees and Policy Officer <hr/> People and Capability