

Salary Sacrifice Information

Salary Packaging – Information

(SSAC - Exempt fringe benefit otherwise deductible items (i.e. Products))

Purpose of Salary Packaging

The aim of salary sacrificing/packageing (SSAC) at RGF Staffing APEJ is to provide employees/contractors with the opportunity to maximise their individual disposable income. Participation in the salary sacrificing program is voluntary and at the initiation of the employee/contractor.

All workers can elect to salary sacrifice the following benefits:

Exempt Fringe Benefit Items

1. Superannuation *
2. Motor Vehicle Novated Leases *
3. Laptop/Tablet **
4. PDA
5. Portable Printer
6. Mobile handset
7. Briefcase, electronic diary
8. Calculator
9. Airport lounge membership

Otherwise Deductible Items

1. Membership fees and subscriptions – includes professional journals
2. Income protection insurance
3. Work Related Training Seminars

* For information, and process, surrounding Superannuation Salary Sacrificing and Novated Leases please visit these sections via our website (<https://www.rgfstaffing.com.au/cbp/>)

** To qualify for the salary sacrifice of a laptop/tablet the following restrictions apply:

- a. You must use your notebook predominantly for business use
- b. It must be a notebook (not a desktop), although salary sacrificing a notebook extends to tablet devices (e.g. iPad)
- c. It must be for your own use, i.e. you are not able to purchase it for a family member.
- d. You can only salary sacrifice one laptop/tablet per FBT year. Your employer will attract fringe benefits tax (FBT) if they supply you with more than one laptop/tablet a year. Since employers pay FBT, an employer that has provided a company device will refuse to agree to such salary sacrificing arrangement (otherwise reduce your salary to cover the FBT, which makes it a pointless arrangement for the employee).
- e. You are not able to claim depreciation. This is called double dipping and if you are caught by the ATO, you will be required to pay back any monies and possibly fined. Be aware that some accountants are not aware of this so if your accountant says you can do it, don't.



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FAQ

What is salary sacrificing?

Salary sacrificing is an arrangement where employees agree to forego a component of their taxable salary, in return for specific non-cash benefits of equivalent value provided by us. Payments are made from the pre-tax salary, thereby reducing the taxable income. Salary sacrifice (superannuation) is an arrangement where you can forego a portion of your normal monthly remuneration in order to allow your employer to make additional contributions to a complying superannuation fund of your choice. Because your employer makes these contributions directly to your nominated superannuation fund, there are certain tax advantages that you may enjoy. Salary sacrifice involves saving the income tax otherwise payable on the remuneration you sacrifice. However, a contributions tax will apply to any amount of employer superannuation that is paid into a superannuation fund on your behalf. The difference between the two tax rates constitutes the benefit of salary sacrifice.

Who is eligible to salary sacrifice?

All workers who have been engaged with us for 3 or more months, are eligible to salary sacrifice. *Special eligibility criteria apply for certain items, such as tablets, Superannuation, Mobiles and airport lounge memberships.*

Can I salary sacrifice retrospectively?

No, a salary sacrifice arrangement must be in place prior to receiving the benefit, therefore, you may only salary sacrifice prospectively. This means you can only salary sacrifice potential future remuneration (and not past remuneration, benefit retrospective). Request for salary sacrifice will apply from the next complete pay cycle after processing.

Can I salary sacrifice into my partner's superannuation fund?

No, you may only salary sacrifice into an account in your name in a complying superannuation fund.

Should I salary sacrifice?

Whether or not you should participate in a salary sacrifice agreement depends on your own individual circumstances. If you are considering taking part in a salary sacrifice agreement you should strongly consider taking independent financial advice. This should allow you to make an informed decision about whether salary sacrificing will be to your advantage. You should carefully consider the full implications of entering into such an agreement.

Will it affect my current employer superannuation contributions?

No. Any contributions made by us to your superannuation fund will be based on your total remuneration prior to any salary sacrifice deductions.

Can I vary the amount I sacrifice?

Yes. You can increase or decrease the per annum amount on a prospective basis upon completion of a new salary sacrifice agreement form. For administrative reasons you may

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only vary the amount once every three months.

What if my circumstances change?

If you feel you can no longer afford to continue with your salary sacrifice agreement you must formally advise the Shared Services Team, and the agreement will be terminated as soon as practicable.

How do I sign up?

It is suggested that you first obtain financial advice to ensure you know how superannuation salary sacrifice will affect your personal circumstances. If you decide to commence superannuation salary sacrifice you need to request that an agreement be established between yourself and your payroll entity. Please complete the Superannuation Salary Sacrifice Agreement Form. Your request for salary sacrifice will apply from the next complete pay cycle after processing.

Do I incur any administrative costs, associated with a salary sacrifice arrangement?

No. We are providing this service at no cost to contractors & employees (except for motor vehicle novated leases, where the novated Lease Company (Autopia) assigns an administration fee. For further information, please refer to our website <https://novated.autopia.com.au/rgfstaffingapej/>).

Requirements/Limitations

1. Exempt Benefits
Under Fringe Benefits Tax legislation, only one item per category above can be salary sacrificed per employee, per FBT year, without incurring Fringe Benefits Tax (FBT). **The item must be purchased predominately for work purposes.**
2. Otherwise Tax-Deductible Items
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 employee had the expense not been reimbursed by RGF Staffing APEJ.
3. The salary sacrifice will be processed over one monthly pay.
4. The employee 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 employee/contractor does not disclose any changes to the Shared Services Team, and as a result RGF Staffing APEJ is responsible for paying additional taxes or other costs, then the employee/contractor will compensate RGF Staffing APEJ for those costs.

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- It is the employee's responsibility to seek financial, and/or taxation advice, prior to commencing any salary sacrifice arrangement.

Salary Sacrifice Processing

- Prior to purchasing the item the employee needs to ensure their purchase will be eligible for salary sacrificing. Please contact a member of the Shared Services Team and provide a completed Salary Sacrifice Agreement Form, specifying how the item will be used predominantly for work purposes.
- Once the item has been purchased, the employee must provide the Tax Invoice to the Shared Services.
- The Shared Services Team will provide the employee with a Salary Sacrifice Agreement to read, and sign.
- The employee must then return, to the Shared Services Team:
 - Signed Salary Sacrifice Agreement;
- Reimbursement of the purchase (including GST) will be completed in the next pay run.
- The salary sacrificed amount is exclusive of GST.

Example

An employee wishes to purchase a laptop and salary sacrifice the cost of the purchase. The cost of the laptop computer is \$3,300 (including GST). The employee's annual salary is \$50,000, excluding superannuation, (monthly gross - \$3,822). The salary sacrifice amounts will be processed over their next pay.

Normal pay (without salary sacrifice)		Pay, including the salary sacrifice of a \$3,300 laptop	
Gross pay	\$3,822	Gross pay	\$3,822
Less Income Tax	\$ 819	Less Laptop sacrifice	\$3,000
		Less Income Tax	\$ 52
		Plus Laptop Reimbursement	\$3,300
Net Pay	\$3,003	Net Pay	\$4,070

Total cost of \$3,300 Laptop if not Salary Sacrificed for a salary of \$50,000 - \$3,300

Total cost of \$3,300 Laptop if Salary Sacrificed for a salary of \$50,000 - \$2,233