

Salary Packaging for Employees in Catholic Schools in Western Australia and the Catholic Education Office of WA

What is Salary Packaging

Salary packaging is where an employer and employee agree that the employee's remuneration package will be received by way of a combination of cash salary and non-cash benefits.

Instead of receiving your gross income on which income tax is payable you can choose to take part of your pay in some other form of benefits before income tax is applied. These are known as employer provided benefits.

Salary Packaging allows you to pay for items, before you've paid the applicable income tax, however Fringe Benefits Tax may apply.

Salary Packaging is covered by Catholic Education Commission Policy Number 2-C11.

What can you Package

As an employee of a Catholic School in Western Australia or the Catholic Education Office of Western Australia (CEOWA) you are able to package a range of pre-determined items.

- Superannuation
- Motor Vehicles
- In House School Fees
- Remote Area Benefits (not available to all employees)
- Private mortgage repayments (non-Remote)
- Rental payments (non-Remote)
- Private health insurance
- School Fees (not inhouse)

How much can you Salary Package

You are able to salary package up to a grossed up taxable value not exceeding \$30,000. Selectus, our salary packaging administrator, will help you calculate this amount. The grossed up taxable value is inclusive of all employer provided benefits including any school provided benefit such as the school car. It does not include superannuation.

As an employee of a Catholic school in WA or the CEOWA you benefit from the "rebateable" status provided to some institutions under the Fringe Benefits Tax (FBT) legislation. Rebateable institutions are entitled to claim a rebate of 48% of the Fringe Benefits Tax payable up to a grossed up amount of \$30,000 per employee.

As salary packaging entered into by the employee is to be cost neutral to the employer when an employee exceeds the rebateable fringe benefits tax threshold, the employee will be liable for the FBT payable that is not subject to the rebate. You should contact Selectus to ensure you do not exceed this cap.

Items that can be packaged

Shown below is more detail on the items that can be packaged.

- **Lease of a Motor Vehicle**

Salary Packaging a motor vehicle needs to be done through a novated lease arrangement. You can salary package your choice of a new car (excluding luxury cars) or a used vehicle (up to 5 years of age). The vehicle should carry an Australian compliance plate.

There is no limit on the number of novated leases you may have. This lease can be arranged through your choice of financier or Selectus. However the salary packaging and payment of the lease must be administered through Selectus.

Fringe Benefits Tax will be payable on a leased vehicle.

If you leave your employer during the course of the lease the novation will be automatically terminated and the lease obligations will return to you. You may choose to re-novate the lease with your new employer.

- **Running Costs of a Leased Vehicle**

You can salary package your leased vehicle's running costs such as the lease payment, fuel, insurance, service, tyres, cleaning and registration.

Selectus will calculate the cost of running your vehicle based on the age of the vehicle, the number of years your lease is over and the number of kilometres you advise your vehicle will travel.

- **In-House School Fees**

In House School fees receive concessional tax treatment and may therefore provide an employee a benefit.

School fees are considered to be in house when an employee has either:

1. Children attending the school where you are teaching
2. Children attending a school conducted by the same employer.

Employees should contact Selectus to enquire about their eligibility for this item.

- **Remote Area Benefits**

The Australian Taxation Office determines which locations are covered by the Remote Area Benefit Scheme. To qualify you must work and live in the remote area. A more detailed brochure on Remote Area Benefits and a list of the remote areas is available at www.selectus.com.au.

Remote Area Rent:

Example 1: Packaging remote area employer provided property - Where an employee resides in employer provided housing they may salary package 100% of the rental FBT free. This is where 100% of the subsidised rental is paid directly to the CEOWA or school.

Example 2:

Packaging remote area private rental - Where an employee resides in a property sourced through private arrangements they may salary package 50% of the rent FBT free. This is where there is no CEOWA or school involvement in the rental arrangements or payments.

Example 3: Packaging remote area employee leased rent and receiving a rental reimbursement – Where an employee resides in a property sourced through private arrangements and receives a reimbursement from CEOWA they can package 50% of their non-subsidised amount.

Remote Area Mortgage

Employees are able to salary package the interest component of their private mortgage. The employee must live in the house that the mortgage is on. The employee must live and work in the remote area. The benefit allows for 100% of the interest to be packaged with FBT only applicable on 50%.

See the separate handout on remote area benefits for more detailed information.

- **Fully Taxed Items**

The package items you can select from under this benefit are as follows:

- Private mortgage repayments (non-Remote)
- Rental payments (non-Remote)
- Private health insurance
- School Fees (not inhouse)

FBT will be payable on these items.

- **Superannuation**

Employees are eligible to salary package additional superannuation contributions.

Before making additional contributions it is recommended that you contact your financial adviser or your superannuation fund to determine the contribution limits which apply to you.

How much Fringe Benefits Tax will be payable

Selectus will calculate the FBT payable on your packaged items based on the information you provide and this will be deducted as part of your overall package.

Goods and Services Tax (GST)

GST will be payable on some of the packaging items. Your employer is able to claim a credit for this GST and normally would reimburse/refund this amount to you through your package.

Selectus will report to your employer the amount able to be claimed.

Reportable Payments

Salary packaged superannuation and some of the other salary packaging benefits are reportable on your payment summary. You should discuss the implications of this with your financial advisor or Selectus.

How do you seek additional information, and organise your salary packaging arrangement?

Salary packaged superannuation is arranged directly through the person responsible for payroll at your school, or in the case of CEOWA employees through the Staff Records and Payroll Team.

Other salary packaged items are arranged through Selectus. Selectus have been appointed by the Catholic Education Office of WA to facilitate the salary packaging options for staff in Western Australia.

Selectus will calculate whether or not there is a benefit for you in salary packaging and will present the information to you in writing.

All information provided by Selectus will be based on current taxation law and other relevant legislation. It will contain general information only and the information it contains is not intended as professional advice. Employees may also wish to get advice from a financial advisor.

Selectus will charge you an annual administration fee if you decide to proceed with salary packaging. This fee will form part of your package.

Selectus contact details are

Office Address:	123A Melville Parade Como WA 6152
Postal Address:	P.O. Box 48 Como WA 6952
Phone:	(08) 9474 2544
Fax:	(08) 9367 3088
Office Hours:	Monday to Friday 8.30AM to 5PM (WST)
Email:	adminwa@selectus.com.au
Web:	www.selectus.com.au

What happens if you change schools?

If you change schools you must advise Selectus.

If you do not advise Selectus of your transfer of employment, payments for your packaged items will be stopped as soon as there are insufficient funds in your salary packaging account at Selectus.

If you are salary packaging a motor vehicle you must do an odometre reading from your leased vehicle at the date you change schools and provide this information to Selectus.

Problems with Salary Packaging

If you experience any problems with your salary packaging please contact Selectus in the first instance, if you are unable to satisfactorily resolve the issue with Selectus please contact, Team Leader Staff Records and Payroll Team at the Catholic Education Office on 6380 5240.