

Salary Packaging Information Booklet

For Queensland Health Employees



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1. About this booklet

Disclaimer

This booklet provides information on salary packaging administration services. It has been written specifically for you as an employee of Queensland Health.

Salary packaging is allowed under the *Income Tax Assessment Act 1997* and *Fringe Benefits Tax Assessment Act 1986* (Cth) and through the standing offer arrangement PTD0027-16 with the Queensland Government.

The information contained in publications relating to salary packaging has been prepared for general information purposes only, without taking into consideration any individual circumstances. Before acting on any of the information contained within the salary packaging publications, you should consider your objectives, financial situation and needs, and if necessary, take the appropriate legal, financial or other professional advice based upon your own particular circumstances.

The contents of salary packaging publications should be read carefully to ensure you understand the salary packaging arrangement and the benefit item profiles. The Queensland Government takes no responsibility for any adverse outcomes that may result from an employee deciding to enter into any salary packaging agreement.

The Queensland Government strongly recommends you obtain independent financial advice before entering into a salary packaging agreement.

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Deputy Director-General, Queensland Government Procurement
Department of Energy and Public Works
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Brisbane Qld 4001

More information

Queensland Contracts Directory (QCD)

More information about [PTD0027-16 – Salary Packaging Administrative Services SOA](http://qcd.govnet.qld.gov.au/Pages/Details.aspx?RecID=1696) is available from QCD (<http://qcd.govnet.qld.gov.au/Pages/Details.aspx?RecID=1696>).

Salary Packaging Administrators

Salary Packaging Administrators' host a range of information to support employees on their Queensland Government dedicated salary packaging websites:

Remuneration Services (Qld) Pty Ltd (RemServ)

<https://www.remservsalarypackage.com.au/>

Smartsalary Pty Limited (Smartsalary)

<https://qld.smartsalary.com.au/>

2. Definitions

ATO	Australian Taxation Office
Benefit items	items available for salary packaging by the employee which have been approved by CBRC
Business day	between 9am and 5pm on a weekday other than a Saturday, Sunday or public holiday
CBRC	Cabinet Budget Review Committee
Employee	the person employed by the Employer
Employer	Queensland Government agencies, Queensland Government bodies, including statutory authorities and government-owned organisations and entities as defined by the <i>Financial Accountability Act 2009</i> and the <i>Government Owned Corporations Act 1993</i>
Family member	comprises of: <ul style="list-style-type: none"> • the employee's spouse • a child, ex-nuptial child, step-child, adopted child, ex-foster child of the employee or employee's spouse • a parent, grandparent, grandchild, sister or brother of the employee
FBT	Fringe Benefits Tax as defined under FBT legislation
FBT legislation	the <i>Fringe Benefits Tax Assessment Act 1986</i> and any related tax imposition Act; includes any legislation which is enacted to validate, recapture or recoup the tax imposed by any such Acts
FBT concessional employer	an employer with employees eligible for the FBT exemption cap
FBT exemption cap	a capped FBT exemption which allows for concessional FBT treatment under the respective provisions of the <i>Fringe Benefits Tax Assessment Act 1986</i> and includes those FBT exemption caps for public hospitals (currently \$17,000 grossed up), ambulance services (currently \$17,000 grossed up), and Legal Aid Queensland (currently \$30,000 grossed up)
FBT year	The FBT year runs from 1 April to 31 March
Grossed up taxable value	means grossing up the taxable value of a fringe benefit to ensure the same tax is paid as a cash salary and includes the Medicare levy. The gross up rate is either 2.0802 (where there is an entitlement to a GST input tax credit) or 1.8868 (where there is no entitlement to a GST input tax credit)
GST	goods and services tax imposed by or through the GST legislation
GST input tax credit	the amount of GST payable in respect of any taxable supply, calculated at the rate of GST applicable at the time
GST legislation	<i>A New Tax System (Goods and Services Tax) Act 1999</i> and any related tax imposition Act (whether imposing tax as a duty of customs excise or

	otherwise) and includes any legislation which is enacted to validate, recapture or recoup the tax imposed by any such Acts
GUTV	abbreviation for grossed up taxable value
Non-salary packaging fringe benefits	any fringe benefit that the employer provides or results from other means than via salary packages administered by the Salary packaging administrators. Non-salary packaging fringe benefits may include, but are not limited to, home garaging of a pool car, private use of a work car, housing assistance, remote area holiday travel, living away from home allowances and salary overpayment loan fringe benefits
Novated lease	the lease of a vehicle between the employer, employee and the finance company
Payment	the payment of an expense incurred by the employee in respect of salary packaged benefit item/s in an employee's salary packaging agreement
Payroll office	the employer's area within or external to their organisation that is responsible for payroll functions/systems
Pre-tax income	the salary received by the employee before deduction of income tax
Principal	the State of Queensland (acting through Department of Energy and Public Works – Queensland Government Procurement)
Reimbursement	the repayment of an expense incurred by the employee in respect of salary packaged benefit item/s in an employee's salary packaging agreement
Salary packaged amount	the amount of salary specified by the employee and advised to the Salary packaging administrator for the duration/term of their salary packaging
Salary packaging	an agreement between the employee and the employer which allows an employee's salary to be taken as benefits before tax (payments made by the employer on behalf of the employee for benefits in lieu of salary), in accordance with Australian Taxation office guidelines expressed in Taxation Ruling TR 2001/10
Salary packaging account	the account where salary packaged amounts are held for the processing of salary packaging reimbursements and/or payments
Salary packaging administration fee	the fees the Salary packaging administrator charges the employee and receives in accordance with standing offer arrangement PTD0027-16 from the employer on behalf of the employee for administering the salary packaging arrangement
Salary Packaging Administrator	the person, business, corporation or other entity which enters into the standing offer arrangement PTD0027-16 with the Queensland Government to be a provider of salary packaging administrative services for the employer; also referred to in this guide as Salary Packaging Administrator
Standing offer arrangement PTD0027-16	the entire salary packaging arrangement between the Principal and the Salary Packaging Administrators

3. About this arrangement

Queensland Government Procurement (QGP) established Standing Offer Arrangement PTD0027-16 for the provision of salary packaging administration services.

This arrangement commenced on 1 April 2016 and is due to expire on 31 March 2022.

The Salary Packaging Administrators listed under this arrangement are:

Remuneration Services (Qld) Pty Ltd (RemServ) Phone: 1300 30 40 10 https://www.remservsalarypackage.com.au/	Smartsalary Pty Limited (Smartsalary) Phone: 1300 218 598 https://qld.smartsalary.com.au/
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Previously Queensland Health employees (excluding Queensland Ambulance Service employees) were able to salary package with only one administrator (RemServ), however since July 2016 Queensland Health employees (excluding visiting medical officers) have a choice of Salary Packaging Administrators.

With the choice of two a Salary Packaging Administrators, all Queensland Health employees are able to:

- Salary package with only one of the two Salary Packaging Administrators per FBT year, unless additional transition periods are approved (see below)
- Request transition between Salary Packaging Administrators during the nominated transition periods (while transition periods are usually held January/February, September/October each year, exact transition dates will be published on QCD).

QGP at its entire discretion may introduce different transition procedures, including adding or removing transition opportunities for employees during the FBT year.

Transitioning during the QGP-designated periods is the only way employees can choose to move between Salary Packaging Administrators. Employees transitioning between Salary Packaging Administrators must repay any outstanding FBT liability prior to transition.

Employees must not use other methods to transfer between Salary Packaging Administrators. This would increase their risk of incurring an FBT liability and also may have their salary packaging agreement terminated.

It should be noted that Queensland Health employees (i.e. incorporating the Department of Health, all Hospital and Health Services, and Queensland Ambulance Service) may maintain salary packaging arrangements with only one Salary Packaging Administrators at a time. For example, an employee holding roles within Health and QAS concurrently may maintain salary packaging arrangements with only one Salary Packaging Administrators at a time for both roles.

Employees commencing salary packaging must disclose to their Salary Packaging Administrator if they have salary packaged previously in that FBT year. This is important to avoid the possibility of incurring a personal FBT liability.

4. Salary Packaging

Participation in salary packaging is strictly voluntary and at the sole risk to the employee.

The Queensland Government strongly recommends that you obtain independent financial advice.

Salary packaging can be a tax effective way of receiving your salary as a combination of income and benefits. Salary packaging allows you to deduct some of your pre-tax income and use it to pay for benefits.

By reducing your pre-tax income you can reduce the amount of income tax you pay and increase the amount you take home each fortnight.

Salary packaging and the benefits paid for with pre-tax income are subject to Commonwealth FBT legislation. This legislation may change from time to time and affect the salary packaging arrangements you have in place.

Your own circumstances will determine whether salary packaging will benefit you. There are tax implications which will make some benefit items unattractive for some employees, so it is important to discuss your chosen benefits with your financial adviser.

The FBT consequences for employees will largely depend on eligibility or not for the FBT exemption cap.

Full FBT benefits are viable only for employees eligible to access the [FBT exemption cap](#). FBT exempt and concessional benefits are viable options for all employees.

5. Who is eligible to participate in salary packaging?

You are eligible to participate in salary packaging if your employment is:

- permanent full or part-time
- temporary full or part-time
- long-term casual.

Casual employees are not normally eligible to participate in salary packaging, however long term casuals (i.e. employed on a regular and systematic basis for 12 months or more) with a reasonable expectation of ongoing employment (as per s 72(8) of the *Industrial Relations Act 1999*) are eligible to package after 12 months' employment.

Visiting medical officers (VMOs) salary package under a separate arrangement currently operated through RemServ as the sole Salary Packaging Administrator (refer to the VMO Salary Packaging Booklet). As it is possible to salary package with only one provider at a time, VMOs who also work concurrently in a non-VMO role will need to salary package through RemServ for all roles.

Where Senior Medical Officers have salary packaging arrangements through Smartsalary and subsequently undertake a VMO role (including concurrently), they will need to transition their arrangements to RemServ at the next available transition window if they wish to sacrifice any earnings under their new VMO role.

The above criteria determine eligibility only for participation in salary packaging. This is **not** the same as eligibility to access the FBT exemption cap.

The FBT consequences for employees will differ depending on their eligibility for the [FBT exemption cap](#). To be eligible for the FBT exemption cap you must be employed in a designated public hospital business area or with the Queensland Ambulance Service.

6. FBT exemption cap eligibility

Eligibility for the public hospital and public ambulance services FBT exemption caps is purely a matter determined under the FBT legislation. It is your responsibility to confirm your eligibility or otherwise for the FBT exemption cap with your payroll or human resources office.

It should be noted that employees have no entitlements or status as such in this regard. The FBT exemption cap is a taxation concession for limited categories of employers under the requirements of the FBT legislation.

Employees are potentially able to achieve a tax saving through paying for benefit items with pre-tax salary through the salary packaging arrangements.

It is the benefits provided to an employee that will be eligible for the capped exemption, and only where the employee works exclusively in and for designated eligible business areas as set out below.

Concurrent / Aggregate employees

A concurrent or aggregate employee is one who holds more than employment assignment within Queensland Health at the same time.

The ATO's view in respect of concurrent positions changed in June 2015 from that previously held. Previously, the ATO's view was the applicability of the FBT exemption cap was tested against the totality of the employee's employment arrangements. This meant that to be eligible overall, all positions held by a concurrent or aggregate employee had to be eligible. The totality of concurrent and aggregate employees' working arrangements in Queensland Health had to be within designated public hospital business areas and Queensland Ambulance Service (QAS).

The ATO's current view is that the FBT exemption cap should now be considered in relation to each separate position the employee is working in.

If you occupy more than one position concurrently, and for example, one position is eligible and the other is not, you may be able to salary package your pay from the eligible position for taxable items (assuming you remain working in this position when you receive the salary packaging benefits).

However, your pay from the ineligible position cannot be salary packaged towards taxable items without incurring FBT.

To apply the FBT exemption cap to a novated lease, you would need to salary package the pre-tax component from the eligible position only. If you were to salary package from both positions the FBT cap could not be applied to the novated lease.

It should be noted that under no circumstances will a Queensland Health employee be eligible for more than one FBT cap per FBT year with Queensland Health. This is because Queensland Health is the employer for FBT purposes and incorporates the Department of Health, all HHSs, and QAS, regardless of certain HHSs being prescribed employers for employment purposes.

To remove any doubt, if you hold positions concurrently in a public hospital business area and in QAS, you would be eligible for no more than one FBT cap per FBT year. This will always be the case even if you have separate salary packaging accounts for Health and QAS with your Salary Packaging Administrator.

Projects

Where a project is under the management and control of an ineligible business area (e.g. Office of the Director General), the project will be treated as ineligible for the FBT exemption cap. This is due to you working for an ineligible area, and therefore cannot be regarded as working in and for the eligible area (e.g. a public hospital). Issues surrounding cost centres, budgets, payroll office, and physical location are irrelevant.

Where the project is genuinely under the management and control of an eligible business area and part of its normal business functions, the project will be treated as eligible for the FBT exemption cap.

Designated eligible business areas / units

The following business areas of Queensland Health are designated as eligible for application of the public hospitals or public ambulance services FBT exemption cap in accordance with the *Fringe Benefits Tax Assessment Act 1986*.

The below table is subject to change due to organisational and functional changes to business areas and is therefore periodically reviewed and is current as at **1 September 2021**:

Category	Designated Eligible Business Areas			Comments	
1.1	QAS			Queensland Ambulance Services	All of QAS is eligible as a public ambulance service with the exception of the Health Contact Centre
2.1	HHSs			All Hospital and Health Services as gazetted	All the functions and services that are genuinely under the management, control, and accountability of the HHS Chief Executive. Functions and services which are merely hosted in the HHS will NOT be regarded as eligible.
2.2	HHSs			All HHS Board Chairs and Members	As “office holders” are regarded as “employees” for FBT purposes
3.1	Regional Mortuary Services (a part of Prevention Division):			Hospital-based only	
	<ul style="list-style-type: none"> • Royal Brisbane and Women’s Hospital • The Prince Charles Hospital • Princess Alexandra Hospital • Nambour Hospital • Rockhampton Hospital • Townsville Hospital 	<ul style="list-style-type: none"> • Cairns Hospital • Mount Isa Hospital • Gold Coast Hospital • Toowoomba Hospital • Mackay Hospital 			
3.2	BTS (a part of Corporate Services Division)			Biomedical Technology Services	Exclusively servicing HHSs - all of BTS is eligible
3.3	GLS (a part of COVID-19 Supply Chain Surety Division)			Group Linen Services	Exclusively servicing HHSs - all of Group Linen Services is eligible
3.4	Certain components of Pathology Queensland (part of Prevention Division) exclusively servicing HHSs as follows:				Remainder of Pathology Queensland is <u>ineligible</u> .
	<ul style="list-style-type: none"> – Longreach – Charleville 	<ul style="list-style-type: none"> – Robina – Logan 	<ul style="list-style-type: none"> – PAH – Princess Alexandra – TPCH – The Prince Charles 		

Category	Designated Eligible Business Areas			Comments
	<ul style="list-style-type: none"> - Roma - Toowoomba - Dalby - Warwick - Thursday Island - Cairns - Atherton - Innisfail - Mackay - Bundaberg - Gold Coast 	<ul style="list-style-type: none"> - QE II - Redlands - Ipswich - Central RBWH - Lady Cilento - Townsville - Mt Isa - Caboolture - Redcliffe - Hervey Bay - Gympie 	<ul style="list-style-type: none"> - Nambour - Kingaroy - Emerald - Rockhampton - Gladstone - Maryborough - Sunshine Coast University Hospital (SCUH) 	
	<ul style="list-style-type: none"> • Executive Director • Discipline Medical Directors • Group Medical Directors • State-wide Phlebotomy Coordinator • Supervising Scientist (Relievers) • Point of Care Testing • Business Liaison Manager 		<ul style="list-style-type: none"> • Performance Manager • Program Manager • Skills Development Unit • Quality Manager • Operations Managers – Central Laboratory, Greater Metropolitan, Regional Laboratory • General Manager Laboratory Operations 	
3.5	Central Pharmacy (a part of COVID-19 Supply Chain Surety Division)			Exclusively servicing HHSs - all of Central Pharmacy is eligible
3.6	Certain components of Strategic Procurement exclusively servicing HHSs (part of COVID-19 Supply Chain Surety Division) as follows: (<i>under review</i>) <ul style="list-style-type: none"> • Certain Procurement Service Delivery Hubs, i.e.: <ul style="list-style-type: none"> - Northern Hub; - Central/Southern Hub; - South East Queensland Regional Hub 			Remainder of Strategic Procurement is <u>ineligible</u>
3.7	Certain components of Supply Chain Services exclusively servicing HHSs (part of COVID-19 Supply Chain Surety Division) as follows: (<i>under review</i>)			Remainder of Supply Chain Services is <u>ineligible</u>

Category	Designated Eligible Business Areas			Comments
	<ul style="list-style-type: none"> • Richlands & Transport • Metro North 			
	<ul style="list-style-type: none"> – Nambour – SCUH – Gympie 	<ul style="list-style-type: none"> – Caloundra – Caboolture – Redcliffe 	<ul style="list-style-type: none"> – Prince Charles – RBWH – Bowen Hills 	
	<ul style="list-style-type: none"> • Metro South 			
	<ul style="list-style-type: none"> – QEII – Logan – Robina 	<ul style="list-style-type: none"> – Redlands – Bowen Hills 	<ul style="list-style-type: none"> – Princess Alexandra Hospital – Gold Coast University Hospital – Queensland Children's Hospital 	
	<ul style="list-style-type: none"> • Toowoomba & Darling Downs 			
	<ul style="list-style-type: none"> – Toowoomba – Kingaroy – Roma 	<ul style="list-style-type: none"> – Dalby – Ipswich 	<ul style="list-style-type: none"> – Charleville – Warwick 	
	<ul style="list-style-type: none"> • Wide Bay 			
	<ul style="list-style-type: none"> – Bundaberg 	<ul style="list-style-type: none"> – Hervey Bay 	<ul style="list-style-type: none"> – Maryborough 	
	<ul style="list-style-type: none"> • Central Qld 			
	<ul style="list-style-type: none"> – Rockhampton – Biloela 	<ul style="list-style-type: none"> – Gladstone – Longreach 	<ul style="list-style-type: none"> – Emerald 	
	<ul style="list-style-type: none"> • Cairns 			
	<ul style="list-style-type: none"> – Cairns 	<ul style="list-style-type: none"> – Mareeba 	<ul style="list-style-type: none"> – Weipa 	
	<ul style="list-style-type: none"> • Townsville 			
	<ul style="list-style-type: none"> – Townsville 	<ul style="list-style-type: none"> – Bowen 	<ul style="list-style-type: none"> – Mackay 	
	<ul style="list-style-type: none"> • Director Supply Chain Services SEQ • Metro North Manager Supply Chain Services • Metro North Supervisor Supply Chain Services 	<ul style="list-style-type: none"> • Wide Bay Manager Supply Chain Services • Central Qld Manager Supply Chain Services • Cairns Manager Supply Chain Services 		

Category	Designated Eligible Business Areas		Comments
	<ul style="list-style-type: none"> Metro South Manager Supply Chain Services Metro South Supervisor Supply Chain Services Toowoomba & Darling Downs Manager Supply Chain Services 	<ul style="list-style-type: none"> Director Supply Chain Operations CQ NQ Supply Manager NQ 	
3.8	<ul style="list-style-type: none"> Certain components of Payroll Transactional Services exclusively servicing HHSs (part of Corporate Enterprise Solutions, Corporate Services Division) as follows: <ul style="list-style-type: none"> Certain teams within Chermside Service Centre, i.e.: <ul style="list-style-type: none"> – Separations Chermside – Metro North Payroll Team – Sunshine Coast Payroll Team – Children’s Health Queensland Payroll Team Certain teams within Rockhampton Service Centre, i.e. <ul style="list-style-type: none"> – Separations Rockhampton – Wide Bay Payroll Office – Cairns Payroll Office – Mackay Payroll Office – Townsville Payroll Office – Rockhampton Payroll Office Certain teams within Meadowbrook Service Centre, i.e. <ul style="list-style-type: none"> – Nerang Payroll Office – Toowoomba Payroll Office – Separations Meadowbrook – Meadowbrook Payroll Office (Metro South HHS) – Ipswich Payroll Office Certain teams within Central Service Centre, i.e. <ul style="list-style-type: none"> – Senior Medical Payroll Team 		Remainder of the Corporate Enterprise Solutions is <u>ineligible</u>
4.1	Retrieval Services Queensland , and Telehealth Emergency Management Support Unit (both parts of the Aeromedical Retrieval and Disaster Management Branch. (part of Prevention Division) exclusively servicing HHSs		
5.1	Certain components of eHealth Queensland exclusively servicing HHSs as follows: <ul style="list-style-type: none"> Herston Service Delivery Team (SDT) TPCH SDT Redcliffe/Caboolture SDT Sunshine Coast SDT Townsville SDT Mackay SDT Mt Isa SDT West Moreton SDT 		Remainder of eHealth Queensland is <u>ineligible</u>

Category	Designated Eligible Business Areas		Comments
	<ul style="list-style-type: none"> • Cairns SDT • Cape SDT • Torres SDT • Children's SDT • PAH SDT • QEII Bayside SDT • Logan SDT • Gold Coast SDT • Robina SDT 	<ul style="list-style-type: none"> • Toowoomba SDT • Far West SDT • Southern Downs SDT • Wide Bay SDT • Bundaberg SDT • Rockhampton SDT • Longreach SDT • SDU Managers and Administration Officers for Far North, Metro South, Northern, South West, and Central 	
6.1	Certain components of Finance Transaction Services exclusively servicing HHSs (part of COVID-19 Supply Chain Surety Division) as follows: <i>(under review)</i>		Excludes Finance Business Centre staff & State-wide Finance Services staff also located at Chermide
	<ul style="list-style-type: none"> • Cairns • Townsville • Rockhampton • Meadowbrook • Toowoomba • Nambour 	<ul style="list-style-type: none"> • Wide Bay (staff located at Maryborough and Bundaberg) • Chermide (Accounts Payable staff only) • Manager Finance Services – Townsville • Manager Finance Services – Toowoomba 	

The remaining business areas and units of Queensland Health not included in the table above are **ineligible** for the public hospitals and public ambulance services [FBT exemption cap](#).

7. Determining what to salary package

You have a choice of which benefit items to package from those approved by Queensland Government to be included in the arrangement. The salary packaging benefits item categories listed under standing offer arrangement PTD0027-16 are:

- FBT exempt items (e.g. superannuation)
- Concessional FBT items (e.g. novated lease)
- Full FBT benefit items (e.g. home mortgage payments).

The salary packaging of full FBT items is viable only for those Queensland Health employees who are eligible under the Commonwealth FBT legislation to access an FBT exemption cap. FBT exempt and concessional benefits are viable options for all employees.

A list of the approved benefit items available is provided via the FBT Exempt and Full FBT Fact Sheets available on the [Salary Packaging Administrative Services SOA page on QCD](#) and the [Salary Packaging Administrators' Queensland Government dedicated websites](#).

Superannuation

Subject to any future limitations set by the ATO, an employee may package up to 50% of their salary into items other than superannuation. Superannuation may be packaged up to 100% of salary (excluding that portion of superannuation which is nominated as the 'employer contribution').

That is, an employee may choose to salary package in either the following combinations:

- Any percentage of salary up to 100% packaged to superannuation only (see note below)
- Up to 50% of salary, packaged to other items, plus the remaining percentage, up to a total of 100% of salary, packaged to superannuation (e.g. 20% to laptop, 20% to novated car lease, plus 60% to superannuation) (see note below).

'**Total Salary**' ordinarily means the total gross remuneration including salaries, wages and permanent allowances, but excluding overtime. It is, however, subject to any provisions to the contrary as contained in a certified agreement or ruling issued under section 54 of the Public Service Act 2008. Total salary excludes cash equivalent of leave and is therefore out of scope of the salary packaging arrangements.

Note: Information regarding federal legislation governing superannuation contributions can be found in the 'Superannuation Salary Packaging Information Booklet' available on the [Salary Packaging Administrative Services SOA page on QCD](#).

Motor vehicle novated lease (private use)

QGP has established the [QGP0026-16 Salary Packaging Novated Leasing Services SOA](#) for novated leasing services, effective from 7 November 2016.

All new leases and re-financed leases, must be established with one of the approved panel of suppliers on this arrangement and the Queensland Government's Standard Novation Agreement must be used.

The establishment of this arrangement will not impact on novated leases established prior to this date and will continue to operate until their expiry date.

8. Financial advice

Salary packaging will adjust your salary amounts and may in some instances be unsuitable for some Queensland Government employees. It is strongly recommended you consult a financial adviser to discuss if salary packaging is suitable for you.

The Salary Packaging Administrators maintain a list of financial advisers or you can consult a:

- Chartered Accountant
- Certified Practising Accountant (CPA)
- licensed member of the Financial Planning Association of Australia (FPA)
- member of the Institute of Public Accountants (IPA).

9. What does it cost

Administration fees will be paid fortnightly pre-tax as part of your salary packaging payroll deduction. Details of salary packaging administration fees are available from the [Salary Packaging Administrative Services SOA page on QCD](#).

10. Starting salary packaging

If you are not salary packaging and wish to start salary packaging, you will need to complete and submit to your chosen Salary Packaging Administrator the *salary packaging participation agreement* (SPPA), *salary packaging application form* and any relevant salary packaging declarations.

All salary packaging documentation is available on the [Salary Packaging Administrators' Queensland Government dedicated websites](#).

Your financial adviser may also submit the relevant salary packaging documentation on your behalf.

Your Salary Packaging Administrator will contact you or your financial adviser if your application is incomplete or missing the required substantiation. Processing may be delayed in circumstances where the required information is not provided.

Once processing is completed, arrangements will be made with your payroll office to start your salary packaging deductions. When this will start will depend on the Queensland Government pay cycle arrangements. Your payroll office will then forward your fortnightly payroll deductions to your Salary Packaging Administrator.

It is **your responsibility** to check your pay slip and salary packaging statements to ensure that the correct amounts are being deducted and to notify your Salary Packaging Administrator if the amounts are not as requested.

You can check your salary packaging account details through your Salary Packaging Administrator websites.

Note: Any changes to your regular banking or payment arrangements (e.g. cancellation of direct debits) that are required because of your salary packaging must be made by you.

11. Salary packaging payments or reimbursements

The payment options available are:

- direct payment to the benefit item provider (one off or regular)
- reimbursement to you (one off or regular).

Payment options available will vary depending upon the benefit item you salary package. The approved benefit item fact sheet will stipulate the payment options that apply for each benefit item.

You must complete and submit to your Salary Packaging Administrator, the relevant benefit item payment/reimbursement claim form. Salary packaging claim forms are available for download through the Salary Packaging Administrator's websites.

Direct payment to the benefit item provider

Direct payments will be processed by your Salary Packaging Administrator on the scheduled date of payment.

Reimbursement to you

Reimbursements to you will be processed by your Salary Packaging Administrator within three (3) business days from receipt of your claim, provided the correct substantiation has been provided and there are sufficient funds accumulated in your salary packaging account.

Notes:

- You may request that your Salary Packaging Administrator provide part payment of reimbursement/s, for instance, where there are insufficient funds in your salary packaging account.
- Regular reimbursement arrangements will be set up for a fixed term (e.g. 12 months). Upon expiry of the fixed term, you will be required to provide renewal information to your Salary Packaging Administrator to substantiate claims.

It is important to note that regular payments, such as novated lease payments or own home mortgages, will take precedence over requests for ad hoc payments or reimbursement requests.

Things to know about payments and reimbursements

- Payments and reimbursements can be made only when you have provided the required substantiation (e.g. invoice)
- Payments and reimbursements can be made only by the Salary Packaging Administrator from available funds held in your salary packaging account
- To ensure there are sufficient funds in your salary packaging account, your Salary Packaging Administrator may withhold a minimum balance
- The date the payment is made is the date the fringe benefit is provided (except in the case of a novated lease which involves a car fringe benefit being provided on a day-to-day basis)
- Payments for novated leases will be paid only after two fortnightly contributions have been received from your payroll office. There may be instances (e.g. prior to sufficient funds build in your salary packaging account) where you will need to meet the initial payments for your novated lease from your after tax income
- You can claim for expenses only from your salary packaging anniversary date with your current Salary Packaging Administrator and all subsequent years. For example:
 - If your salary packaging anniversary date is 1 April 2011 with your current Salary Packaging Administrator, you can claim expenses incurred from 1 April 2011 and for all future FBT years
 - If your salary packaging anniversary date is 5 April 2014 with your current Salary Packaging Administrator, you can claim expenses incurred for from 5 April 2014 and for all future FBT years
 - If you transitioned between Salary Packaging Administrator on 1 April 2017, you cannot claim expenses incurred prior to this date with your new provider

- You generally cannot claim an exempt Portable Electronic Device more than once per FBT year, even if you have transitioned Salary Packaging Administrator during the FBT year.
- Benefit item payments will be unable to be processed if there are insufficient funds in your salary packaging account or if your payroll office has not forwarded funds to your Salary Packaging Administrator. In these circumstances you will be responsible for payments due
- You will need to advise your Salary Packaging Administrator if part payments for reimbursements are required
- All benefit item payments and reimbursements will cease if you terminate your employment with the Queensland Government
- If you are on leave without pay, all benefit item payments and reimbursements will cease once funds held in your salary packaging account have been exhausted
- Payments and reimbursements will be made by electronic funds transfer in most cases. You must ensure your bank account details are provided to your Salary Packaging Administrator
- If requesting a direct payment, please ensure that you include the BPay details (often on the reverse side of the bill)
- Any bank fees payable, due to incorrect account details provided by you, will be deducted from your salary packaging account
- Completion of a payment or reimbursement does not automatically stop or reduce your payroll deduction. You must advise your Salary Packaging Administrator if you would like to amend or stop salary packaging payroll deductions (not your payroll office)
- Some payments and reimbursements will cease when the substantiation provided expires. This applies where a total payment is completed or where the end date (e.g. on a lease agreement for a home rental or regular reimbursement arrangement) is reached. You will need to provide further substantiation for a payment or reimbursement to be restarted if this occurs
- It is not the intent of salary packaging for employees to accrue excessively large balances remaining unused for long periods of time. Where this occurs the employer may instruct the Salary Packaging Administrator to return the excess funds to the employee through payroll less tax.

12. Salary packaging amendments

An amendment is where a benefit item is added or deleted, regular payment amounts are adjusted, or your payroll deduction amounts alter.

You also need to notify your salary packaging provider if you change:

- employer
- bank account details
- personal details (e.g. name, address, email, telephone).

If you wish to **amend** your salary packaging agreement you will need to complete and submit to your Salary Packaging Administrator, the relevant salary packaging amendment form available from their website.

Note: Changes to bank account details do not constitute a benefit item amendment.

13. Ceasing salary packaging

You can cease your salary packaging at any time by giving at least 21 days notice in writing to your Salary Packaging Administrator. You also need to complete the salary packaging cessation form and submit to the Salary Packaging Administrator.

Any funds remaining in your salary packaging account on termination or cessation of your salary package cannot be taken as a cash payment, these funds can either be:

- Used for other benefit item payments or reimbursements
- Transferred to your Superannuation account (if salary packaging superannuation)
- Returned to your payroll office to be paid as salary and taxed accordingly.

If your employment with the Queensland Government is terminated you must cease your salary packaging agreement and advise your salary packaging administrator in writing, 14 business days before the termination of your employment.

If you do not provide your and submit to the Salary Packaging Administrator with instructions regarding the remaining funds in your salary packaging account, any funds remaining will be returned to your payroll office for payment to you as taxed salary. You cannot continue to make claims to run down your balance for a period of time post termination.

14. Changes in employment (e.g. transfers, secondments)

If you are transferred or seconded to another government agency, you must provide written notification to your and submit to the Salary Packaging Administrator 14 business days prior to the transfer or secondment. This will ensure that correct reporting to your payroll office and agency occurs.

You must complete and submit to your and submit to the Salary Packaging Administrator the *change of employer amendment form* in relation to transferring or seconding to another government agency.

Note: Changes in employment may affect the tax treatment of certain benefit items (e.g. cars packaged through novated leases). The Queensland Government recommends you speak to your and submit to the Salary Packaging Administrator and where necessary obtain the appropriate legal, financial or other professional advice based on your own particular circumstances.

In addition, it is important that hospital employees notify their payroll office (whether or not your payroll office processing site changes) and their and submit to the Salary Packaging Administrator when transferring or seconding from a work group (permanently, temporarily or part time), to determine if their FBT exemption cap eligibility has altered, thereby affecting their liability for FBT.

You will be responsible for any FBT owing and for any shortfall that may occur in your salary packaging, following any changes in employment.

15. Salary packaging and tax deductions

Any benefit item salary packaged from pre-tax dollars cannot be claimed as a deduction on your income tax return. For example, if you claim reimbursement of your Union membership fees through salary packaging, you cannot also claim a tax deduction, which would attract significant penalties from the ATO. You should discuss your income tax return claims with your tax advice specialist for more information.

16. Salary packaging and reimbursements from your employer

You cannot salary package any benefit items which you have already claimed or intend to claim as an expense through your employer, or as a deduction on your income tax return.

17. Fringe Benefits Tax (FBT)

Any FBT liability incurred as a result of your participation in salary packaging will be your responsibility.

The salary packaging participation agreement completed and submitted at the time of salary packaging provides a comprehensive explanation of your responsibility regarding FBT liabilities.

Prior to entering into a salary packaging agreement, it is strongly recommended that you:

- Read all relevant salary packaging documentation (e.g. information booklets, fact sheets) to fully understand the terms and conditions of your salary package
- Obtain independent financial advice.

Reportable Fringe Benefits Amount (RFBA)

Queensland Health is required to keep records of the fringe benefits provided to you and must record the grossed up taxable value of those fringe benefits on your payment summary (previously known as a group certificate) for the corresponding income tax year. This is referred to as the reportable fringe benefits amount (RFBA).

An RFBA may affect your income tests for benefits and obligations under certain Commonwealth laws. You are advised to consider seeking independent financial advice on this matter.

Grossing up

Grossing up ensures that the amount of tax paid on a fringe benefit is the same as the tax paid if the employee received cash salary which is taxed at the highest marginal rate plus the Medicare levy. The current rates are:

- gross up rate for items attracting GST = 2.0802
- gross up rate for items without GST = 1.8868.

For example, an annual motor vehicle expense fringe benefit of \$2,200 will be grossed up to \$4,576.44 using the gross up rate of 2.0802 (the gross up rate for items attracting GST). The FBT payable on such a benefit would be \$2,150.93, using the 2017-18 FBT rate of 47%.

The gross up rate of 1.8868 is always used in calculating the RFBA which appears on your payment summary (group certificate). For example, the RFBA of a motor vehicle expense of \$2,200.00 will be \$4,150.96.

Potential legislative changes and risk

You are responsible for any FBT liability incurred as a result of any changes and no compensation is available:

- in legislation
- ATO interpretation
- in rulings obtained by Queensland Treasury or Queensland Health.

What happens at the end of the FBT year?

Any credit balance left in your salary packaging account can be:

- Rolled over into the new package year
- Transferred to your Superannuation account, or Mercy Super for certain employees of the Lady Cilento Children's Hospital (if you are salary packaging superannuation)
- Returned to your payroll office to be paid as salary and taxed accordingly.

Note: Any unused portion of an FBT exemption cap by Queensland Health hospital employees and Queensland Ambulance Service employees cannot be used in subsequent years; any credit spent in the new FBT year will fall within the new FBT year's cap.

FBT exemption cap eligibility (only applicable to hospital and QAS employees)

FBT exemption cap eligibility is a concession under the FBT legislation applicable to employees working exclusively in and for certain business areas of Queensland Health, and effectively limits FBT exemption to a cap of \$17,000 grossed up taxable value (GUTV).

A grossed up value of \$17,000 equates to actual fringe benefit items costing between \$8,172 and \$9,010 in total (depending on the impact of GST) for the FBT year 1 April to 31 March, constituting the employer cap limit.

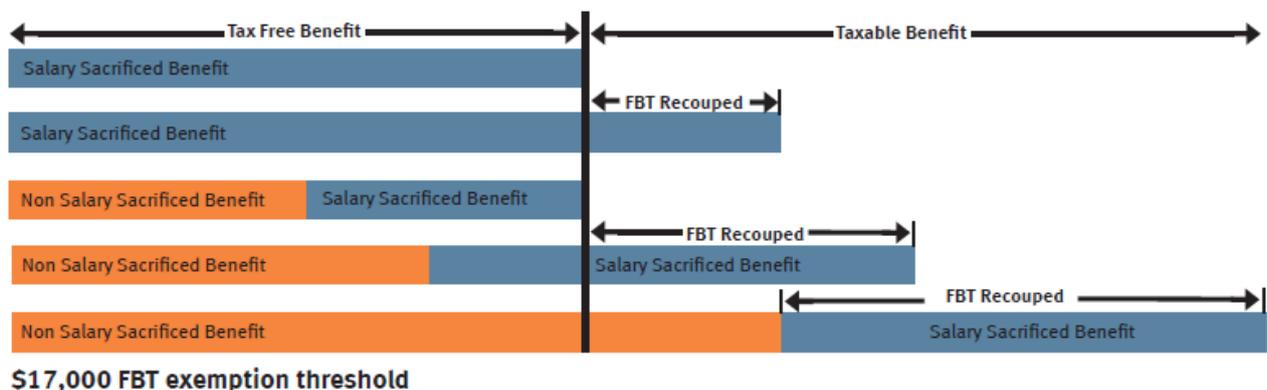
The FBT exemption cap operates per employee / per employer / per FBT year. For FBT purposes Queensland Health is the employer, whether or not a Hospital and Health Service is a prescribed employer. This encompasses the Department of Health, all HHSs, and QAS.

It is important to understand that the FBT exemption cap applies only to benefits provided while the employee is employed within and working for a designated Queensland Health hospital business area or Queensland Ambulance Service.

No employee should regard FBT exemption cap eligibility as an entitlement. It is simply a tax concession currently available to certain parts of Queensland Health based on the application of the FBT legislation. While Queensland Health has made every effort to ensure this application is correct, the ATO can change its position at any stage as it is a question of legislative interpretation.

You need to be aware that changes in Queensland Health's organisational and functional structures can affect existing FBT exemption cap status.

If you exceed the FBT exemption cap for any reason, FBT is payable by you on **all amounts** over the grossed up figure (see below). Any FBT liability incurred as a result of your participation in salary packaging is your responsibility.



Change of FBT exemption cap status due to role change

When transferred, seconded, promoted, relieving or otherwise undertaking duties in another position, unit or agency (permanently, temporarily or part-time) and whether or not your payroll office processing site changes, your FBT exemption cap eligibility may alter. This can affect your liability for FBT.

FBT exemption cap eligibility audits are undertaken on a regular basis to identify any employees incorrectly claiming eligibility for the FBT exemption cap.

You will be responsible for any FBT owing and for any shortfall that may occur in your salary packaging due to any change in your FBT exemption cap eligibility.

18. Reportable fringe benefits amount and government allowances

The RFBA will not be included in your taxable income or affect the amount of standard Medicare levy you pay. The RFBA will, however, be used for income tests such as:

- Medicare levy surcharge
- HELP (formerly HECS) repayments
- child support obligations
- entitlement to certain income tested government benefits.

The RFBA will be taken into account in the income tests for some other benefits but will include the non-grossed up value. This includes benefits such as:

- Family Tax Benefit
- Child Care Benefit
- Youth Allowance (parental income test).

For further details please:

- contact the Tax Information Line 132 861 (toll free)
- refer to the [ATO website](#).

19. GST input tax credits

Any benefit item expense paid or reimbursed that has applicable GST will be eligible to be claimed back from the ATO if a valid tax invoice is provided as substantiation.

Employees do not have to pay GST at time of claiming, as the GST is floated by RemServ (from 1 August 2016) and Smartsalary.

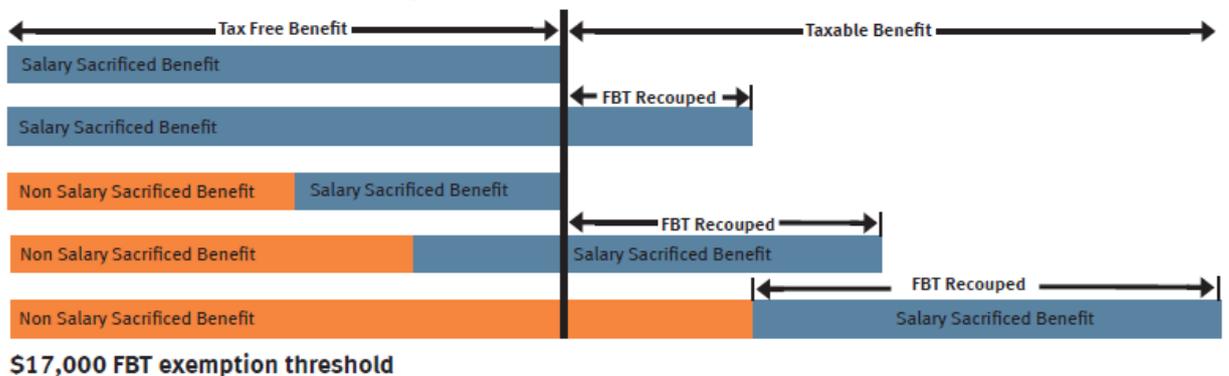
20. Non-salary packaged taxable fringe benefits (applicable only to hospital & QAS employees)

It is your responsibility to advise your Salary Packaging Administrator on the GUTV of non-salary packaged benefits provided by your employer (even if it is only an estimate) and to also advise on any expected changes to this value.

The Salary Packaging Administrator uses this estimate to monitor the employee's total GUTV against the \$17,000 cap.

Non-salary packaged fringe benefits have first priority when applying the FBT exemption cap (refer diagram page 20). Employees of Queensland Health who are eligible for the FBT exemption cap should note that:

- FBT exemption cap is applied to non-salary packaged fringe benefits before salary packaged benefits
- FBT on benefits above the FBT exemption cap is paid to the ATO
- FBT liabilities on salary packaged benefits above the cap are recouped by the Salary Packaging Administrator from the employee
- Non-salary packaged fringe benefits are any fringe benefits that your employer or an associate of your employer provides, or which results from other means than via salary packages administered by the Salary Packaging Administrator
- Non-salary packaged fringe benefits may include, but are not limited to:
 - car benefits (e.g. home garaging a pool vehicle or full private use entitlements)
 - remote area rental assistance
 - remote area holiday transport (e.g. RANIP flights)
 - remote area residential fuel
 - loan fringe benefits (e.g. through a salary overpayment not repaid immediately once recognised)
 - debt waivers (e.g. through writing off a salary overpayment)
 - Living Away From Home Allowance (LAFHA)
 - private e-tolls
 - certain study assistance benefits e.g. HELP (previously, HECS) or SARAS.



It is your responsibility to provide to your Salary Packaging Administrator an estimate of any non-salary packaged fringe benefit grossed up taxable value amounts. It is strongly recommended that you discuss this aspect with your financial adviser in order to minimise the risk of incurring an FBT liability.

If applicable you need to complete and submit to your Salary Packaging Administrator the non-salary packaging fringe benefit declaration available on their website.

Your Salary Packaging Administrator can then make adjustments to your salary packaging agreement to minimise the risk of exceeding the FBT exemption cap limit and incurring an FBT liability.