

General Goods and Services – Employee Services



Employee Information Booklet

PTD0027-16 Salary Packing Administration Services SOA

**Remote Area
Fringe Benefits Concession
Salary Packaging Information Booklet
For Queensland Government employees**



**Queensland
Government**



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1. About this booklet

Disclaimer

This booklet provides information on salary packaging arrangements for remote area fringe benefits. It has been written specifically for you as an employee of the Queensland Government.

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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Queensland Government Procurement
Assistant Director-General
Department of Housing and Public Works
GPO Box 123
Brisbane Qld 4001

More information

More information about *Standing Offer Arrangement PTD0027-16 – Salary Packaging Administration Services* is available at the Queensland Contracts Directory (QCD) <http://qcd.govnet.qld.gov.au/Pages/Details.aspx?ReclD=1696>.



2. Definitions

ATO	Australian Taxation Office
Benefit items	items available for salary packaging by the employee which have been approved by the CBRC
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>
FBT	fringe benefits tax, has the same meaning as defined under FBT legislation
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 legislation	<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
Grossed up taxable value	grossing up the value of a fringe benefit to ensure an equivalent rate of tax is payable as for cash salary and wages taxed at the highest marginal tax rate plus the Medicare levy. The gross-up rate for the 2017/18 FBT year 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 or there is no GST included in the item)
GUTV	grossed up taxable value
Payment	the payment of an expense incurred by the employee, or an associate of the employee, in relation to the employee's principal place of residence in respect of salary packaged benefit item/s in an employee's salary packaging agreement
Pre-tax income	the salary received by the employee prior to income tax being deducted
Principal	the State of Queensland (acting through the Department of Housing and Public Works – Queensland Government Procurement (QGP))
Reimbursement	the repayment of an expense incurred by the employee, or an associate of the employee, in relation to the employee's principal place of residence in respect of salary packaged benefit item/s in an employee's salary packaging agreement
Salary packaging	an agreement between the employee and the employer which allows an employee's salary to be taken as benefits before tax (payment 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 administration fee	the fees the Salary Packaging Administrator 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 (SOA) PTD0027-16 with the Queensland Government to be a provider of salary packaging administration services for the employer, also referred to in this guide as salary packaging administrator
Standing Offer Arrangement PTD0027-16	the entire arrangement between the Principal and the Salary Packaging Administrators

3. About this arrangement



Queensland Government Procurement has 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 2021.

The Salary Packaging Administrators listed under this arrangement are:

Remuneration Services (Qld) Pty Ltd (RemServ)

Phone: 1300 30 40 10

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

Smartsalary Pty Limited (Smartsalary)

Phone: 1300 21 85 98

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

Arrangement details are also available via the [Queensland Contracts Directory QCD](#).

Queensland Health previously utilised one salary packaging administrator (RemServ), however from July 2016, Queensland Health employees have been able to choose either of the two Salary Packaging Administrators under the arrangement.

Queensland Government employees will be 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 (transition periods are usually held during January / February and August / September each year, exact transition dates to be advised).

Queensland Government Procurement (QGP) at its entire discretion may introduce different transition procedures, including additional transition opportunities for employees during the FBT year.

Transitioning during the QGP-designated periods is the only way employees can move between Salary Packaging Administrators.

Employees who use other methods to move between Salary Packaging Administrators increase their risk of incurring an FBT liability and may have their salary packaging agreement terminated.

4. Employee information booklets

A range of information booklets have been developed in relation to the Salary Packaging Administration arrangement for Queensland Government employees, which include:

- Salary packaging information booklet (a separate information booklet has been developed for Queensland Health employees)
- Superannuation information booklet
- Remote Area information booklet
- Novated leasing information booklet.

Further information is available on the [Salary Packaging Administration Services SOA page on QCD](#).

5. Introduction

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.

Employees of Queensland Health (QH) hospitals, Queensland Ambulance Service (QAS) and Queensland Police Service (QPS - both sworn officers and staff members) employees are eligible for fringe benefits tax (FBT) concessions relating to remote area accommodation, provided that they live and work in 'standard' remote areas. This is because of the rules contained in the FBT legislation.

A full listing of 'standard' remote areas can be found on the [ATO website](#).

This concession is subject to the provision of the required documentation to the Salary Packaging Administrator and the conditions set out in this information booklet.



Not all benefits are available to all employees – refer to the table below. The benefits are:

Benefit	Description	Available to eligible employees of
Remote area rental	50% reduction of taxable value for FBT year (50% reduction is calculated on the contract value of the rent, not the amount reimbursed)	QH Hospitals QAS QPS (from 1 November 2014)
Remote area residential (not vehicle) fuel	50% reduction of taxable value for FBT Year	QH Hospitals QAS
Remote area mortgage interest	50% reduction of taxable value for FBT Year	QH Hospitals QAS

It is **strongly recommended** you read the information contained in this booklet and seek independent financial advice before entering a salary packaging agreement that includes remote area fringe benefits. Incorrect actions may result in significant tax liabilities.

Salary packaging remote area fringe benefits could create an FBT liability if you do not qualify and/or affect the FBT exemption cap for certain employees working in QH hospitals or QAS.

If you are not sure whether you can access the FBT exemption cap, full details about this are provided in the Salary Packaging Information Booklet available from your Salary Packaging Administrator or on the [Salary Packaging Administrative Services SOA on QCD](#). There is also a self-assessment checklist for each benefit item provided in [section 11](#) of this booklet.

Note: The Queensland Government provides no guarantee on the interpretation and application of Commonwealth taxation legislation to employee's individual circumstances.

6. Administration fees

A fortnightly salary packaging administration fee will be payable from the time you first access this benefit. Details of salary packaging administration fees are available on the [Salary Packaging Administrative Services SOA on QCD](#).

7. Remote area rental

Eligibility

To be eligible for a reduction in taxable value for remote area rental payments you need to be employed by a QH hospital, QAS or QPS and work and live in a remote area (refer to the [ATO website](#) for a list of towns categorised as being remote) for tax purposes, for the entire period you are claiming the 50% concession.

The 50% remote area rent concession is applied to the contract value of the rent, such that up to 50% of the rent can be salary packaged without incurring FBT.

As QPS employees are not eligible for the FBT exemption cap, the maximum amount that can be salary packaged is 50% of the contract value, leaving a nil taxable value after applying the 50% concession.

Claiming

You can salary package rental payments for your home where:

- The rental is an arm's length agreement (you cannot salary package rent where the landlord/owner is:
 - your spouse, a family member or associate etc
 - a trust from where you have the capacity to benefit
 - a company you have an interest in
 - any other similar arrangement)



- You have not claimed / will claim **any reimbursement** for rent or had / will have **any rent paid** by your employer. (You cannot salary package an expense that has already been met or will be met by your employer).

Declarations

When salary packaging remote area rental, you must submit a '*Residential Rent – Periodic Payment Declaration*' to your Salary Packaging Administrator.

Salary packaging declarations are available from your Salary Packaging Administrator and via their website.

To confirm your eligibility, the required declaration must be provided to your Salary Packaging Administrator by 31 March and 31 August of each year.

If declarations are not provided, rental payments will be calculated at the full taxable value, without any concession. It is your responsibility to ensure that the declaration has been received by your Salary Packaging Administrator by 31 March and 31 August each year.

Payment

Your Salary Packaging Administrator will make payments for remote area rental (either direct payment or reimbursement), and reduce the FBT taxable value by 50% of the contract value. This will mean that the remainder of the payment will be taxable and will accrue against the FBT exemption cap for eligible QH hospital and QAS employees.

8. Remote area residential fuel

Eligibility

To be eligible for a reduction in taxable value for remote area residential fuel payments you need to:

- Be employed by a QH hospital or QAS and work and live in a remote area for tax purposes (refer to the [ATO website](#) for a list of towns categorised as being remote) for the entire period you are claiming the 50% concession
- Have not claimed reimbursement or have had any residential fuel paid by your employer
- Be claiming remote area housing assistance for remote area rental or remote area mortgage interest.

Declarations

If you are claiming remote area housing assistance for remote area:

- Rental – then a *Remote Area Housing Rent 50% / Remote Area Residential (not vehicle) Fuel 50% Concession Declaration* must also be submitted to your Salary Packaging Administrator, or
- Mortgage – then a *Remote Area Mortgage Interest 50% / Remote Area Residential (not vehicle) Fuel 50% Concession Declaration* must also be submitted to your Salary Packaging Administrator.

Note: To confirm your eligibility, the required declaration must be provided to your Salary Packaging Administrator by the 31 March and 31 August of each year.

Salary packaging declarations are available from your Salary Packaging Administrator and via their website.

A reduction of the taxable value of the fringe benefit is available where an expense payment fringe benefit in which electricity, gas or other household fuel is supplied or paid for through salary packaging in relation to a property eligible for the concessions for remote area.

The taxable value of the residential fuel relating to remote area housing, where eligible for a concession on either mortgage interest or rental, will be reduced by 50%.

Payment



Your Salary Packaging Administrator will make payments for remote area residential fuel via reimbursement or direct payment by treating half of the payment as exempt from FBT. This will mean that this split payment will be treated in such a way that only half of the payment will accrue against the FBT exemption cap for employees eligible for the FBT exemption cap concession.

Note: If you are an employee of a QH hospital or QAS and you live in employer provided accommodation and pay for residential fuel yourself, then you may be eligible for a remote area residential fuel concession for an 'extended' remote area. If you are in this situation please contact your Salary Packaging Administrator for details.

9. Remote area mortgage interest

Eligibility

To be eligible for a reduction in taxable value for remote area mortgage you need to be employed by a QH hospital or QAS and work and live in a remote area for tax purposes (refer to the [ATO website](#) for a list of towns categorised as being remote) for the entire period you are claiming the 50% concession.

If you are paying for your mortgage, 50% of the mortgage interest paid via salary packaging can be claimed as exempt. The exemption applies only to the salary packaged portion of the mortgage interest (not the whole interest and principal).

For the exemption to apply, you must not have used your loan draw down facility during the period (i.e. from 1 April of each FBT year).

Remote area mortgage interest is 50% exempt based on the provision of the mortgage interest calculated. Payments within an FBT year can therefore only be made where proof of the mortgage interest paid is received within the FBT year. The final quarter or month (depending on statement availability) will therefore not be claimable. Mortgage interest statements must be lodged by 15 March to be included within the current FBT year.

Statements must be lodged by the 15th of the month after each statement end date for on-going processing to take place throughout the FBT year. This will allow the reduction to be calculated and any FBT cap adjustments made before the end of the FBT year.

Declarations

If you are claiming remote area mortgage interest then you must:

- Provide statements from the financial institution from 1 April to show no draw downs on the account
- Provide statements from the financial institution by the 15th of each month (or by the 15th of the month following the end of a quarter) showing the amount of mortgage interest paid
- Submit a *Remote Area Mortgage Interest 50% / Remote Area Residential (not vehicle) Fuel 50% Concession Declaration* and a *Remote Area Mortgage Interest Loan Draw Down Declaration* to your Salary Packaging Administrator on application.

Salary packaging declarations are available from your Salary Packaging Administrator and via their website.

If you are claiming regular payments of reimbursements for remote area mortgage interest, then a '*Residential Rent – Periodic Payment Declaration*' must also be submitted to your Salary Packaging Administrator.

Note: To confirm your eligibility, you must provide the required declaration to your Salary Packaging Administrator by 31 March and 31 August of each year. If declarations are not provided, mortgage interest will be calculated at the full taxable value, without any FBT concession.



Payment

Your Salary Packaging Administrator will make payments for remote area mortgage interest reimbursement, treating half of the salary packaged interest payment as exempt from FBT. This will mean that this split payment will be treated differently and only half of this payment will accrue against the FBT exemption cap limit for those employees eligible for the concession.

In order to calculate the amounts against your cap, and to adjust your cap amounts based on the interest payments, your Salary Packaging Administrator will make adjustments to your details in their salary packaging system. Your online record and statements will reflect the adjustments made.

The remote area mortgage interest concession is calculated as follows:

$$\text{Applicable reduction amount} = \frac{\text{Amount salary packaged to mortgage in statement period}}{\text{Total amounts paid into mortgage in statement period}} \times \text{Interest amount paid during statement period} \times 50\%$$

To apply the adjustment to your grossed up taxable value for FBT purposes, the following calculation is made:

$$\text{Credit against the FBT cap} = 1.8868 \text{ (gross up rate)} \times \text{Applicable reduction}$$

The credit will be applied to your total grossed up taxable value against the FBT exemption cap.

10. Secondment (QH Hospital, QAS and QPS employees only)

Secondment to a different position within your agency

Secondment to a different position within your agency may impact on your remote area concession status.

If you accept a secondment to another position within your agency, you must submit the required *remote area declaration* available from your Salary Packaging Administrator and via their website.

If your secondment results in the loss of the 50% concession, you will need to submit an amendment form adjusting your payments and/or pay deduction amounts of your salary packaging agreement with the Salary Packaging Administrator.

Note: QH hospital employees may need to include the *Queensland Health District Transfer Form*, if the payroll district changes. This form is available from your Salary Packaging Administrator and via their website.

Secondment to a different agency

Secondment to a different agency may impact on your remote area concession status.

If you accept a secondment to another agency, you must submit the required remote area declaration, at the time of secondment, advising of the dates of the temporary transfer.

Salary packaging declarations are available from your Salary Packaging Administrator and via their website.

If your secondment results in the loss of the 50% concession, you will need to submit an amendment form adjusting your payments and/or pay deduction amounts of your salary packaging agreement with the Salary Packaging Administrator.

Secondment from one remote position to another remote position

If you are seconded from a one remote position to another position that is still held to be remote, you may still claim the remote area concession, provided your usual place of residence continues to be in the remote area. You will need to ensure the required remote area declaration is provided to your Salary Packaging Administrator.



Secondment from a remote position to non-remote position

Short-term secondment

If you are seconded for a period of up to three months to a non-remote position from a remote position, the concession will be available to you if your usual place of employment and usual place of residence continue to remain in a remote location. The concession will not be available if you do not intend to return to your usual place of employment and residence.

Permanent secondment

You lose all the remote area concessions if your position is permanently changed to a location in an area which is not remote. The loss of the remote area concessions will be effective, at the latest, from the date of permanent change, but may be earlier depending on the facts.

11. Applying for remote area benefits

Remote area benefits are available only where a current declaration is held by your Salary Packaging Administrator. Declarations covering six months or less must be provided to your Salary Packaging Administrator in March and August of each year for the concessions to apply.

If you are already salary packaging your mortgage payments, you will need to submit the required declarations available from your Salary Packaging Administrator and via their website.

If you are not currently salary packaging and wish to **commence** salary packaging remote area benefits, you will need to:

- Contact your preferred Salary Packaging Administrator, and
- Complete and submit to the Salary Packaging Administrator the *Salary packaging application form*, the *Salary packaging participation agreement* and the relevant declarations, available from your Salary Packaging Administrator and via their website.

Note: If you are amending your existing salary packaging to include remote area benefits, you will need to complete and submit to your Salary Packaging Administrator the *Salary packaging amendment form* and all relevant declarations.

12. Self-assessment checklists

Remote area rental

To find out if you are eligible to apply for the remote area housing rental benefit, answer the questions below. If you answer 'Yes' to **all** the questions, you are eligible.

Are you a current employee of a QH hospital, QAS or QPS during the whole of the occupation period? <i>The occupation period is the period that you occupy the premises as your usual place of residence</i>	Yes / No
Is your usual place of employment located in an area defined as remote? <i>Refer to the ATO website for a list of towns categorised as being remote</i>	Yes / No
Is your usual place of residence (for which you are making these claims) located in an area defined as remote? <i>Refer to the ATO website for a list of towns categorised as being remote</i>	Yes / No
Did you occupy the residence as your usual place of residence for the whole period for which you wish to claim remote area benefit for the rent paid?	Yes / No

Note: You are not able to salary package remote area rent if you have claimed any reimbursement for rent or have had any rent paid by your employer.



Remote area residential fuel

To find out if you are eligible to apply for the remote area housing interest benefit, answer the questions below. If you answer 'Yes' to **all** the questions, you are eligible.

Are you a current employee of a QH hospital or QAS during the whole of the occupation period? <i>The occupation period is the period that you occupy the premises as your usual place of residence</i>	Yes / No
Is your usual place of employment located in an area defined as remote? <i>Refer to the ATO website for a list of towns categorised as being remote</i>	Yes / No
Is your usual place of residence (for which you are making these claims) located in a defined remote area for the whole period? <i>Refer to the ATO website for a list of towns categorised as being remote</i>	Yes / No
Is the loan a housing loan for the property which you occupied as your usual place of residence for the whole period for which you wish to claim remote area benefit for the interest incurred?	Yes / No
Can you confirm that you have not used a redraw facility on your loan (other than for the purpose of completing or extending the existing home) and will not use a redraw facility on your loan for the whole of the period claimed during the current FBT year (1 April – 31 March)?	Yes / No