

General Goods and Services – Employee services



Employee Information Booklet

PTD0027-16 Salary Packaging Administration Services

**Superannuation
Salary Packaging Information Booklet
For Queensland Government employees**



**Queensland
Government**



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About this booklet

Disclaimer

This booklet provides information on the salary packaging of superannuation. It has been written specifically for employees 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 have 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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More information

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



1. 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 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
Payroll office	the employer's area within or external to their organisation which is responsible for payroll functions/systems
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))
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 instead 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 the standing offer arrangement PTD0027-16 from the employer on behalf of the employee for administering the salary packaging arrangement
Salary packaged amount	the amount of salary specified by the employee and advised to the Salary Packaging Administrator for the duration or term of their salary packaging agreement
Salary Packaging Administrator	the person, business, corporation or other entity which enters into standing offer arrangement 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
Standard contribution	the employee's rate of compulsory super contributions
Standing offer arrangement PTD0027-16	the entire arrangement between the Principal and the Salary Packaging Administrator



2. About this arrangement

The Department of Housing and Public Works – 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 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 on 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.

has had a choice of both Salary Packaging Administrators.

Queensland Government employees will be able to:

- Salary package with only one of the two salary packaging administrator 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 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.

3. Employee information booklet

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
- Motor vehicles and novated leasing information booklet.

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

4. About superannuation salary packaging

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 for benefits such as superannuation. By reducing your pre-tax income you can reduce the amount of income tax you pay and increase the amount you take home each pay period.



Your own personal circumstances will determine whether salary packaging superannuation will be of benefit to you. You should talk to your independent financial adviser to see how salary packaging could benefit you.

From 1 July 2017, most Queensland public sector employees are able to choose the fund to which they can have their superannuation contributions paid, which is known as choice of fund.

QSuper remains the Queensland Government's default fund for its employees, which means that your superannuation contributions will continue to be made to QSuper if you don't choose another fund.

You can choose the superannuation fund you want your contributions paid into, including a self-managed superannuation fund, by completing a superannuation choice of fund form and providing this form to your employer.

The fund you nominate must be a complying fund. A complying fund is an Australian superannuation fund that meets specific requirements and obligations outlined in the Commonwealth's *Superannuation Industry (Supervision) Act 1993*.

It is your responsibility to ensure that the fund is a complying super fund. For more information, refer to <http://superfundlookup.gov.au>.

You can salary package your superannuation contributions to the complying fund you nominate (or to QSuper if you do not nominate another fund). You may choose to salary package your standard contributions and / or voluntary contributions on a regular basis to a complying superannuation fund. If already contributing from post-tax dollars, you may convert your contributions to pre-tax dollars.

Superannuation contribution payments are made directly to your nominated superannuation fund by your employer's payroll office.

Who is eligible?

You are eligible to salary package if your employment is one of the following:

- 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. those 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.

What can I package?

The Queensland Government does not place a limit on the amount of salary that an employee may salary package to superannuation. However, employees need to be aware of the impact of the Commonwealth's Concessional Contributions Cap, which affects the amount that employees are able to salary package into superannuation in a tax effective manner (refer [section 7](#) below for further details).

You can package up to 100% of your fortnightly total salary for superannuation. '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 part 3 of the *Public Service Act 2008*.

Other things to know about salary packaging superannuation

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

Details of superannuation salary packaging administration fees under the standing offer arrangement PTD0027-16 are available via the QCD at <http://qcd.govnet.qld.gov.au/Pages/Details.aspx?RecID=1696>.



These administration fees will be paid fortnightly via a pre-tax payroll deduction from your salary.

It is not possible to salary package spouse superannuation contributions.

All superannuation contributions will cease immediately if you terminate your employment or are on leave without pay.

Financial advice is **strongly recommended** if you choose to salary package superannuation.

Where an employee salary packages their superannuation contributions, Commonwealth legislation requires the employer to show on the employee's payment summary the amount of superannuation that was salary packaged. This amount is known as reportable employer super contribution (RESC) and will be required to be included in your income tax return. Your reportable super contributions will affect the income tests for some tax offsets, the Medicare levy surcharge, and certain government benefits and obligations. It is strongly recommended you obtain professional advice in regard to these issues.

Financial advice

It is strongly recommended that you consult an independent financial adviser to discuss if salary packaging is suitable for you. Financial advisers can be registered financial planners (FPA), Certified Practising Accountants (CPA), Chartered Accountants or National Institute of Accountants (NIA) members.

Salary packaging will adjust your salary amounts and may, in some instances, be unsuitable for certain Queensland Government employees. Your salary packaging administrator maintains 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 National Institute of Accountants (NIA).
- For more information, refer to [choosing a financial advisor](#), published by the Australian Securities and Investment Commission.

Where can I go for extra information?

- Your Salary Packaging Administrator can assist with general information regarding salary packaging. Additional information is available from the [Australian Tax Office](#), [QSuper](#) and the [Department of Justice and Attorney-General](#).

5. Salary packaging superannuation

Choice of superannuation fund

As noted above, from 1 July 2017, employees may be able to choose the superannuation fund they want their contributions paid into.

You will not be able to choose your superannuation fund if you are:

- A member of the QSuper Defined Benefit scheme, unless you first transfer to a QSuper Accumulation account;
- A member of the closed QSuper Parliamentary scheme, the Judges' scheme or the Governor's scheme; or
- Employed by a non-core agency, including government-owned corporations and some statutory authorities.

If you are unsure, you should check with your agency's payroll / human resources unit.



QSuper will remain the Queensland Government's default superannuation fund, meaning your superannuation contributions will continue to be made to QSuper, if you don't choose another fund.

Information about [choosing a super fund](#) is available on the Australian Securities and Investment Commission website.

Salary packaging to State or Queensland Police accounts

If you are salary packaging your superannuation in a State or Queensland Police superannuation fund, you must contact QSuper for details of the correct contribution rate (including the appropriate gross up).

Details of the correct contribution rate must be provided to your Salary Packaging Administrator to ensure the correct contribution rate is specified on your application form.

The contribution rate will vary from person to person.

Note: State and Queensland Police superannuation members must contribute at the rate advised by QSuper and you must provide details of this contribution rate with your superannuation application or amendment.

QSuper defined benefit account

Members of the defined benefit account will need to marginally increase their standard contribution to cover the amount deducted for the contributions tax and ensure they receive the same yearly growth multiple when salary packaging (the superannuation salary packaging application form shows the relevant percentage increase). This increase is not compulsory, but if you choose not to pay the increased amount your end benefit will be reduced.

Note: State and Queensland Police members are required to gross up to the rates advised by QSuper (refer to [section 5](#) above).

What about employer contributions?

Regardless of your nominated superannuation fund, your accumulation or defined benefit account will also receive the required employer contribution as shown in the following tables.

Accumulation account

The maximum accumulation account contribution is:

- 5% for Queensland Government employees (excluding Queensland Police Service employees)
- 6% for Queensland Police Service employees.

However, employees may pay an additional voluntary contribution to cover the contributions tax.

The tables below provide details of employer contributions:

Queensland Government employees (excluding Queensland Police Service employees)

Employee post tax %	Employee pre tax % without gross up	Employer contribution
2%	2%	9.75%
3%	3%	10.75%
4%	4%	11.75%
5%	5%	12.75%



Queensland Police Service employees

Employee post tax %	Employee pre tax % without gross up	Employer contribution
3%	3%	12%
4%	4%	14%
5%	5%	16%
6%	6%	18%

Defined benefit account

When converting existing standard contributions from post-tax dollars to salary packaging pre-tax dollars, the following conversions in the gross up column apply to cover the 15% employer contributions tax for defined benefit members. Refer to the tables below for full details.

Queensland Government employees (excluding Queensland Police Service employees)

Employee post tax %	Employee pre tax % with gross up	Multiple growth post tax or pre tax with gross up
2%	2.35%	0.135
3%	3.52%	0.160
4%	4.70%	0.185
5%	5.88%	0.210
*6%	7.05%	0.235
*7%	8.23%	0.260
*8%	9.41%	0.285

* Denotes catch-up rates for periods where less than the standard 5% was previously contributed. Catch up applies only to defined benefit members.

Queensland Police Service employees

Employee post tax %	Employee pre tax % with gross up	Multiple growth post tax or pre tax with gross up
3%	3.52%	0.140
4%	4.70%	0.175
5%	5.88%	0.210
6%	7.05%	0.245
*7%	8.23%	0.280
*8%	9.41%	0.315
*9%	10.58%	0.350

* Denotes catch-up rates for periods where less than the standard 6% was previously contributed. Catch up applies only to defined benefit members.

The employee pre-tax percentage with gross up is rounded to two decimal places as per QSuper requirements when calculating the dollar amount to be deducted by payroll.



The Commonwealth Government Co-Contribution Scheme

The Commonwealth Government Co-Contribution benefit is available to some employees earning lower incomes and who make personal **after tax** contributions to their superannuation. The Commonwealth Government will determine eligibility once a year by matching personal contribution details with income details provided on income tax returns. For more information on this scheme please contact your nominated Superannuation Fund.

Salary packaged (before tax) contributions do not qualify under this scheme. You should contact your payroll office about any after tax contributions you require.

6. Salary packaging and services

How packaging begins

You should complete the appropriate forms available from your Salary Packaging Administrator. Your Salary Packaging Administrator will make the necessary arrangements with your payroll office to commence salary packaging in accordance with your application.

Your payroll office will forward your salary packaged amount directly to your nominated superannuation fund and the salary packaging administration fee to your Salary Packaging Administrator.

Commencement will be dependent on the pay cycle arrangements of your employer. You should check your payslip to ensure that the pay deductions commence as required.

If you do not nominate a superannuation fund, an account will be established with QSuper.

Making changes

If your superannuation contributions go into a defined benefit account, then an increase in your salary would not change the amount forwarded to QSuper or be put into place until the commencement of the next financial year on 1 July.

You need to notify your Salary Packaging Administrator if you change:

- employer (agency) or payroll arrangements
- personal details (e.g. name, email, address)
- amount of superannuation contributions.

Changing superannuation fund

If you wish to change your superannuation fund, you should contact your payroll office for the appropriate form/s.

You will need to advise only your Salary Packaging Administrator if you change the amount of superannuation contributions with your preferred superannuation fund.

Note: Only eligible employees will be able to change superannuation funds (refer [section 5](#) above). If you are unsure, you should check with your employer's payroll / human resources.

Ending salary packaging arrangements

You can cease your salary packaging arrangement at any time by giving at least 21 days' notice in writing to your Salary Packaging Administrator. You also need to complete and submit a *Salary packaging cessation form* to your Salary Packaging Administrator. The form is available from your Salary Packaging Administrator's website:

RemServ: <http://www.remserve.salarypackage.com.au>

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



7. Taxation and benefit limits for superannuation

Superannuation salary packaging arrangements may lead to personal taxation savings and hence increased net pay. There are, however, other tax considerations.

Contributions tax

Salary packaged pre-tax contributions are deemed to be employer contributions and are taxed at the rate of 15% as they are paid into superannuation. Post-tax contributions are not subject to contributions tax.

Concessional contribution limits

The concessional contributions cap is the limit that an employee or an employer on behalf of an employee can contribute to superannuation without attracting excess contributions tax, which is in addition to the 15% contributions tax deducted by the superannuation fund (30% where the employee's income for these purposes exceeds \$250,000). The employee is liable for the excess contributions tax, not the superannuation fund.

Concessional contributions include those made by an employee pre-tax under a salary packaging agreement, contributions made by an employer on behalf of an employee, and contributions for which a tax deduction has been claimed.

Refer to the ATO website for a current listing of [concessional contributions caps](#) for the relevant financial year. The concessional contributions cap applies to the total of all concessional contributions paid into all of your superannuation funds.

You will need to review and monitor your contributions to determine if you exceed these limits. It is important to be aware that neither your nominated superannuation fund nor your employer monitors your contributions to ensure you do not exceed the cap. Further information is available from your nominated superannuation fund.

Reportable employer superannuation contributions (RESC)

The amounts you have packaged for superannuation will be reported as a RESC on your payment summary at the end of the financial year. While you are not required to pay income tax on the RESC, this information will be used for income tests for various Commonwealth benefits, tax offsets and surcharges.

8. Superannuation salary packaging arrangements

- If you are not currently salary packaging and wish to commence salary packaging your superannuation contributions you will need to complete and submit a:
- Salary packaging participation agreement (SPPA)
- Salary packaging application form; and either the:
 - QSuper salary packaging amendment form (excludes Qld Police Service employees); or
 - QSuper salary packaging amendment form (Qld Police Service employees only).

These forms are available on the Salary Packaging Administrators' websites:

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

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

If you are amending your existing salary packaging to include superannuation, you should contact your Salary Packaging Administrator.