

Flexible Salary Packaging Policy

Last updated: 11 February 2011

Policy Assigned to: Director, Human Resources

Overview

Flexible Salary Packaging is an [Australian Tax Office](#) approved means for staff members to restructure their salary, allowing them to make additional superannuation contributions and to purchase other benefits with pre-tax, rather than with after tax, salary if they wish to do so. Deductions for benefit options are made from gross salary (pre-tax) thus reducing the amount of income that is taxable and the amount of tax payable. This gives staff members the flexibility to “package” their salary in a way that is best suited to their individual needs.

This policy outlines the University’s Flexible Salary Packaging arrangements and the benefit options that staff members may include in their remuneration package.

Scope

All staff members employed by the University may enter into Flexible Salary Packaging arrangements. Certain employment arrangements (for example casual and part-time employment) have limited benefit options available for packaging.

References

[The University of Sydney Enterprise Agreement 2009-2012](#)

Policy

The University’s Flexible Salary Packaging arrangements provide staff with the opportunity to incorporate various Australian Taxation Office approved benefits into their remuneration package, to maximise any available tax concessions and to suit their individual needs.

Guidelines

1. Principles

The following principles form the basis of the Policy:

- Staff participation in the University’s Flexible Salary Packaging Scheme is voluntary.
- Each staff member is responsible for obtaining his or her own independent and up to date financial and taxation advice as to the merits or otherwise of participating in the Flexible Salary Packaging arrangements and/or taking up particular benefit options.
- For the majority of staff members, there is no limit on the amount that each staff member may salary

sacrifice. Generally staff members may salary sacrifice up to 100% of their base salary, provided that obligations for making member contributions for superannuation are met. However, for staff members who hold a Temporary Business (Long Stay) Subclass 457 visa there are limits on the amount of salary that can be salary packaged. For further information and salary sacrifice limits for subclass 457 visa holders please refer to the University's [Living Away from Home Allowance \(LAFHA\) guidelines](#) in the Salary Packaging section on the HR website or contact the Immigration and Relocations Team on: (02) 8627 1267. Staff who wish to use flexible salary packaging to make voluntary pre-tax superannuation contributions should also be aware of the cap on the amount of contributions which attract concessional tax treatment.

- Salary packaging arrangements must comply with relevant taxation legislation and rulings, as varied from time to time.
- All Fringe Benefit Tax (FBT) liabilities and administrative costs associated with salary packaging are to be met by the staff member.
- The University will, at its own discretion, determine which benefits may be salary packaged, and the arrangements that will apply. Only benefit items that attract a tax concession or are FBT exempt, as varied from time to time, will be available for salary packaging. The University will endeavour to provide advance notice of any change to the benefits and arrangements available. Where advance warning may not be possible, for example if there are legislative changes which have immediate or retrospective effect, notification will be sent as soon as practicable.
- The salary level used to calculate termination and severance payments, annual leave loading, overtime and shift premiums, is the salary that would have been payable if the staff member had not entered into a salary packaging arrangement.
- The University bears no liability or responsibility to meet any obligation, financial or otherwise, arising from a staff member's decision regarding participation in any salary packaging arrangements.

2. Available Benefit Options

A range of salary sacrifice benefits and options are available to staff.

Benefits administered in-house and claimed directly through payroll

1. **Additional voluntary member contributions to UniSuper superannuation** or a former State superannuation scheme operated by First State Super.
2. **University car parking** (within the University's eligibility rules)

Benefits claimed through the University's external Salary Packaging Provider

1. Additional voluntary member contributions to superannuation funds other than UniSuper or a former State superannuation scheme operated by First State Super
2. Novated motor vehicles leases arranged through the University's preferred supplier/s
3. Living Away from Home Allowance (LAFHA) eligibility criteria apply
4. Relocation expenses for staff relocating to take up a new appointment at the University
5. Purchase of a laptop computer, PDA, electronic diary and other such electronic devices predominantly used for business purposes
6. **"In-House" benefits** The ATO "In-house" benefits guidelines allow the option of salary packaging the costs of certain goods and services purchased from an employer to the value of \$1000 in any Fringe Benefits Tax Year (1 April – 31 March). In-house benefits can be described as benefits provided by an employer where the benefit is part of the employer's normal business and an identical or similar benefit is offered to non employees (the public). Current "in-house" benefits available to University of Sydney staff include:

- University of Sydney Course Fees: Staff may salary package reimbursement of an upfront payment of University of Sydney course fees. This includes the student fee/contribution amount which if not paid would result in a HECS-HELP debt. The fees may be for a course(s) undertaken by a staff member of the University of Sydney or by a member of their **immediate family** (as defined in the Enterprise Agreement). Fees that have had payment deferred through HECS/HELP cannot be claimed as an “in-house” benefit.

For more details, refer to the current administrative guidelines in the [Salary Packaging information](#) on the Human Resources website.

In addition to the benefits which may be salary packaged, staff may also receive a benefit by claiming some items via their tax return (for example Self-Education expenses as approved by the Australian Taxation Office). Staff should seek independent financial advice based on their own personal circumstances. Please note that if you salary sacrifice an in-house benefit you cannot then claim it as a work related tax deduction as part of your tax return.

Procedures

Staff members considering entering into a Flexible Salary Packaging arrangement should refer to the current information and procedures in the [Salary Packaging information](#) on the Human Resources website.

Benefits administered in-house and claimed directly through payroll

1. **Additional voluntary superannuation contributions** to Unisuper or a former State superannuation scheme operated by First State Super. If you wish to make additional voluntary member contributions into your superannuation account please complete the [UniSuper Additional Contributions Form](#) or [State Superannuation Scheme form](#) and forward to the HR Service Centre.

Information about superannuation and salary packaging is also available directly from staff members' superannuation fund(s) and from the [HR Superannuation & Benefits Officers](#). [Note: casual staff members are only eligible to salary package voluntary superannuation contributions paid into a Unisuper Accumulation Account]

2. University of Sydney staff members may elect to purchase a **University parking permit** by salary sacrifice. The fees incurred on the selected parking permits may be paid for with pre-tax dollars via the University's payroll as a fortnightly deduction.

See the [University's Traffic and Parking regulations website](#) for more information.

Salary deductions for salary packaging benefits that are administered in-house and claimed directly through payroll do not incur an administration fee.

Benefits claimed through the University's *preferred* Salary Packaging Provider

Staff members considering entering into a Flexible Salary Packaging arrangement: - including a novated lease; LAFHA; relocation expenses; laptop or other electronic devices; additional contributions to a superannuation account other than UniSuper or a State scheme; and/or “in-house benefits” - should refer to the information and procedures in the [Salary Packaging information](#) on the Human Resources website.

Administration fees are applicable to benefit items that are administered by the University's Salary Packaging Service Provider. Administration fees may also be packaged as a pre-tax deduction.

Administration

1. Authority/consultation

This policy was developed following a review of salary packaging practices in 2008. The draft changes were endorsed by the Senior Executive Group Operating Resources Committee at its meeting on 18 June 2009. It replaces the former policy dated 1 October 2003. The policy was updated in February 2011 to include additional "in-house" benefits options.

2. Management Responsibility

Director, Human Resources

3. Implementation Responsibility

Director Remuneration and Human Resources Shared Services

4. Dates

Approval (version 1) and effect	01/01/2003
Review	2008
Approval (version 2) and effect	06/08/2009
Approval (version 3)	11/02/2011

5. Approval

Version 1	01/01/2003
Version 2	06/08/2009
Version 3	11/02/2011

6. Signatures

Approved by:

Name

Dr Michael Spence

Position

Vice-Chancellor

Date

11 February 2011