

NORTHERN TERRITORY PUBLIC SECTOR GUIDELINES FOR SALARY PACKAGING

These Guidelines apply to employees who are not hospital based

G

General NTPS application

IMPORTANT

- ◆ Salary packaging, while allowing part of before-tax salary to be sacrificed for certain non-cash benefits, will affect take home pay.
- ◆ Arrangements detailed in these guidelines may not be appropriate for all employees. It is important that independent advice is sought from a qualified financial adviser before entering into a salary packaging arrangement.
- ◆ Financial institutions such as insurance companies, financial planners, banks and credit unions have financial advisers. In addition, a list of NT members of the Financial Planning Association can be obtained by telephoning 1800 626 393.
- ◆ Northern Territory Public Sector staff including staff of the Salary Packaging Unit are prohibited from providing financial advice.
- ◆ Any combination of package benefits, including superannuation, cannot exceed an overall total of 50% of salary, inclusive of any fringe benefit tax liability.

General

The Northern Territory Government has approved a maximum 50% of salary may be packaged for non-cash benefits, that maximum inclusive of sacrifice for superannuation purposes.

The Australian Taxation Office (ATO) may change taxation laws and rulings at any time. Where changes are made that affect these guidelines, arrangements may need to be varied or ceased. Employees will be responsible for any Fringe Benefit Taxation (FBT) incurred as a result of change. FBT is currently calculated at 48.5%.

Nurses and Medical Officers on temporary employment contracts must check eligibility to participate with the DCIS Salary Packaging Unit.

Salary packaging arrangements vary between hospital based and non-hospital based work locations. Application of salary packaging provisions, or the make up of a particular package, will not be justification to refuse a transfer within the Northern Territory.

What salary packaging arrangements are available?

Salary packaging is available in any one of the following forms or as a combination thereof:

1. To a complying superannuation fund of choice.
2. For non-cash benefit items that may be declared by the ATO to be FBT exempt or an item that attracts FBT, in all cases FBT is payable by the employee.
3. For a vehicle under a Novated Lease arrangement with an approved provider, 'fully maintained' lease only.

4. Remote area salary packaging rebate concession of certain rental or mortgage payments, subject to eligibility, where employed and resident in an ATO specified remote area.

Will there be an administration charge?

Annual administration fees will apply for each FBT year or part thereof, with exception that the fee for sacrifice for superannuation purposes will apply from October each year. [An FBT year is from 1 April to 31 March]. Fees are as follows:

Sacrifice for superannuation purposes \$57.20.

Packaging for one or more FBT exempt benefit or for a Remote Area concession \$114.40 #.

Packaging for a benefit that attracts FBT, payable by the employee, including a vehicle Novated lease. \$228.80 #.

Where salary sacrifice for superannuation is combined with another salary package item, and the fee for sacrifice to superannuation paid, these fees may be reduced by the amount of \$57.20.

The applicable amount(s) is payable on submission of the Salary Packaging Application Form to the DCIS Salary Packaging Unit.

Where sufficient funds are available (i.e. where less than 50% of salary is packaged) the fee will be processed pre tax exempt of GST. GST exempt fees are: \$52.00, \$104.00 and \$208.00 respectively

Will salary packaging affect other employment conditions?

Salary sacrifice to a packaging arrangement will not affect the calculation of allowances (including higher duties and overtime), penalty rates, payment for unused leave entitlements and leave loading.

How does one apply to participate?

To participate, the 'Salary Packaging Application Form' or the 'Salary Sacrifice for Superannuation' form (as applicable) will need to be completed and forwarded to the DCIS Salary Packaging Unit.

Advice will be required of the fortnightly salary sacrifice amounts to be deducted from salary. These amounts will be dispersed in relation to the chosen non-cash benefit.

With the exception of sacrifice to a complying superannuation fund, ability for Electronic Funds Transfer (EFT) must be available for processing

Can salary package arrangements be varied?

Other than for exceptional circumstances, salary sacrifice to a packaging arrangements can only be varied once in each twelve month FBT reporting period.

The annual variation must be completed by the first week of March each year.

Any additional changes may incur an additional administration fee of \$27.50, inc GST.

What happens when pay changes due to leave without pay or half pay?

Salary sacrifice for a packaging arrangement is not available during unpaid leave or where there are insufficient funds available, in these cases payment to the nominated beneficiary will cease. (A factor for consideration will be ensuring the maximum of 50% of salary is not exceeded).

All employees must be aware that deductions or payments relied upon, such as remote area rental and mortgage concessions, will be ceased and that they will need to make other arrangements to meet their liability.

On recommencement of duty (or pay) employees may need to re-establish and confirm packaging arrangements with the DCIS Salary packaging Unit. Back adjustments are not permitted.

Who will administer the packaging arrangements?

The Department of Corporate and Information Services (DCIS) will administer processing of deductions and FBT reporting arrangements.

Who do I contact for advice regarding the processing of the application form?

Queries relating to making application or to discuss the operational aspects of salary packaging may be forwarded to the DCIS Salary Packaging Unit located in Darwin on 899 91032 or 899 91191, fax number 899 91030, or via e-mail salarypackagingunit@nt.gov.au.

NB Employees should note that staff of the Northern Territory Public Sector including staff of the Salary Packaging Unit are prohibited from providing financial advice.

Example of a salary sacrifice to a packaging arrangement

The following example demonstrates a salary sacrifice of 20% of salary and shows how that can lead to a taxation advantage.

	Salary Sacrifice	No Sacrifice
Salary	\$60 000	\$60 000
Salary Sacrifice (A)	\$12 000	-
PAYG Salary	\$48 000	\$60 000
Tax Payment	\$11388	\$16120
Take home pay	\$36 612	\$43880 (B)
Plus (A) \$12 000	\$48 612	-
Less (B) \$43 880	\$4 732	
Benefit	\$4 732	NIL

Tax rates in example effective 01/07/03

Benefit examples

1. Superannuation – Sacrifice to a complying superannuation fund.
2. Non-cash benefits which have been determined by the ATO as FBT exempt may be selected for packaging purposes from an approved list e.g.:
 - Laptop / Portable Computer / Notebook #
 - Handheld electronic calculator / organiser and Person Digital Assistant (PDA) #
 - Business software
 - Briefcase #
 - Child care (only on employer's premises)

Limit of one per FBT year.

3. Other non-cash items attract FBT.

Except as above almost all other items will attract FBT which is payable by the employee and may negate any taxation benefit. e.g.:

 - Own home mortgage or rental
 - Personal Loans
 - Private home rental
 - School fees and HECS
 - Private travel
 - Trauma / Life Insurance
 - Private Health Insurance
 - Child care (through a registered provider)

(NOTE The FBT rate is currently 48.5%)

4. Novated Vehicle Lease

The lease must be with an approved provider and be a 'fully maintained vehicle' lease arrangement. A novated lease will attract FBT as per items at point 3. above. A 'fully maintained vehicle' lease must include:

- Comprehensive Insurance,
- Servicing and maintenance
- Replacement tyres
- Purchase stamp duty
- Initial and annual registration renewal
- Fuel provision

Associate leases are not permitted.

5. Remote Area - Rental & Mortgage concession

The remote area concession applies only to an employee living and working outside of Darwin, Palmerston and Howard Springs.

The concession is that certain payment amounts are considered FBT exempt. It applies as follows:

- For Government housing the concession is an exemption of the total taxable rental value.
- For private rental properties the concession is a reduction to the taxable value of 50% of the total rental amount.
- For mortgages the concession is a reduction of 50% of interest paid for owner occupied properties only.
- ♦ A remote area concession is available where a property is occupied by an employee and spouse with the rental lease or mortgage being solely in the employee's name or being in joint names.

The remote area concession will not apply where the rental lease or mortgage is solely in the name of an associate.

SALARY PACKAGING APPLICATION FORM EMPLOYEES OTHER THAN HOSPITAL BASED

Read the brochure "Northern Territory Public Sector Guidelines for Salary Packaging" for employees at workplaces WHICH ARE NOT HOSPITAL BASED, before completing.
Do not use this form for salary sacrifice into superannuation



General NTPS application

Full Name:	AGS No:
Occupation & Work Location:	Contact Phone/Pager:
Fortnightly amount: \$ _____ Annual amount: \$ _____ Category item: _____ Company name & address to where the payment is to be made: _____ Mortgage/Rental residential address: _____	
BSB Number: _____	Account Number: _____
Other Details: (If required for electronic funds transfer – eg. Fund Membership No.)	
Fortnightly amount: \$ _____ Annual amount: \$ _____ Category item: _____ Company name & address to where the payment is to be made: _____ Mortgage/Rental residential address: _____	
BSB Number: _____	Account Number: _____
Other Details: (If required for electronic funds transfer – eg. Fund Membership No.)	
Fortnightly amount: \$ _____ Annual amount: \$ _____ Category item: _____ Company name & address to where the payment is to be made: _____ Mortgage/Rental residential address: _____	
BSB Number: _____	Account Number: _____
Other Details: (If required for electronic funds transfer – eg. Fund Membership No.)	

Employee's Declaration: (to be completed in conjunction with the Salary Package Guidelines)

- A. I accept that this application will take effect from the date it is processed by the Salary Packaging Unit and will replace any prior salary packaging election. I understand that I must submit a new application form each FBT year (1 April to 31 March) and that this agreement will remain in force for an FBT year or until I cancel or vary it in writing.
- B. **I authorise payment of annual administration fees on submission of my application. Payment will be arranged with the DCIS Payroll Section prior to the processing of the form.**
- C. I accept liability for any Fringe Benefits Tax (FBT) arising from provision of these fringe benefits and authorise the amount to be deducted from my pay, as per the guidelines, as soon as practicable after the liability is detected.
- D. I take full responsibility for seeking independent financial advice in relation to the salary packaging elections made in this document.
- E. I understand ATO laws and rulings may change at any time and that I will be responsible for any FBT incurred and/or that these salary packaging arrangements may change.

Employee's Signature: _____ **Date:** _____

This agreement is in accordance with Enterprise Bargaining Agreement facilitating clause. _____

Agency nominee or agent signature _____ **Date:** _____

Please forward this form to the Salary Packaging Unit, 5th Floor, Darwin Plaza, Darwin or fax number 899 91030

