

# **NORTHERN TERRITORY PUBLIC SECTOR**

## **SALARY PACKAGING IN THE NTPS**

### **INFORMATION GUIDE**

#### **Disclaimer**

This publication provides an overview of the salary packaging arrangements that apply in the Northern Territory Public Sector (NTPS). It is prepared for general information and does not take into consideration the particular investment objectives, financial situation and needs of individual employees. In all cases employees are required to conduct their own investigation and analysis of the information and seek professional financial advice on the personal implications of salary packaging arrangements. An employee will be required to supplement the information contained in this publication with information and/or advice they get from their financial adviser or their financier (if applicable). The information contained in this Guide may be changed from time to time.

# NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

## SALARY PACKAGING IN THE NTPS

### INDEX

<b>Content</b>	<b>Page</b>
What Is Salary Packaging?	3
Who is Eligible to Salary Package?	3
Financial Advice	3
Administration of Packaging arrangements	4
Features of Salary Packaging	4
Impact of Salary Packaging on Other Entitlements	5
How to apply	5
Administration Fees	5
Taxation issues	6
Payment Summary – Reportable Fringe Benefits	7
Fee Structure. - NTPS general application Form 'G'	8
- Hospital Based Employees Form 'H'	9
<b>Benefit Information Sheets</b>	
- Superannuation	10
- Laptop/Portable Computer/Notebook	11
- Person Digital Assistant (PDA), Handheld Electronic Calculators/Organisers Briefcase & Business Software	12
- Novated Motor Vehicle Lease	13-14
- Insurances – Trauma/Life/Health	15
- Child Care	16
- School Fees and HECS	17
- Remote Area Rental Concession	18
- Remote Area Mortgage Interest Concession	19
- Example - Remote Area Rental & Mortgage Concession	20-21
<b>Forms and information</b>	
- Checklist Novated Lease	22
- Indemnity Novated Lease Fringe Benefit Tax Liability	23
- Application Form – Laptop/portable computer	24
- Application Form – Childcare Benefit	25
- NTPS Bulletin No 2 2004	Attachment 1.
- Guidelines & Application Form 'G' NTPS general employees	Attachment 2.
- Guidelines & Application Form 'H' Hospital based employees	Attachment 3.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### What Is Salary Packaging?

Salary packaging may reduce taxation payable by allowing choice and flexibility in how salary is paid. The arrangement allows an employee to sacrifice some salary and instead be remunerated by a combined package of some salary and one or more non-cash benefits.

Packaging may also provide taxation benefits allowable under relevant Australian Taxation Office (ATO) legislation. With the exception of sacrifice to a complying superannuation fund, a non-cash benefit is a fringe benefit and may attract Fringe Benefits Tax (FBT). As FBT liability is payable by employees, effectiveness of a packaging arrangement can be lessened.

### Financial Advice

Obtaining sound independent financial advice about the personal impact of commitment to a sacrifice arrangement is strongly recommended prior to entering into any arrangement but is not compulsory. An employee is liable for all fees associated with financial advice.

Where an employee chooses not to seek financial advice the employee must sign a waiver stating that they have decided not to seek financial advice and accept full responsibility for their salary packaging. Reference to part D of the Declaration on the Application Form is to be noted when submitting applications or other documentation to the Salary Packaging Unit.

**Employees should note that NTPS staff, including staff of the DCIS Salary Packaging Unit, while able to provide information on how packaging arrangements operate, are not able to provide financial advice.**

### Date of Operation

Salary sacrifice to a packaging arrangement will be available to NTPS employees effective from the first available payday on or after 1 April 2004.

### Who is Eligible to Salary Package?

All full time and part time employees employed in accordance with the *Northern Territory Public Sector Employment and Management Act*, with the exception of casual employees, who are covered by relevant Enterprise Agreements that provide a facilitating clause in relation to salary packaging are eligible to participate.

Due to ATO legislation, different packaging arrangements will apply to employees who are hospital based. For the purposes of salary packaging, 'hospital based' refers to an employee who is engaged in work exclusively performed in a public hospital, as determined by Rulings of the ATO, and that employment has been assigned an identifying program code by the Department of Health and Community Services (DHCS).

# NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

## Administration

Administration of all salary sacrifice packaging arrangements will be provided by the Department of Information and Corporate Services, Salary Packaging Unit. ([salarypackagingunit.dcis@nt.gov.au](mailto:salarypackagingunit.dcis@nt.gov.au))

The major functions of this unit include:

- first point of contact when inquiring about salary packaging
- determining and advising the correct amount of payroll deductions to pay for an employee's benefit item/s
- where appropriate calculating the FBT liability for an employee
- disbursing funds to suppliers of benefit items
- reimbursing employees for expenses associated with their salary packaging arrangements
- providing regular reports to the DCIS Tax Unit and employees

## Features of Salary Packaging

### ➤ **Cost neutrality**

The provision of salary packaging is to be cost neutral to the employer. Employees entering into a salary sacrifice arrangement will be required to pay all associated costs including any Fringe Benefits Tax or any other taxation liability incurred by the employer.

When an employee chooses to package part of their remuneration as benefits, the overall cost to the NTPS of an individual's employment package should not increase and the employee's total remuneration (cash and benefits) should not decrease.

### ➤ **How much can be packaged?**

A maximum of 50% of fortnightly salary may be sacrificed for approved non-cash benefits. For the purposes of salary packaging, fortnightly salary means normal pay inclusive of regular and ongoing allowances, such as NTA, but excludes overtime, penalties and on-call allowances. For example, an employee earning \$2300 per fortnight (\$60,000 pa), could package up to a maximum of 50% being \$1150 per fortnight (\$30,000 pa) into non-cash FBT exempt salary benefit. Where FBT applied to a benefit, the FBT liability would form part of the maximum amount i.e. the benefit value and FBT payable by the employee could not exceed the 50% maximum of \$1150.

### ➤ **What benefits can be included in a package?**

Non-cash benefits available to an employee will be approved by the employer. A list of approved benefits is contained in the relevant Guidelines.

With exception of superannuation payments to a complying fund, only benefit items where payments that can be processed via Electronic Funds Transfer (EFT) will be accepted.

Guidelines for Salary Packaging and Application Form – **Form 'G'** Attachment 2  
Applicable to all employees who are not hospital based, or

Salary Packaging Guidelines and Application Form – **Form 'H'** Attachment 3  
Hospital Based Employees.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### How to apply

Application must be made on the appropriate form attached to the Guidelines; either 'G' (general NTPS application, **Attachment 2.**) or 'H' (hospital based, **Attachment 3.**).

Salary packaging is directly related to the Fringe Benefit Taxation (FBT) year 1 April until 31 March.

An application to enter salary packaging (excluding superannuation) arrangements is only applicable for a maximum of 12 months. A new application is to be lodged at the beginning of March each year to continue any arrangement in place. At this time a further Administration Fee is payable from 1 April.

**Note:** Where a reduction in pay occurs such as leave on half pay or leave without pay, salary packing arrangements will be ceased if insufficient funds are available to maintain a 50% ratio of salary and benefit. An employee affected will need to make alternate arrangements to meet their personal liabilities and should contact the DCIS Salary Packaging Unit about re-commencement of a packaging arrangement.

### Impact of Salary Packaging on Other Entitlements

- **Salary** - Salary for purposes such as overtime and shift allowance remain unchanged. i.e. these payments will be calculated as if the employee was not salary packaging.
- **Superannuation** - An employee's salary for superannuation remains unchanged i.e. compulsory superannuation contributions including employer superannuation guarantee will be calculated as if the employee was not salary packaging.
- **Compensation and Illness** - Under the *Work Health Act* an employee's total salary and certain regular allowances are used to calculate what incapacity payments are payable. An employee's total salary for compensation purposes will be the total value of the salary package, i.e. gross cash salary plus the value of approved non-cash benefits.

If, as a consequence of illness or injury (compensable or non-compensable), a salary packaging arrangement is ceased, any consequent loss of taxation relief or benefit will not be compensated for.

### Administration Fees

In line with policy that salary packaging is cost neutral to the NTPS, administration fees will be payable by the employee. The administration fee is to be paid on entering into a salary packaging arrangement and on re-application. Changes to a salary packaging arrangement may also attract a fee.

An Executive Contract Officer who chooses to enter into a salary packaging arrangement, will be required to pay administration fees in relation to those items that are in addition to the items that form the remuneration package under their contract provisions.

#### Fee schedules

Fees - NTPS employees (G) Other than hospital based **Page 8.**

Fees - Hospital Based employees (H) **Page 9.**

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Taxation Issues

The salary component of an employee's total remuneration will continue to be subject to Pay As You Go (PAYG) taxation deductions in accordance with the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*.

The non-cash benefit component/s of a salary package fall into three taxation categories:

- FBT exempt benefits;
- concessionally taxed; and
- fully taxed items

The benefits that remain attractive for salary packaging purposes are limited to those that are exempt from FBT or those that receive concessional taxation treatment. For taxation purposes non-cash benefits are assessed over the FBT year, from 1 April to 31 March.

#### ➤ **FBT exempt benefits**

Certain benefits items have been determined by the ATO as FBT exempt. While FBT is not payable by the employee the FBT value, where in excess of \$1000 pa and required by relevant taxation law, may be reported on the employee's payment summary. (Page 7.) Reportable items may affect an individual's eligibility to claim benefits extraneous to employment. (Page 7.)

Examples of FBT exempt items are contained in the Guideline forms.

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Applicable to all employees who are not hospital based, or

Salary Packaging Guidelines and Application Form – **Form 'H'** **Attachment 3.**  
Hospital Based Employees.

#### ➤ **Concessionally taxed items**

An item may be concessionally taxed where the employer has reimbursed a portion of the total cost incurred. FBT may be payable on the reduced amount instead of the total FBT value.

#### ➤ **FBT fully taxed items**

A fringe benefit forms part of remuneration, in a different form to cash salary and wages and is usually taxable. FBT ensures that tax is paid on benefits that are provided to employees in place of, or in addition to, cash salary and wages. Items such as mortgage repayments in non remote areas are fully taxed under FBT rules. Where determined that packaged benefits attract an FBT liability, this cost will be payable by the employee.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Payment Summary – Reportable Fringe Benefits

The NTPS is required to report the grossed-up value of fringe benefits on an employee's payment summary, where the total taxable value of all reportable benefits provided to the employee during the FBT year exceeds \$1000.

For the payment summary, the grossed up value is the value of the fringe benefit multiplied by a gross up factor of 1.9417. For example, if the benefit is \$1000 and is not subject to GST then the grossed up value is calculated as follows:

$$\begin{aligned} \text{Value of benefit} &= \$1000 \\ \$1000 \times 1.9417 \text{ (gross-up factor)} &= \$1942 \end{aligned}$$

Note: the amount of tax payable on a benefit will be calculated by grossing up the taxable value of the benefit by 1.9417 for items which do not attract GST and 2.1292 for those that do. Tax of 48.4% of the grossed up value is paid by the NTPS on the employee's behalf – this cost will be passed onto the employee through their salary packaging arrangement. The amount of benefit plus tax payable may therefore be slightly different from the amount appearing on the employee's payment summary.

The fringe benefits salary packaged for the FBT year (1 April to 31 March) are reported on the payment summary for the financial year ending 30 June.

The grossed-up value of fringe benefits will be included by agencies outside of the NTPS for most government surcharges and income tests including:

- Medicare levy surcharge
- deduction for personal superannuation contributions
- rebate for personal superannuation contributions
- rebate for contributions to spouse's superannuation
- superannuation contribution and termination payments surcharge
- child support obligations
- higher education scheme (HECS) repayments, and
- entitlement to certain income tested government benefits

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Fees for salary packaging: - NTPS employees (other than hospital based)

<b>NTPS employees (other than hospital based)</b>	<b>Incl GST \$</b>	<b>Excl GST \$</b>
Superannuation Only	57.20	52.00
FBT Exempt Items	114.40	104.00
FBT Items	228.80	208.00
Superannuation + FBT Exempt Item/s	114.40	104.00
Superannuation + FBT Item/s	228.80	208.00
Superannuation + FBT Exempt Item/s + FBT Item/s	228.80	208.00

**Note:** *If an employee is already salary sacrificing to superannuation and has paid the administration fee of \$57.20 for the current year then the above applicable fee is payable less \$57.20 which has already been paid.*

*The superannuation fee is paid annually on 1 October each year.*

The fee can be paid before tax or after tax. If the fee is paid before tax GST is not payable. Where an employee is packaging less than 50% of their salary the administration fee will be deducted before tax.

### Changes to Salary Packaging Arrangements

Any changes to salary packaging arrangements will attract a fee of \$25.00 (excl GST) or \$27.50 (incl GST) for each change. This fee will be deducted before tax where the employee is salary sacrificing less than 50% of their salary.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Fees for salary packaging: – Hospital Based Employees

<b>Hospital Based - employees</b>	Incl GST \$	Excl GST \$
Superannuation Only	57.20	52.00
Up to 3 items chosen from the FBT Exempt applicable to hospital based employees and / or Remote area concessional rebates and / or Additional items (by agreement) attracting FBT	275.00	250.00

**Note:** *If an employee is already salary sacrificing to superannuation and has paid the administration fee of \$57.20 for the current year then the above applicable fee is payable less \$57.20 which has already been paid.  
The superannuation fee is paid annually on 1 October each year.*

The fee can be paid before tax or after tax. If the fee is paid before tax GST is not payable. Where an employee is packaging less than 50% of their salary the administration fee will be deducted before tax.

### Changes to Salary Packaging Arrangements

Any changes to salary packaging arrangements will attract a fee of \$25.00 (excl GST) or \$27.50 (incl GST) for each change. This fee will be deducted before tax where the employee is salary sacrificing less than 50% of their salary.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Additional Superannuation

Description	An employee may salary package additional superannuation contributions to a complying superannuation fund. A complying superannuation fund must be registered and comply with the requirements of the Australian Prudential Regulatory Authority and Australian Tax Office (ATO).
Financial advice	To be sought at employee's discretion.
Where can I pay my contributions?	<p>Your salary sacrifice contributions will be paid into your existing fund unless you are a member of CSS or NTGPASS.</p> <p>As the CSS fund does not accept salary sacrifice contributions CSS members can salary sacrifice to a fund of their choice.</p> <p>NTGPASS members may salary sacrifice to either NTGPASS or a fund of their choice from 20 November 2003. However, to be eligible to salary sacrifice, members must be paying 6% after-tax contributions to NTGPASS before salary sacrifice is made. If not already paying 6%, you may increase to 6% on the 1 October review date.</p> <p>Employees who commenced after 10 August 1999 will salary sacrifice to the fund which you have nominated for your superannuation guarantee contributions.</p>
Taxation issues	<ul style="list-style-type: none"> <li>• Salary packaged superannuation contributions are not reported on the employee's payment summary as a reportable fringe benefit.</li> <li>• Salary packaged superannuation contributions are subject to a Contributions Tax of 15% deducted by the superannuation fund and remitted to the ATO.</li> <li>• A Superannuation Contributions Surcharge (SCS) may also apply for employees with adjusted taxable income in excess of \$94,641 (2—3/2004) as indexed. The SCS, if applicable, is also deducted by the superannuation fund and remitted to the ATO.</li> <li>• FBT does not apply.</li> </ul>
Substantiation	<ul style="list-style-type: none"> <li>• Employee's must provide evidence of membership of the fund.</li> <li>• Where contributions are to be made to a self managed superannuation fund, the employee must provide evidence that the fund is a complying fund and that the employee is a member of the fund.</li> </ul>
Form of payment	<ul style="list-style-type: none"> <li>• Regular fortnightly payment made directly to the superannuation fund.</li> </ul>
Package cost	<ul style="list-style-type: none"> <li>• Administration fee paid on commencement</li> <li>• Annual fee will be deducted from your after tax salary during October each year.</li> </ul>
Other information	<ul style="list-style-type: none"> <li>• Superannuation payments made by an employee to the superannuation fund cannot be reimbursed.</li> </ul>

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Lap Top/Portable Computer/Notebook

Description	An employee may salary package the cost of a Lap Top/Portable computer/Notebook each FBT year.
Financial advice	To be sought at employee's discretion.
What is allowed?	<ul style="list-style-type: none"> <li>• The ATO considers the primary characteristics of a Lap Top / Notebook portable computer are that it is relatively small in size, easily portable and can be operated without an external power source.</li> <li>• The computer can include built-in internals (eg modem and fax cards) and externals necessary for the basic operation of the computer (eg mouse), or pre-loaded software forming part of the overall computer package (ie where there is no separate charge or clearly identifiable additional costs).</li> <li>• The computer must be purchased outright.</li> <li>• Repairs maintenance and software expenses may <b>not</b> be included within the salary package under this benefit item.</li> <li>• An employee may include only one Lap Top/Notebook portable computer within their salary package during each FBT year.</li> </ul>
Taxation issues	<ul style="list-style-type: none"> <li>• Lap Top/Notebook portable computers are not reported on the employee's payment summary as a fringe benefit.</li> <li>• GST applies.</li> <li>• FBT does not apply.</li> <li>• Where forming part of a salary package the item cannot be claimed as a deduction in annual taxation return.</li> </ul>
Substantiation	An employee must submit <b>the original</b> tax receipts/invoice for reimbursement in relation to this benefit item.
Form of payment	Reimbursement to the employee where <b>the original</b> tax receipt/s has been provided to the DCIS Salary Packaging Unit.
Package cost	Administration fee on commencement irrespective of the packaging period.
Additional information	Request for reimbursements/direct payments will only be processed where <b>original</b> receipts/invoice have been forwarded with claims and payment can be made by EFT.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Handheld Electronic Calculator/Organiser, Person Digital Assistant (PDA), Briefcase and Business Software.

Description	An employee may salary package the cost of a handheld electronic calculator/organiser, Person Digital Assistant (PDA), Briefcase and Business Software each FBT year.
Financial advice	To be sought at employee's discretion.
What is allowed?	<ul style="list-style-type: none"> <li>• Certain work-related items as outlined above.</li> <li>• Repairs maintenance and software expenses may <b>not</b> be included within the salary package under this benefit item.</li> <li>• An employee may include only one of the listed items within their salary package during each FBT year.</li> </ul>
Taxation issues	<ul style="list-style-type: none"> <li>• The listed work-related items are not reported on the employee's payment summary as a fringe benefit.</li> <li>• GST applies.</li> <li>• FBT does not apply.</li> <li>• Where forming part of a salary package the item cannot be claimed as a deduction in annual taxation return.</li> </ul>
Substantiation	An employee must submit <b>the original</b> of the tax receipts/invoice for reimbursement in relation to this benefit item.
Form of payment	Reimbursement to the employee where <b>the original</b> tax receipts / invoices has been provided to the DCIS Salary Packaging Unit.
Package cost	Administration fee on commencement irrespective of the packaging period.
Additional information	Request for reimbursements/direct payments will only be processed where <b>original</b> receipts/invoice have been forwarded with claims and payment can be made by EFT.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Novated Motor Vehicle Lease

Description	<ul style="list-style-type: none"> <li>• This is an arrangement whereby a motor vehicle is provided to an employee by the employer through a novated lease, within the employer's guidelines. A novated lease is a series of arrangements between the leasing company, the employer and the employee which transfers the obligation and rights under the lease to the employer, but enables the employee to retain control over the car.</li> <li>• All novated lease proposals must be forwarded to the Director of HR Bureau Services DCIS, who is the only person authorised to approve and enter into a novated lease on behalf of the NT Government.             <ul style="list-style-type: none"> <li>- Personal interview may be required</li> </ul> </li> <li>• The decision to place the responsibility to sign the lease on behalf of the NT Government with DCIS (the Administrator of salary sacrifice packaging) relates to the expertise which is required to decide whether a novated lease is acceptable under the guidelines and ease of processing for the employee.</li> <li>• A novated lease will be terminated when an employee ceases employment with the NTG.</li> </ul>
Financial advice	To be sought at employee's discretion.
What is allowable?	<ul style="list-style-type: none"> <li>• Only a <b>fully maintained</b> novated lease may be entered in to and must include the following: Comprehensive insurance; servicing and maintenance; replacement tyres; fuel provision; purchase stamp duty; initial and annual registration renewal.</li> <li>• Capital improvements made to the motor vehicle (e.g. sunroof, CD player) after the commencement of the lease cannot be included in the salary package.</li> <li>• The cost of stamp duty and other costs related to the purchase of the motor vehicle can only be salary packaged as part of the lease cost, i.e. not as running costs.</li> <li>• Associate leases are not allowed to be used by NTPS employees.</li> </ul>
Taxation issues	<ul style="list-style-type: none"> <li>• Concessional FBT applies and is normally calculated by using the statutory formula method.</li> <li>• Input Tax Credits (ITC) will be claimed by the NT Government and passed back to the employee.</li> <li>• The benefit value of a salary packaged novated motor vehicle is grossed up and will be included on the employee's payment summary as a fringe benefit.</li> </ul>

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

Taxation issues (continued)	<ul style="list-style-type: none"> <li>• The NTG will calculate the FBT liability of a Novated lease.</li> <li>• FBT Statutory Method Percentages (as determined by the ATO) will be used for all calculations of FBT liability in relation to kilometres travelled. The current Statutory Method Percentages are: <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">No of Kms pa</th> <th style="text-align: left;">Statutory %</th> </tr> </thead> <tbody> <tr> <td>Less than 15000</td> <td>26</td> </tr> <tr> <td>15000 – 24999</td> <td>20</td> </tr> <tr> <td>25000 to 40000</td> <td>11</td> </tr> <tr> <td>Over 40000</td> <td>7</td> </tr> </tbody> </table> </li> </ul>	No of Kms pa	Statutory %	Less than 15000	26	15000 – 24999	20	25000 to 40000	11	Over 40000	7
No of Kms pa	Statutory %										
Less than 15000	26										
15000 – 24999	20										
25000 to 40000	11										
Over 40000	7										
What sort of vehicles can be novated?	<ul style="list-style-type: none"> <li>• There are no restrictions on the type of motor vehicle other than the vehicle must be designated to carry a load of less than one tonne or fewer than nine passengers.</li> <li>• The vehicle may be new or used.</li> </ul>										
Substantiation	<ul style="list-style-type: none"> <li>• Deed of Novation</li> <li>• Written confirmation that the novated lease is fully maintained from the lease provider or other independent source.</li> <li>• Copy of the finance schedule of costs from the financier.</li> <li>• Each review period odometer readings are to be provided by the leasing company to the DCIS Salary Packaging Unit. A review period being quarterly within the FBT year: April – June, July – September, October – December, and January – March.</li> <li>• Advice on the outcome of review of kilometres usage needs to be provided to the DCIS Salary Packaging Unit within 7 days of the end of the quarter.</li> <li>• If this information is not provided the maximum FBT liability may be calculated.</li> <li>• Only a lease agreement approved and entered into between the leasing company, the employee and the employer will be recognised. The Director HR Bureau Services, DCIS is the only authorised person to enter into an agreement on behalf of NT Government</li> </ul>										
Form of payment	<ul style="list-style-type: none"> <li>• Payment to the lease company will be made by the DCIS Salary Packaging Unit each fortnight.</li> <li>• FBT liability will be paid to the NTG.</li> </ul> <p>Note: Motor vehicle lease payments are normally in advance, the NTPS payroll system is a fortnight in arrears. Employees may be required to pay the first lease payment from their own net pay and/or savings.</p>										

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Insurances – Trauma / Life / Health

Description	An employee may sacrifice fortnightly premiums to Insurance Companies.
What is allowed?	A fortnightly deduction to either Trauma, Life or Health Insurance Company.
Financial advice	To be sought at employee's discretion.
Taxation issues	Fringe Benefit Tax is payable on the amount sacrificed each fortnight.
Substantiation	An employee must provide a membership number and the name and address of the Insurance company.
Form of payment	A fortnightly EFT payment directly to the Insurance company.
Package cost	Administration fee on commencement irrespective of the packaging period.
Additional information	Request for direct payments will only be processed where original receipts/invoice have been forwarded with claims and payment can be made by EFT.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Child Care

Description	The employee may salary package the cost of child care services. Child care services can be provided either by the employer on the employer's premises or through a registered provider.
What is allowed?	Recognised childcare service providers must be GST Free and satisfy one of the following conditions: <ul style="list-style-type: none"> <li>– The supplier is a registered carer approved under Commonwealth family assistance laws (section 38-140 of the GST Act); or</li> <li>– The supplier is a childcare service approved under Commonwealth family assistance laws (section 38-145 of the GST Act). This includes approved centre-based long day care service, family day care service, occasional care service and outside of school hours care service; or</li> <li>– The supplier is eligible for Commonwealth funding under guidelines made by the Child Care Minister (section 38-150 of the GST Act). This may apply to family day care, occasional care, outside of school hour's care, vacation care, in-home care or other types of approved care.</li> </ul>
Financial advice	To be sought at employee's discretion.
Taxation issues	<ul style="list-style-type: none"> <li>• Childcare services must be GST Free.</li> <li>• FBT does not apply if service is provided by the employer on the employer's premises and not included on employee's payment summary.</li> <li>• FBT applies if a registered provider (non-employer) provides service and reported on employee's payment summary.</li> <li>• Where forming part of a salary package the item cannot be claimed as a deduction in annual taxation return.</li> </ul>
Substantiation	An employee must submit a copy of the tax invoice for payment in relation to this benefit item.
Form of payment	Payment to the service provider where a copy of the tax invoice has been provided to the DCIS Salary Packaging Unit.
Package cost	Administration fee on commencement irrespective of the packaging period.
Additional information	Request for direct payments will only be processed where the original invoice has been forwarded with claims and payment can be made by EFT.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### School Fees and HECS

Description	An employee may sacrifice fortnightly amounts to School Fees and HECS.
What is allowed?	<ul style="list-style-type: none"><li>• A fortnightly deduction to either School Fees or to a HECS debt.</li><li>• Payments are sent to either the School or in the case of HECS directly to the ATO.</li></ul>
Financial advice	To be sought at employee's discretion.
Taxation issues	Fringe Benefit Tax is payable on the amount sacrificed each fortnight.
Substantiation	An employee must provide: <ul style="list-style-type: none"><li>– Tax Invoice for School Fees</li><li>– TFN as a reference for payment to a HECS debt.</li></ul>
Form of payment	A fortnightly EFT payment directly to either the School or Australian Tax Office.
Package cost	Administration fee on commencement irrespective of the packaging period.
Additional information	Request for direct payments will only be processed where original receipts/invoice have been forwarded with claims and payment can be made by EFT.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Remote Area Rental Concession (a location other than Darwin, Palmerston or Howard Springs)

Description	<ul style="list-style-type: none"> <li>• The employee may salary sacrifice towards private and NT Government rental.</li> <li>• The concessional benefit available is a 50% reduction on the taxable value of the full private rental amount.</li> <li>• The concessional benefit available is a 100% reduction on the taxable value of the full NT Government rental amount.</li> <li>• An employee must be living and working in a remote area as stated above.</li> </ul>
What is allowed?	The remote area concession is available where a property is occupied by the employee and the rental lease is in the employee's name or joint names of spouse/partner.
Financial advice	To be sought at employee's discretion.
Taxation issues	<ul style="list-style-type: none"> <li>• FBT <b>does not</b> apply if the rental accommodation is provided by the NT Government.</li> <li>• Total amount of the sacrifice will be the rental amount exempt of FBT.</li>   <li>• FBT <b>does apply</b> to a rental payment where accommodation is provided from the private sector.</li> <li>• FBT applies to the taxable value of the private rental payment.</li> <li>• The remote area concession allows the taxable value (total private rental payment) to be reduced by 50%.</li> <li>• FBT is calculated on a grossed-up amount.</li> <li>• Total amount of the sacrifice will include both the private rental payment and an FBT amount.</li> </ul>
Substantiation	<ul style="list-style-type: none"> <li>• A copy of the lease agreement for the specified private rental property</li> <li>• A copy of the NT Government lease agreement or rental deduction authority.</li> </ul>
Form of payment	Direct payment to the rental provider's nominated EFT account.
Package cost	Administration fee on commencement irrespective of the packaging period.
Additional information	Request for direct payments will only be processed where payments can be made by EFT.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Remote Area Mortgage Interest Concession (a location other than Darwin, Palmerston or Howard Springs)

Description	<ul style="list-style-type: none"> <li>• The employee may salary sacrifice interest on a mortgage for an owner occupied property.</li> <li>• The mortgage must not have/be a <b>home mortgage offset facility account</b>.</li> <li>• The concessional benefit available is a 50% reduction on the taxable value of the full interest amount.</li> <li>• An employee must be living and working in a remote area as stated above.</li> </ul>
What is allowed?	<ul style="list-style-type: none"> <li>• The remote area concession is available where a property is occupied by the employee and the mortgage is in the employee's name or joint names of spouse/partner.</li> <li>• The reduction only applies to the interest component amount and does not include the principal amount.</li> </ul>
Financial advice	To be sought at employee's discretion.
Taxation issues	<ul style="list-style-type: none"> <li>• FBT applies to the taxable value of the interest amount.</li> <li>• The remote area concession allows the taxable value (total interest amount) to be reduced by 50%.</li> <li>• FBT is calculated on a grossed-up amount.</li> <li>• Total amount of the sacrifice will include both the interest amount and an FBT payment.</li> </ul>
Substantiation	<ul style="list-style-type: none"> <li>• A copy of the mortgage agreement for the owner occupied property.</li> <li>• The documentation must also verify that the mortgage does not have a <b>home mortgage offset facility account</b>.</li> <li>• Written advice from the Bank or Financial Institution clearly setting out the interest amount separate from any principal payment.</li> <li>• Monthly advice from the Bank or Financial institution to confirm ongoing interest payments or any changes.</li> </ul>
Form of payment	Direct payment to the employee's nominated EFT account.
Package cost	Administration fee on commencement irrespective of the packaging period.
Additional information	Request for direct payments will only be processed where payments can be made by EFT.

## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Remote area mortgage concession

**EXAMPLE ONLY – (based on a mortgage for \$200,000) - Fortnightly payments**

#### **Salary Sacrifice for a Mortgage Loan - Remote Area, owner occupied (Loan comprises both principle & interest)**

FBT is payable on a mortgage salary sacrifice but a remote area attracts a rebate on the tax applied to the interest component of the mortgage payment (in effect only 50% of the interest component will attract FBT, but all the principal amount will attract FBT)

Mortgage Payment, fortnightly amount - (\$100 Principle & \$430 Interest)	= \$530.00
Reduction in amount of interest included in FBT calculation (50% rebate on interest)	= \$215.00 (50% of \$430.00 interest component)
Taxable Value (Principal & reduced Interest)	= \$315.00
Grossed Up Value	= \$612.00 (Taxable value \$315.00 x 1.9417)
Fringe Benefit Tax (FBT) payable	= \$297.00 (Grossed up value \$612.00 x 48.5%)
Total Salary Sacrifice	= \$827.00 (Mortgage payment + FBT)

Of the sacrifice amount of \$827.00: **payment of \$530.00 directed to mortgage  
payment of \$297.00 to NTG for FBT liability**

**Reportable fringe benefit amount (RFBA)** that will show on your payment summary is \$194.17. (based on principal amount of \$100 x 1.9417).

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### Remote area mortgage concession

#### **Salary Sacrifice for a Remote Area Mortgage Loan (Principal and Interest)**

**Sacrifice of the interest component of a "Principal and Interest" loan, owner occupied.**

**NOTE: 'interest only' investment loans cannot be salary packaged**

**EXAMPLE ONLY – (based on a mortgage for \$200,000) - Fortnightly payments**

In this example the total mortgage amount is \$530.00 (\$100.00 principal and \$430.00 interest).

Interest component is	= \$430.00
Reduction in amount of interest included in FBT calculation (50% rebate on interest)	= \$215.00 (50% of \$430.00 interest component)
Taxable Value	= \$215.00 (reduced interest component)
Grossed Up Value	= \$417.00 (Taxable value \$215.00 x 1.9417)
Fringe Benefit Tax (FBT)	= \$202.00 (Grossed up value \$417.00 x 48.5%)
Total Salary Sacrifice	= \$632.00 (Rent payment + FBT)

Of the sacrifice amount of \$632.00: **payment of \$430.00 directed to employee  
(Nominated account NOT mortgage account)  
payment of \$202.00 to NTG for FBT liability**

**Reportable fringe benefit amount (RFBA)** that will show on your payment summary is **NIL**. (Salary sacrifice for remote area mortgage interest is a non reportable amount)

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## NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

### Remote area rental concession – Private rental

**EXAMPLE ONLY – (based on a rental of \$400.00 per fortnight)**

#### **PRIVATE RENTAL – Remote Area**

FBT is payable on a salary sacrifice for rent but a remote area attracts a rebate on the tax applied to the rent. (In effect only 50% of private rental will attract FBT)

Rent payment (fortnightly amount)	= \$400.00
Reduction in amount included in FBT calculation (50% rebate of rent)	= \$200.00 Reduction (50% of \$400.00 Rent)
Taxable Value	= \$200.00 (FBT only applied to this amount)
Grossed Up Value	= \$388.00 (Taxable value \$200.00 x 1.9417)
Fringe Benefit Tax (FBT)	= \$188.00 (Grossed up value \$388.00 x 48.5%)
Total Salary Sacrifice	= \$588.00 (Rent payment + FBT liability)

Of the sacrifice amount of \$588.00: **payment of \$400.00 directed to rent provider**  
**payment of \$188.00 to NTG for FBT liability**

**Reportable fringe benefit amount (RFBA)** that will show on your payment summary is **NIL**. (Salary sacrifice for remote area rental is a non reportable amount)

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### Remote area rental concession – Government rental

**EXAMPLE ONLY – (based on a rental of \$400.00 per fortnight)**

#### **GOVERNMENT RENTAL – Remote Area**

(Rented accommodation provided by NTG)

FBT is normally payable on a salary sacrifice for rent but a remote area attracts a rebate on the tax applied to the rent. (If the rented accommodation is provided by NTG 100% of the rent is FBT exempt).

Rent payment (fortnightly amount)	= \$400.00
Reduction (100% Rebate on Rent)	= \$400.00
Taxable Value	= \$0.00
Grossed Up Value	= \$0.00 (Taxable Value x 1.9417)
Fringe Benefit Tax (FBT)	= \$0.00 (Grossed Up Value x 48.5%)
Total Salary Sacrifice	= \$400.00 (Payment + FBT)

Of the sacrifice amount of \$400.00: **payment of \$400.00 directed to rent provider**

**Reportable fringe benefit amount (RFBA)** that will show on your payment summary is **NIL**. (Salary sacrifice for remote area rental is a non reportable amount)

# NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING

\*This form to be completed by the Director, HR Bureau Services, DCIS and discussed with employee.

## Novated Lease Checklist

Employee Name: \_\_\_\_\_

Agency: \_\_\_\_\_

	Yes	No
Has a copy of the Deed of Novation been provided to DCIS?	<input type="checkbox"/>	<input type="checkbox"/>
Has written confirmation/verification been provided that the Lease is fully maintained?	<input type="checkbox"/>	<input type="checkbox"/>
Does the confirmation/verification confirm the Lease includes -		
– comprehensive insurance	<input type="checkbox"/>	<input type="checkbox"/>
– servicing and maintenance	<input type="checkbox"/>	<input type="checkbox"/>
– replacement tyres	<input type="checkbox"/>	<input type="checkbox"/>
– fuel provision	<input type="checkbox"/>	<input type="checkbox"/>
– purchase stamp duty	<input type="checkbox"/>	<input type="checkbox"/>
– initial and annual registration	<input type="checkbox"/>	<input type="checkbox"/>
Has a copy of the Financial Schedule of Cost been provided?	<input type="checkbox"/>	<input type="checkbox"/>
Has a Novated Lease Indemnity form been signed and provided?	<input type="checkbox"/>	<input type="checkbox"/>
Has a kilometre usage estimation been done?	<input type="checkbox"/>	<input type="checkbox"/>

Approved / Not Approved

\_\_\_\_\_  
Director, HR Bureau Services

**NORTHERN TERRITORY PUBLIC SECTOR - SALARY PACKAGING  
SALARY PACKAGING**

**INDEMNITY  
NOVATED LEASE FRINGE BENEFIT TAX LIABILITY**

**Name:** \_\_\_\_\_ **AGS No:** \_\_\_\_\_

**Contact details:** \_\_\_\_\_ **Phone** \_\_\_\_\_

**Work location:** \_\_\_\_\_

**Lease provider:** \_\_\_\_\_

**Date of lease agreement:** \_\_\_\_\_

I understand and hereby agree that:

- it is my responsibility to notify the DCIS Salary Packaging Unit of any circumstances that may reduce the estimated kilometre usage and increase the statutory percentage used to calculate the Fringe Benefit Tax (FBT) liability of my Novated Lease Agreement;
- if an increased FBT occurs and is not able to be recovered through my salary sacrifice arrangement, the amount of additional liability will be deducted from my PAYG on advice from the DCIS Salary Packaging Unit;
- I am aware any outstanding FBT liability will be recovered before the end of the relevant financial year; and
- expressly agree that should my employment cease and a FBT liability is outstanding the amount may be deducted from any termination payment due to me.

**Employee's signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Witness signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**This indemnity form must be submitted with your approved Salary Sacrifice Application Form.**

SALARY SACRIFICE

LAPTOP/PORTABLE COMPUTER/NOTEBOOK

Name: \_\_\_\_\_ AGS No: \_\_\_\_\_

Contact details: \_\_\_\_\_ Phone \_\_\_\_\_

Work location: \_\_\_\_\_

Date of purchase: \_\_\_\_\_

Item/s purchased:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Purchased from:

\_\_\_\_\_  
\_\_\_\_\_

Cost of Purchase: \$ \_\_\_\_\_

Amount per fortnight to be sacrificed: \$ \_\_\_\_\_

Original receipt attached as proof of purchase: Yes No

This application form must be submitted with an approved Salary Sacrifice Application Form and original receipt of purchase. This election will take effect from the next available pay and consideration must be given to existing sacrificing arrangements.

Employee's signature: \_\_\_\_\_ Date: \_\_\_\_\_

**SALARY SACRIFICE**

**CHILDCARE BENEFIT**

**Name:** \_\_\_\_\_ **AGS No:** \_\_\_\_\_

**Contact details: Phone** \_\_\_\_\_ **E-mail** \_\_\_\_\_

**Agency/Department:** \_\_\_\_\_

**Work location:** \_\_\_\_\_

Salary sacrifice to childcare will be restricted to recognised childcare facilities that are GST free. The following section needs to be completed by the childcare facility.

**RECOGNISED CHILDCARE SERVICES** (please tick box/s)

The supply of child care will be GST-free where:

- The supplier is a registered carer approved under Commonwealth family assistance laws (section 38-140 of the GST Act); or
- The supplier is a childcare service approved under Commonwealth family assistance laws (section 38-145 of the GST Act). This includes approved centre-based long day care service, family day care service, occasional care service and outside of school hours care service; or
- The supplier is eligible for Commonwealth funding under guidelines made by the Child Care Minister (section 38-150 of the GST Act). This may apply to family day care, occasional care, outside of school hours care, vacation care, in-home care or other types of approved care.

**Agent for childcare service**

**Name:** \_\_\_\_\_

**Facility name and address:**  
\_\_\_\_\_

**Signature:**  
\_\_\_\_\_

**(This application form must be submitted with an approved Salary Sacrifice Application Form and receipt/s. This election will take effect from the next available pay and consideration must be given to existing sacrificing arrangements.)**