



## Rebateable Salary Packaging for Synod Office Employees

### What is it?

Working for a Not-for-Profit organisation means that Synod of NSW & the ACT employees are eligible to enter into Salary Packaging arrangements that allow a certain amount of their salary to be tax free. The tax free component is subject to Fringe Benefits Tax (FBT), however, the tax is calculated at a reduced rate.

- Employees generally need to have a base salary of greater than \$90,000 per annum for rebateable deductions to be financially effective. The amount available to individual employees is dependent upon the tax bracket relevant to their salary.
- The full Rebateable Salary Packaging can be expended over the full FBT year (12 months) or any lesser time span within the April to March FBT year.
- In the 2021-2022 FBT year, the Rebateable (tax free) component has a cap of approximately \$15,900 and employees must contribute a reduced FBT amount (approximately \$7,473).
- The **Rebateable** Cap and FBT amount may change, according to ATO legislation - UCA must adhere to all changes required, regardless of the impact to the individual employee's financial situation. UCA is not responsible for any shortfall in the anticipated tax free amount, due to legislative changes.

Pay Samples	Normal	Rebateable	Normal	Rebateable
<b>Annual Salary</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$150,000</b>	<b>\$150,000</b>
Fortnightly Pay	\$3,461	\$3,461	\$5,769	\$5,769
Salary Packaging Deduction		\$898		\$898
Fortnightly Taxable Gross	\$3,461	\$2,563	\$5,769	\$4,871
Fortnightly Net	\$2,633	\$2,043	\$4,091	\$3,545
Fortnightly Rebateable Amt		\$611		\$611
<b>Fortnightly Total Payment</b>	<b>\$2,633</b>	<b>\$2,654</b>	<b>\$4,091</b>	<b>\$4,156</b>
Fortnightly Benefit		\$21		\$65
Annual Benefit		\$546		\$1,690

This benefit is discretionary, and the Synod of NSW & the ACT may withdraw access to this benefit at any time.

## How does it work?

The rebateable amount (\$15,900) can be paid using one of the four options below:

1. Mortgage account
2. Loan account
3. Rental account
4. An account specifically created for payment of general living expenses

Options 1-3 will be managed via an automatic direct payment. The **total** Rebateable amount will be deposited to the account on a fortnightly basis, as part of standard payroll processing.

The fourth option will be managed via a UFS account, that the individual employee will have access to view, but **not process transactions through**.

The ATO have strict rules around what the rebateable component of your salary can be used for.

The Rebateable component **cannot**:

- be taken as cash - this means that the money must not be deposited into an account that can be used to directly draw cash (e.g. savings & investment accounts, trading accounts, cheque accounts, etc.)
- be used to pay penalties or fines (e.g. parking fines, traffic offences, government penalties, etc.).
- be used to pay for any item that you intend to make a claim for on your annual PAYG Tax Return (e.g. tools of trade, computer equipment, stationery, etc.).

***Important Note:*** It is the individual employee's responsibility to ensure that they do not later make a claim on their PAYG Tax Return for an item that was purchased using proceeds of the Rebateable component.

## Next Steps?

If you are interested to find out more, contact Synod Office Payroll to get an initial calculation completed and discuss what payment options you may want to consider. If you do decide to take up Rebateable Salary Packaging, each individual employee will need to authorise the salary change, prior to updating any Salary details.

Opting to take up Rebateable Salary Packaging is a **personal choice**. Employees should consider their financial situation and seek financial advice where necessary, before making any decisions to enter into a Rebateable Salary Packaging arrangement. These arrangements do not override or form part of your contract of employment.