



Remuneration and Employment Benefits Policy

Information Sheet : Salary Packaging

Purpose

The purpose of this Information sheet is to provide guidance to staff on salary packaging superannuation, motor vehicles, electronic devices and car parking fees in the University, and to meet the requirements of the University of Adelaide Enterprise Agreement.

General Conditions

Q1 What is the maximum percentage of my salary I can salary package?

Up to 40% of fortnightly superannuable gross salary may be packaged inclusive of all packaged items and charges unless otherwise approved by the Director, Human Resources in special circumstances.

Car Parking fees can be sacrificed in addition to the standard 40% maximum.

Staff members may package one-off amounts (e.g. performance bonus), but must declare this intention up-front before the entitlement has been earned to satisfy the Government's non-retrospectivity rule.

Salary packaging arrangements must not be retrospective.

Q2 Can the University terminate or change a salary packaging arrangement?

Yes. The University reserves the right to terminate any salary packaging arrangement in the event of a serious breach of agreement by a staff member. It also reserves the right to unilaterally discontinue any of the Salary Packaging arrangements at any time.

The University retains the right to vary or rescind the Scheme and to vary the level of fees. Legislative or statutory changes will be implemented as required and may result in change or abandonment of the Scheme if necessary.

Any other out-of-pocket expenses incurred by the University with regard to changes to packaging arrangements during a package term will be passed on to the employee including any Government taxes if applicable.

Q3 What sort of financial advice should I receive before entering into a salary packaging arrangement?

The University of Adelaide will not provide financial advice to employees. However, the University strongly recommends that employees seek their own independent financial advice before entering into any salary packaging arrangements.

The University accepts no responsibility for any loss or disadvantage suffered by a staff member as a result of any salary packaging arrangement under this scheme.

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Superannuation

Q4 What are the general conditions and eligibility requirements for a staff member to salary package their superannuation contributions?

Staff members have the option to package their compulsory UniSuper contribution. They also have the option to make additional voluntary contributions as pre-tax deductions from their gross salary.

Conditions

8.25 % Member Contribution to UniSuper Defined Benefit Plan (DBP) or UniSuper Accumulation 2 (ACC2)

- Staff must be members of UniSuper Defined Benefit Plan (DBP) or UniSuper Accumulation 2 (ACC2).
- Staff must enter into a packaging arrangement for a minimum of 12 months, unless otherwise agreed by the Director, Human Resources.
- Deductions will continue to be made and benefits provided whilst on paid absence. When on leave without pay and therefore not receiving salary staff will need to contact the Superannuation Officer on extension 31111 for available options before leave without pay commences.

UniSuper Voluntary Contributions to Accumulation 2 (ACC2)

- Staff must be members of UniSuper Defined Benefit Plan (DBP) or Accumulation 2 (ACC2).
- Staff are only eligible if they have an appointment contract of 12 months or more unless otherwise agreed by the Director, Human Resources.
- Staff must enter into a packaging arrangement for a minimum of 12 months.
- Staff may increase/decrease the amount once each 12 months.
- Casual staff members and staff members with a fixed-term contract of less than 12 months are not eligible to participate in this scheme.

UniSuper Voluntary Contributions to Accumulation 1 (ACC1)

- Staff must be members of UniSuper Accumulation 1 (ACC1).
- Staff are only eligible if they have an appointment contract of 12 months or more unless otherwise agreed by the Director, Human Resources.
- Staff must enter into a packaging arrangement for a minimum of 12 months.
- Staff may increase/decrease the amount once each 12 months.
- Casual staff members and staff members with a fixed-term contract of less than 12 months are not eligible to participate in this scheme.

Superannuation Contributions Tax at the rate of 15% is payable on salary packaged superannuation contributions where no PAYG tax has been paid.

Q5 What administration costs are involved?

No administrative fee is charged by the University for administering superannuation salary packages but the University reserves the right to charge a fee of \$50 pre-tax to defray costs for changes to packages within the 12 month term.

UniSuper Voluntary Contributions to Accumulation 2 (ACC2) and Accumulation 1 (ACC1)

- UniSuper deducts 15% contributions tax and 2% administrative fee (up to a maximum of \$100 in a financial year) from the pre-tax amount.

Q6 Are there any superannuation schemes that are unable to be salary packaged?

Superannuation pre-tax contributions are available into the UniSuper plan only. The SuperSA scheme in which some employees participate and which are now 'frozen', have no provision for salary packaging in their Deed.

Employees in Scheme A85 and SuperSA schemes who wish to package voluntary contributions may do so to the UniSuper Accumulation 1 (ACC1). Private superannuation funds are also excluded at this stage.

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Motor Vehicle

Q7 Who can I arrange a salary packaging novated lease arrangement through?

The University of Adelaide has appointed Custom Fleet as its preferred provider and all arrangements for motor vehicle packaging will be managed by them. Eligible staff members are able to enter into a Novated Lease agreement between Custom Fleet and the University. No other types of lease arrangements for private vehicles are available under this salary packaging scheme.

Q8 What are the general conditions and eligibility requirements for a staff member to salary package a motor vehicle novated lease?

- All staff are eligible to take a Motor Vehicle Novated Lease provided the general condition of packaging no more than 40% of fortnightly superannuable salary is met and the contract of appointment is of a longer duration than the motor vehicle lease period which is usually 3-4 years.
- Novated Leases are available only through the University's preferred provider, Custom Fleet and all negotiations regarding a lease agreement must be conducted with them.
- Staff must sign a Lease Agreement with Custom Fleet and a Novation Agreement with the University of Adelaide and comply with the terms of the Agreement.
- All vehicles will be owned by the leasing provider, Custom Fleet.
- Only one vehicle can be packaged at any one time.
- Staff taking leave without pay during the term of the lease are responsible for continuing lease payments from their own private resources.
- Human Resources must be notified of any changes to salary packaging.
- University of Adelaide will not be held liable for any loss associated with salary packaging.
- Salary packaging may not be retrospective and staff are obliged to give a minimum of four weeks' notice for packaging arrangements to be processed/amended.
- On termination of employment during the lease period, the Novation Agreement between the University of Adelaide and Custom Fleet ceases. The staff member must contact Custom Fleet regarding the leased vehicle as soon as possible before termination becomes effective. Any outstanding amounts after termination must be paid by the staff member directly to Custom Fleet.
- Staff should be aware that once a Lease Agreement has been entered into, terminating the Agreement before the end of the lease period is likely to incur a considerable cost to the staff member.
- Fringe Benefits Tax is a liability to the University and is deducted from the employee's salary in addition to the lease payment.
- Staff are responsible for any damage to the lease vehicle, speeding or other traffic fines which may be incurred during the lease period.
- The University will seek to recover from an employee or former employee any loss or damage caused to it as a result of any breach during the period of employment with regard to a Novated Lease.
- At the end of the lease period staff members must deal directly with Custom Fleet for finalising any outstanding payments, for example, residual values or other adjustments depending on the type of novated lease they have, or to negotiate a new lease.
- The administration cost of \$260 per annum (\$10 per pay) inclusive of any government taxes will be charged for motor vehicle novated leases to defray the costs of administration, reconciliation and FBT/GST accounting. This will be processed as a pre-tax deduction from salary each fortnight.
- A 'change to deduction' administration charge of \$130 will be made for staff-initiated changes during a motor vehicle lease term. Any other out-of-pocket expenses incurred by the University with regard to changes to packaging arrangements during a package term will be passed on to the employee.
- Administration costs are cumulative.

Q9 What sort of financial advice should I receive before entering into a salary packaging arrangement?

The University of Adelaide will not provide financial advice to employees. However, the University of Adelaide strongly recommends that employees seek their own independent financial advice before entering into any salary packaging arrangements, including in relation to a vehicle.

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Portable Laptop, Notebook Computer or Multiple Function Electronic Devices

Q10 What are the general conditions and eligibility requirements for a staff member to salary package their portable laptop, notebook computer, tablet or multiple function portable electronic device?

All staff members (except casual staff members) of the University of Adelaide may enter into a salary packaging arrangement, whereby they agree to a reduction in taxable salary in return for purchasing a portable electronic device which is primarily for work-related use. A staff member contemplating entering into a salary packaging arrangement is advised to seek independent financial advice.

Q11 What is a portable electronic device?

A portable electronic device is one that:

- Is easily portable and designed for use away from an office environment
- Is small and light
- Can operate without an external power supply, and
- Is designed as a complete unit

Q12 What can be included as a salary packaged item?

Items that <u>CAN</u> be included as a salary packaged item
Items that are 'bundled' by the retailer and presented on the same invoice (not listed or costed separately, such as:
Extended warranty
Protective carry bag
Modem and fax cards
Accessories for use with a laptop or notebook such as a portable printer
Preloaded-software that is part of the overall computer package (as an operational requirement)

Q13 What are the FBT, GST and Income Tax implications?

An FBT exemption (in some circumstances) applies to the following work related items:

Portable electronic device – includes a mobile phone, calculator, personal digital assistant, a tablet device such as an IPAD, a laptop, portable printer and portable global positioning system (GPS) navigation receiver.

The work related items exemption is limited to:

Items primarily for use in the employee's employment, and

One item per FBT year for items that have a substantially identical function, unless the item is a replacement item

What is 'primarily for use in the employee's employment'?

An item is primarily for use in the employee's if it is provided principally to enable the employee to do their job. Your Supervisor will be required to verify that the item is required for work purposes.

In the event of any Fringe Benefit liability or penalties incurred by the University as a result of this salary sacrifice arrangement the employee will be required to reimburse the University the full cost of these charges.

Q13 Can I sacrifice an item purchased overseas?

Yes, providing it is used primarily for employment purposes

Evidence that is required is an invoice and a copy of the bank statement from where it was paid, this is so that the AUD amount is visible.

Q14 What are the processes and responsibilities for packaging a portable device?

a) Staff member to select and purchase a portable device suitable to their needs. It must be used primarily for employment purposes.

b) Original tax invoice must be provided which clearly details the type of portable device purchased.

c) Proof of purchase must be provided.

d) In addition, if the total price of the sale is at least \$1,000 the recipient's identity must be able to be clearly identified on the invoice.

e) Staff member must complete a Salary Packaging Application form.

f) Supervisor must confirm that the items claims are provided primarily for use in the staff member's employment

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- g) Salary packaging application form, tax invoice and proof of purchase to be scanned and emailed to HR. Scanned copy must be a true and clear reproduction of the original and must not have been edited.
- h) As part of the salary packaging arrangement an administration fee of \$50.00 will be charged.
- i) The total cost will be deducted from the minimum number of fortnightly salary payments as determined by the staff member's available taxable income.
- j) Where possible, salary deductions will occur within one FBT year. If deductions occur over two FBT years, any other portable laptop, notebook computer, tablet or multiple function portable electronic devices purchased cannot be treated as an exempt fringe benefit and salary packaged until the beginning of the next FBT year.
- k) Staff members are responsible for maintaining their own records. Further information can be obtained from the [Australian Taxation Office](#) (ATO).

Car Parking Fees

Q16 What are the general conditions and eligibility requirements for a staff member to salary package car parking fees?

Staff issued with a University of Adelaide Car Parking permit who are eligible to have fortnightly deductions can salary package their fees.

Conditions

- Employees must enter into a packaging arrangement for a calendar year unless otherwise agreed by the Director, Human Resources.
- The pre-tax value of car parking fees may be additional to the maximum 40% of superannuable gross salary usually allowed for salary packaging.
- Deductions will continue to be made whilst on paid absence. When going on leave without pay and therefore not receiving salary payments, staff must contact Tenix Solutions on 1300 106 065 or email tenix_parking@tenixsolutions.com for available payment options before leave without pay commences.
- Salary Packaging arrangements must not be retrospective.

Q17 How do I request a new car parking permit or renew my existing one?

Requests for new permits or renewals must be made on the [car parking website](#).

For further information

Please contact the HR Service Centre 831 31111 or email [HR Service Centre](#).

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