



Salary Packaging

What is salary packaging?

Salary sacrificing allows you to claim work related tax deductions throughout the year, in your pay packet instead of waiting to make your claim at the end of the financial year when you do your tax.

What benefits are there for me?

Most importantly, the main benefit for you is that you will receive more pay in your pocket. Salary packaging simply means paying for something out of your pre-tax income rather than your post-tax income. Although you are still taxed, it is at a rate that is less than your normal income tax rate.

How does salary packaging work?

Salary sacrificing reduces your taxable income, by reducing the amount you are taxed.

Put simply, the process is:

1. You pay for the item
2. Submit the claim form with receipt of payment
3. The amount is deducted from your pre-tax salary
4. Tax is applied
5. The amount is added back as non-taxable earnings.

What can I salary package?

Basically, you are able to salary sacrifice any work related expense that your employer does not provide, such as:

- Novated car leases
- Mobile phones
- Protective clothing
- Professional association fees
- Financial advice
- Tools of trade (maximum \$300)
- Internet usage
- Superannuation (above the 12% mandatory contribution)
- Subscriptions to professional work related journals
- Airport lounge membership (if you travel for work)

Note: Laptop computers, iPads and electronic diaries are limited to one purchase per Fringe Benefit Tax (FBT) year, which is 1 April – 31 March unless it's a replacement item.

If you have any questions or would like to discuss, please don't hesitate in contacting us.

Team PayMe