

Salary Packaging, are you missing out?

We find many organisations are not making the most of the FBT exemptions and concessions that exist to maximise Salary Packaging savings. This represents a missed opportunity for employers and a financial loss for their employees. As each FBT year passes, the opportunity lost is greater. This is especially true for exempt employers and employers based in remote areas.

Why are employers not maximising the salary packaging opportunity?

When we talk to employers about salary packaging there are a number of reasons why salary packaging is not offered or is a limited offering. This is what employers are telling us:

- A. We don't have the time, resources or expertise to manage salary packaging;
- B. The FBT rules are complex and we don't want to be burdened with FBT compliance obligations;
- C. We're not really sure what types of benefits we should offer;
- D. Some of our employees keep asking about salary packaging but we're not sure who will take up the responsibility within our organisation; and
- E. We keep hearing that there are not many opportunities remaining for salary packaging.

Ten of the best salary packaging opportunities:

Here are ten of the best salary packaging opportunities for employees:

1	Capped Benefits for employees of exempt employers	6	Capped Entertainment for employees of exempt employers
2	Novated Lease	7	Associate Lease
3	Car Parking	8	Relocation Costs
4	Remote Area Benefits	9	Temporary Accommodation
5	Portable Electronic Devices	10	Airline Lounge Membership

Where relevant, all of the above should be incorporated into a salary packaging framework.

The Importance of Policies

Policies are the rules that bind the employer, the employees and the salary packaging provider. They ensure that all parties clearly understand who can package and what can be packaged.

Some examples of key policy inclusions are:

- A. Eligible employees – all, full-time, part-time, casual;
- B. How to manage probationary periods, if at all;
- C. Pre-approval processes;
- D. Length of term of salary packaging arrangement;

- E. Specific rules as they apply to each benefit category;
- F. Specific rules as they apply to motor vehicles, such as:
 - a. Luxury car limits;
 - b. Use of logbooks;
 - c. Claiming exemption;
 - d. Claiming days unavailable; and
 - e. Post tax contributions.
- G. Documentation requirements;
- H. Employee declaration requirements; and
- I. Process upon transfer or termination of an employee.

Ten Common Salary Packaging Mistakes

When we undertake Salary Packaging reviews prior to implementation, we often find a number of common mistakes.

1. Not maximising the capped benefit amounts of \$15,900 and \$9,100, and therefore not providing the maximum savings for the employee;
2. Insufficient employee contributions, resulting in an FBT liability;
3. Incorrectly charging the employee package on a GST inclusive basis;
4. Allowing an employee to package a benefit that is fully subject to FBT;
5. Not taking in to account employee trade-ins when commencing a Novated Lease;
6. Continuing to make pre-tax deductions even after the salary sacrifice has ended;
7. Failing to record reportable fringe benefits amounts on each employee's annual payment summary (commonly overlooked by PBI's and HPC's)
8. And the biggest mistake of all, not previously offering salary packaging!

How we help with Salary Packaging and Benefit Policies?

We offer a unique Salary Packaging and FBT Reporting solution. Our solution is integrated, we look after the Outsourcing of the Salary Packaging and the FBT Reporting. We provide the written Salary Packaging and Benefit policies, along with a fully supported help desk. The opportunity for offering Salary Packaging to your employees is maximised, and the compliance burden of FBT Reporting is risk managed by us. It is a Win-Win for both employers and your employees!

Next month on FBT Talk:

In our next FBT Talk issue, we will be covering Managing Employee Expenses, in particular Entertainment and Meal costs, and the Tax implications.

Our Salary Packaging and FBT Solutions:

If you are looking for Salary Packaging and FBT assistance, FBT Solutions is Australia's only dedicated practice offering end-to-end FBT and Salary Packaging services including:

- FBT Return Outsource and Lodgement
- FBT Return Review and Lodgement
- FBT and Salary Packaging Advisory and Consulting
- Managing FBT Audits
- Salary Packaging Outsource
- Automated Logbook and Car Parking Register
- Training on FBT and Salary Packaging
- Car Parking Valuation

FBT and Salary Packaging Webinars

Below are the links to our upcoming 2018 FBT webinars.

1. **Motor Vehicles, FBT and Exemptions:** Thursday 16 August, 1pm to 2:30pm (AEST) – [Find Out More](#)
2. **Car Parking, FBT and Exemptions:** Tuesday 28 August, 10:30am to 12noon (AEST) – [Find Out More](#)
3. **Managing Employee Expenses and Entertainment:** Wednesday 12 September, 1pm to 2:30pm (AEST) – [Find Out More](#)
4. **Key FBT Exemptions Including Minor Benefits:** Tuesday 18 September, 1pm to 2:30pm (AEST) – [Find Out More](#)
5. **Salary Packaging Essentials:** Tuesday 23 October, 1pm to 2:30pm (AEST) – [Find Out More](#)

2019 FBT Workshops

They're a long way off, but if you are like us and want to plan ahead, here are the locations and dates of our 2019 FBT Return Workshops. These full day workshops will equip you for the 2019 FBT Return reporting season. New for 2019 is Adelaide – on Tuesday 19 March 2019. We will offer two FBT Workshop dates in Sydney, on Wednesday 6 March 2019 and Thursday 28 March 2019.

Early bird registrations will open in October for the following dates and locations:

Sydney: Wednesday 6 March 2019

Brisbane: Tuesday 12 March 2019

Melbourne: Thursday 14 March 2019

Adelaide: Tuesday 19 March 2019

Perth: Thursday 21 March 2019

Canberra: Tuesday 26 March 2019

Sydney: Thursday 28 March 2019

If you wish to discuss anything further in relation to Salary Packaging or FBT, please reach out to our office on 02 8079 2924, or contact me directly at paul.mather@fbtsolutions.com.au or contact our team directly at info@fbtsolutions.com.au.