

SALARY PACKAGING

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Policy &  
Administrative Guide

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EASTERN HEALTH

# Salary Packaging Policy

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Salary Packaging benefits must comply with relevant taxation legislation and rulings (the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997 and the Fringe Benefits Tax Assessment Act 1986).

## **Policy**

Eligible employees may direct up to 100% and casual employees up to 80% of their pre tax base salary (after obligatory deductions have been made) towards salary packaging FBT exempt items as detailed in the Eastern Health Salary Packaging Employee Information Guide and Eastern Health car leasing arrangements. This includes the FBT exempt amount of \$9,009.96 per FBT year (grossed up value \$17,000 per FBT year) and Entertainment Benefit amount of \$2,649.98 (grossed up value \$5,000 per FBT year). These amounts are accurate for the FBT years ending 31 March 2017.

Eastern Health administers salary packaging in-house for an annual cost that may be varied from time to time.

If changes to tax rulings and legislation occur, employees may be given the opportunity to adjust the structure of their salary package to take into account any new requirements.

Employees bear the costs of any fringe benefits tax if the grossed up value of their salary packaged items exceeds the allowable tax-free limit.

The Health Service does not provide financial advice as to the benefit or otherwise of salary packaging. Employees should seek independent financial advice before setting up salary packaging arrangements.

This policy does not apply to Fee for Service doctors for routine in house activity (as from June 2005).

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## **Introduction**

This Manual provides information on the policies and guidelines applicable to the Salary Packaging program introduced in April 2006 for staff employed by Eastern Health. This manual may be varied from time to time to reflect changes in policy and taxation law and guidelines.

Under the Fringe Benefit Tax (“FBT”) legislation, where the employer is a public hospital or a government body and the duties of the employees are exclusively performed in or in connection with a public hospital, employees are able to be provided with fringe benefits which are exempt from FBT, up to a threshold of \$17,000 per annum (“the exemption threshold”). This threshold is applied to the grossed up taxable value of the benefits provided to each employee and is accurate for the FBT years ending 31 March 2017.

The program utilises the public hospital status of area health services under the FBT legislation and enables Eastern Health employees to sacrifice pre tax salary in exchange for benefits which are FBT exempt, up to the exemption threshold of \$17,000 per annum for the FBT years ending 31 March 2017. This arrangement results in a tax saving for the employee.

## **What is Salary Packaging?**

Salary packaging is a tax effective means for an employee to sacrifice part or all of their future remuneration in exchange for what are known as ‘non-cash benefits’. Non cash benefits can include mortgage repayments, residential rent payments, credit card repayments, school fees etc.

Salary packaging works by reducing the employee’s gross salary by the costs of the benefit provided along with any associated costs, which in this instance would be the employer’s share of the tax savings and the administration cost. The employee’s remaining salary, after the deduction of all such costs, is paid to the employee in cash (ie. Credited to the employee’s bank account) and is subject to normal Pay-As-You-Go (PAYG) withholding tax.

The tax saving for the employee is achieved as a result of pre tax salary being sacrificed in exchange for benefits which are exempt from FBT.

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## **What is FBT?**

FBT is a tax payable by the employer on fringe benefits provided to its employees or their associates.

A fringe benefit is a benefit provided to an employee by an employer.

The Fringe Benefits Tax Assessment Act defines the type of benefits that can be provided and how the benefits are treated for FBT purposes.

The amount of FBT payable in respect of non-cash benefits will be determined according to whether the benefits attract full, concessional, or exempt category status for FBT purposes.

## **What are the Fringe Benefit Tax Year Dates?**

The FBT year starts on 1<sup>st</sup> April of each year and finishes on 31<sup>st</sup> March the following year.

## **Public Hospital Status**

Under the Fringe Benefits Tax Assessment Act, it is possible for staff of Eastern Health to be provided with fringe benefits up to a value of \$17,000 per employee per FBT year. The \$17,000 threshold is based upon the grossed up taxable value of benefits provided, the exemption (threshold cap) is \$9,009.96 per annum. These values are accurate for the FBT years ending 31 March 2017.

## **Who is eligible to access salary packaging?**

Permanent full time, part time and casual employees, temporary employees are eligible to enter the salary packaging program.

## **Voluntary participation**

Entry into the salary packaging scheme is voluntary. Employees who choose not to salary package continue receiving 100% of their salary in cash. Employees in the salary packaging scheme may exit at any time should their circumstances change, subject to meeting the required period of notice and any payout obligations eg. under Novated lease arrangements for a motor vehicle.

It is strongly recommended that all employees seek independent financial advice before entering the scheme to ensure they have a proper understanding of the terms and conditions.

## Administration Costs

Each participating full time, part time or temporary employee will pay an annual cost (pre-tax) for administering their package which will be deducted on a pro rata basis for each period. All casuals will pay all costs (pre-tax) upfront when the first deduction occurs.

Benefit	Benefit Cost
<b>Salary Packaging Threshold</b>	<b>\$364 per annum</b> Includes – 3 changes per FBT year each change thereafter will be charged \$45
<b>Salary Packaging Expense Card</b>	<b>\$30 Annual charge</b> (Charged in first pay and then annually on card anniversary)
<b>Entertainment Benefit Card Cost</b> Entertainment Benefit	<b>\$30 Annual charge</b> <b>+ 4% of claimed amount</b> (Charged in first pay and then annually on card anniversary)
<b>Entertainment Benefit</b> Via manual Claim	<b>\$30 Per Claim charge</b> <b>+ 4% of claimed amount</b>
<b>Work Related Expenses</b> Professional Development / Subscriptions & Memberships EH Non-Compulsory Uniform	<b>\$30 Per Claim charge</b> <b>+ 4% of claimed amount</b> (\$30 claim charge waived for EH Uniform claims)
<b>Income Protection Insurance</b>	<b>\$30 Per Claim charge</b> <b>+ 4% of claimed amount</b>
<b>Airline Lounge Membership</b>	<b>\$30 Per Claim charge</b> <b>+ 4% of claimed amount</b>
<b>Portable Devices</b>	<b>\$30 Per Claim charge</b> <b>+ 4% of claimed amount</b>
<b>Superannuation (Pre-tax)</b>	<b>2% of claimed amount</b>

An employee cannot legally claim tax deductions for salary packaging costs as they have already been salary packaged (pre tax). Costs do not form part of the \$17,000 exemption threshold.

The full annual cost/s will apply for employees who may not work a full year.

Costs for Meal Entertainment and EFLE are payable in the first pay period.

## **When are payments made to employees?**

Payments will be made to employees on the Thursday or Friday (the day after) following their normal pay day. Public holidays will delay the payment day and will be paid the next business day after the payroll departments schedule payment date.

## **Workers Compensation**

Employees in Eastern Health are covered for workers compensation.

As a result of the statutory method of calculating workers compensation payments, the compensation payment amount may be less than the base salary used for salary packaging purposes. To continue salary packaging whilst receiving workers compensation payments, any shortfall will need to be made up through the employee's personal arrangements.

If an employee has insufficient salary to meet packaging commitments, then salary packaging may need to be suspended for the duration of the workers compensation, and recommence once the employee returns to full time employment.

It is the responsibility of the employee to notify the salary packaging unit where an employee's salary packaging arrangements will be affected as a result of an employee being off work due to a worker's compensation claim.

## **Unpaid Leave**

In most instances, approval of any period of leave without pay of more than five days will require the employee to cease salary packaging.

It is the responsibility of the employee to notify the package administrator when an employee's salary packaging arrangements will be affected as a result of the approval of leave on half pay or unpaid leave. Where possible, this notification should be provided prior to the commencement of the leave.

## **Suspension without Pay**

In the event of an employee being suspended without pay, any salary packaging arrangements will cease until further notice.

## **Change in Employment hours / Termination**

Where an employee has a change to their employment conditions, as per the following examples, the existing salary packaging arrangements may need to be altered.

1. Employee ceases full time employment and enters into a new agreement with the employer to work part

time, the existing salary packaging arrangements may need to be altered.

2. Employee changes to or from a casual employment position.

3. Employee terminates employment

It is the responsibility of the employee to notify the salary packaging unit where an employee's salary packaging arrangements will be affected as a result of an employee's change of hours / termination.

## **Casual Employees**

Salary packaging is available to all casual employees.

Casual employees are able to salary package up to 80% of their fortnightly base salary as defined by the Health Service, which includes casual loading.

Casual employees are eligible to salary package all available benefits listed in this policy manual.

Employees bear the administrative cost of salary packaging and is charged in the first available pay period from when the application has been received and processed.

## **Changing the Agreed Salary Package**

An employee may review and alter their salary packaging arrangements three times per package year, at no extra cost. If an employee elects to change their packaging arrangements more than three times per year, the employee will incur a \$45 per change cost.

## **Financial Advice**

It is strongly recommended that all employees intending to participate in salary packaging seek independent financial advice. This advice can be sought from the employee's existing financial advisor or accountant.

## **Payment Summary (Group Certificate) reporting**

In May 2000 amendments were made to the Commonwealth Fringe Benefit Tax legislation, the maximum value of benefits in the full FBT Exempt items category A packaged over the FBT year without incurring Fringe Benefits Tax is \$9,009 (\$17,000 grossed up) in respect of the FBT years ending 31 March 2017. This 'gross up' factor is multiplied by 1.8868 to determine the Reportable Fringe Benefit component featured on your payment summary. The reportable fringe benefit component is used to determine income related obligations eg. Medicare Levy, Child maintenance, government payments and HELP/HECS repayments.

All FBT exempt category B items are non-reportable benefits and will not appear on your payment summary. With the exception of superannuation deductions, these are reportable employer superannuation contributions (RESC) and will be disclosed as such on an employee's PAYG Payment Summary.

## **Cessation of Employment or Change in Employment Circumstances**

Upon becoming aware of a date for:

- Cessation of employment, for whatever reason; or
- Appointment to a position outside of Eastern Health
- Commencement of unpaid leave, suspension without pay, or transferring from full time employment to part time or casual employment; or
- Commencing workers' compensation payments and choosing to cease salary packaging arrangements whilst receiving workers' compensation payments;

The employee must immediately notify the salary packaging unit. All salary packaging deductions will cease prior to the employee's final payment (termination pay).

From the date of cessation of salary packaging arrangements, the administrator will cease all benefit payments, including the cancellation of an employee's Eastern Health Threshold and Meal Leisure visa card. Any remaining balance will be paid as a lump sum to the employee less PAYG.

## **Waiver**

The action of an employer in paying benefit items from an employee's salary package to a third party does not in any way imply a transfer of responsibility or liability to the employer in relation to any agreement, understanding, obligation etc. between the employee and the third party.

## **Otherwise Deductible**

Otherwise deductible items are items which an employee would usually claim as a tax deduction in their personal income tax return. There may be no financial advantage gained by packaging those items if the items can be claimed by the employee in their individual tax return.

An employee cannot legally claim tax deductions for these items if they have been salary packaged as the deductible element will have already been taken into account in calculating the taxable value of the benefit provided for FBT purposes. These benefits do not form part of the \$17,000 exemption threshold.

## **Allowable Benefits that can be packaged**

### **Category A (Full FBT Benefits)**

- Eastern Health NAB Threshold Visa Card
- Residential Rent Repayments
- Loan Repayments (Mortgage, Personal Loan, Vehicle Finance)
- Credit Card payments
- School Fees / External Childcare
- Private Health Insurance
- Meal Entertainment and EFLE up to \$2,649 from 1 April 2017

### **Category B (Exempt FBT Benefits)**

- Pre-Tax Superannuation
- Portable Devices
- Work Related Expenses
- Income Protection Insurance
- Airport Lounge Membership
- Living Away From Home Travel expenses (LAFH)

### **Category C (Concessional FBT Benefits)**

- Novated leased motor vehicle (private use)

## **Category A – Benefit Items**

Employees of Eastern Health can salary package items listed under category A up to \$9,009 per annum (ie. \$17,000 grossed up value) for the FBT years ending 31 March 2017. This money must be expended within each FBT year that is by 31<sup>st</sup> March of each year.

Employees of Eastern Health can salary package ‘Entertainment Benefit’ items listed under category A up to a limit of \$2,649 per annum (ie. \$5000 grossed up value) for the FBT year ending 31 March.

Where employees are provided with entertainment benefit in excess of these limits under salary packaging, the excess will be fully subject to FBT and will be reportable on an employee’s PAYG Payment Summary.

## **Category B – Benefit Items**

Employees of Eastern Health can salary package items listed under category B free of FBT and in addition to the category A benefit items, providing the total amount of category A and B items salary packaged does not exceed 100% of the employee’s gross base salary.

## Business Rules for the administration of Benefits – Category A

### Eastern Health Salary Packaging (Threshold) Visa Card

Description	An Employee can salary package a portion of his / her salary and wages, to be received by way of use with the Salary Packaging Visa Everyday Expense card equal to the Agreed Sacrifice Value.
What is Allowed?	<p>The Everyday Expense card can be used within Australia or Overseas and is effectively a Debit Card as each purchase by the Employee reduces the available value on the card.</p> <p>An employee can elect to use the Everyday Expense card for the payment of expenses such as (not limited to):</p> <ul style="list-style-type: none"> <li>• Groceries</li> <li>• Car costs</li> <li>• Utility payments (Via BPAY or Credit Card Payment)</li> </ul> <p>The Everyday Expense card can be used in the following ways:</p> <ul style="list-style-type: none"> <li>• Purchasing items from Merchants in person</li> <li>• Making payments via the telephone</li> <li>• Making payments via the internet</li> </ul>
Taxation Issues	<p>All payments made using the Everyday Expense card form part of an employee's grossed up value of \$17,000 per annum of fringe benefits. The current rate for grossing up values is 1.8868. These amounts and rates are applicable for the FBT years ending 31 March 2017.</p> <p>Each year the employee will receive a Payment Summary, which will also include the grossed-up taxable value of fringe benefits received with a total value exceeding \$2,000</p>
Substantiation	Employees will be required to complete a Cardholder Application Form and undergo an Identification check providing two forms of identification to Human Resources (i.e. Passport, Drivers Licence, Birth Certificate and Medicare).
Employee Declaration	Signed Salary packaging and Card application form required
Form of Payment	<p>Each pay period, an amount of money equal to the Agreed Sacrifice Value will be transferred onto the Everyday Expense card.</p> <p>A limit of \$0 will be set on the Everyday Expense card and other than the amount transferred; an employee cannot spend more than the value on the Everyday Expense card.</p>

## Loan Repayments (Mortgage, Personal Loan, Vehicle Finance)

Description	An Employee can salary package a portion of his / her salary and wages direct to the mortgage, personal or car loan.
What is Allowed?	Employees may select a housing mortgage payment to a financial institution as a benefit option for any owner occupied non-income producing property. Salary Packaging will make a direct payment to an authorized financial institution or will reimburse the employee to a nominated bank account. The principal and interest components of an own-home mortgage may be packaged separately or combined.
Taxation Issues	<p>All payments made to a loan account form part of an employee's grossed up value of \$17,000 per annum of fringe benefits. The current rate for grossing up values is 1.8868. These amounts and rates are applicable for the FBT years ending 31 March 2017.</p> <p>Each year the employee will receive a Payment Summary, which will also include the grossed-up taxable value of fringe benefits received with a total value exceeding \$2,000</p>
Substantiation	<p>Repayments for an employee's mortgage, personal or car loan are an on-going item with a regular frequency and repayment amount.</p> <p>Once you provide Eastern Health with a copy of your mortgage statement, and/or evidence of a direct debit arrangement no further documentation will be required unless you request payments to stop or the loan ceases.</p> <p><u><i>Direct to Loan</i></u> – Copy of a loan statement showing recent repayments, loan balance, Account name, BSB and account number.</p> <p><u><i>Direct Debited (Reimbursement)</i></u> – Copy of the loan statement showing recent repayments, loan balance. You will also be required to provide us with a copy of your savings/cheque account showing direct debits arrangement in place.</p> <p>Payments to line of credit, equity and revolving lines of credit loans are acceptable for packaging.</p>
Employee Declaration	Signed Salary Packaging Application form required
Form of Payment	Each pay period, an amount of money equal to the Agreed Sacrifice Value will be transferred onto the loan account directly, or where a direct debit has been arranged payment can be made to a cheque, savings or similar account from which salary packaged funds are drawn and paid in the loan account.

## Residential Rent Repayments

Description	An Employee can salary package a portion of his / her salary and wages against their residential rent repayments.
What is Allowed?	Rent repayments made to a real estate agent or landlord under a formal rental tenancy agreement for the provision of private on-going home rental accommodation used as the principal place of residence by the employee.
Taxation Issues	<p>All payments made against rent repayments form part of an employee's grossed up value of \$17,000 per annum of fringe benefits. The current rate for grossing up values is 1.8868. These amounts and rates are applicable for the FBT years ending 31 March 2017.</p> <p>Each year the employee will receive a Payment Summary, which will also include the grossed-up taxable value of fringe benefits received with a total value exceeding \$2,000</p>
Substantiation	<p>Repayments for an employee's residential rent repayments are an on-going item with a regular frequency and repayment amount.</p> <p>Once you provide Eastern Health with a copy of your tenancy agreement, no further documentation will be required unless you request payments to stop or enter into a new tenancy agreement.</p> <p><i><u>Direct to Landlord</u></i> – Account name, BSB and account number and reference</p>
Employee Declaration	Signed Salary Packaging Application form required
Form of Payment	Each pay period, an amount of money equal to the Agreed Sacrifice Value will be transferred into the employee's nominated account directly, or where a direct debit has been arranged payment can be made to a cheque, savings or similar account from which salary packaged funds are drawn and paid for rent expense.

## Credit Card Repayments

Description	An Employee can salary package a portion of his / her salary and wages to be reimbursed of monthly credit card payments.
What is Allowed?	<p>Claim Reimbursement are on the repayments made to all credit or store credit cards held by the employee or financial dependent. Not individual purchased items on the card.</p> <p>Debit cards are not acceptable</p>
Taxation Issues	<p>All payments made to an employee, reimbursing credit card repayments form part of an employee's grossed up value of \$17,000 per annum of fringe benefits. The current rate for grossing up values is 1.8868. These amounts and rates are applicable for the FBT years ending 31 March 2017.</p> <p>Each year the employee will receive a Payment Summary, which will also include the grossed-up taxable value of fringe benefits received with a total value exceeding \$2,000</p>
Substantiation	<p>Employees are required to provide a copy of their monthly account statement showing payments (credits) made to the credit card or credit store account.</p> <p>Statements provided must be dated within 12 months of commencement</p>
Employee Declaration	<p>Signed Salary Packaging Application form required</p> <p>Employees are required to submit a signed reimbursement claim form with credit card statements</p>
Form of Payment	<p>Each pay period, an amount of money equal to the Agreed Sacrifice Value will be transferred into the employee's nominated bank account as reimbursement against the declared repayments submitted to Eastern Health.</p> <p>Where substantiation of repayments have not been received, Eastern Health will hold accrued funds until statements have been received and funds will then be released to the employees nominated bank account.</p>

## School Fees / External Childcare

Description	An Employee can salary package a portion of his / her salary and wages to be reimbursed of School Fees or Childcare expenses.
What is Allowed?	Claim Reimbursement on payments made
Taxation Issues	<p>All payments made to an employee, reimbursing School fee or childcare expenses form part of an employee's grossed up value of \$17,000 per annum of fringe benefits. The current rate for grossing up values is 1.8868. These amounts and rates are applicable for the FBT years ending 31 March 2017.</p> <p>Each year the employee will receive a Payment Summary, which will also include the grossed-up taxable value of fringe benefits received with a total value exceeding \$2,000</p>
Substantiation	<p>Employees are required to provide a copy of the tax invoice showing the amount payable.</p> <p><u>Direct to the School</u> – Copy of the tax invoice, showing amount payable, frequency and banking details.</p> <p><u>Direct Debit</u> – Copy of the tax invoice and your bank statement showing school / childcare payments.</p> <p><u>Reimbursement</u> – If you pay the supplier by cash, cheque or credit card, Please supply a copy of the paid tax invoice.</p> <p>Statements provided must be dated within 12 months of commencement</p>
Employee Declaration	Signed Salary Packaging Application form required
Form of Payment	<p>Each pay period, an amount of money equal to the Agreed Sacrifice Value can be transferred directly to the School or Childcare Institution or will be transferred into the employee's nominated bank account as reimbursement against the declared repayments submitted to Eastern Health.</p> <p>Where substantiation of repayments has not been received, Eastern Health will hold accrued funds until proof of paid expense has been received.</p>

## Private Health / Life Insurance

Description	An Employee can salary package a portion of his / her salary and wages to be reimbursed Private Health or Life Insurance expenses.
What is Allowed?	Claim Reimbursement on payments made
Taxation Issues	<p>All payments made to an employee, reimbursing Private health or Life Insurance expenses form part of an employee's grossed up value of \$17,000 per annum of fringe benefits. The current rate for grossing up values is 1.8868. These amounts and rates are applicable for the FBT years ending 31 March 2017.</p> <p>Each year the employee will receive a Payment Summary, which will also include the grossed-up taxable value of fringe benefits received with a total value exceeding \$2,000</p>
Substantiation	<p>Employees are required to provide a copy of the tax invoice showing the amount payable.</p> <p><i>Direct to the Insurance Provider</i> – Copy of the tax invoice, showing amount payable, frequency and banking details.</p> <p><i>Direct Debit</i> – Copy of the tax invoice and your bank statement showing health / life insurance payments.</p> <p><i>Reimbursement</i> – If you pay the supplier by cash, cheque or credit card, Please supply evidence of the paid tax invoice.</p> <p>Statements provided must be dated within 12 months of commencement</p>
Employee Declaration	Signed Salary Packaging Application form required
Form of Payment	<p>Each pay period, an amount of money equal to the Agreed Sacrifice Value can be transferred directly to the Insurance provider or will be transferred into the employee's nominated bank account as reimbursement against the declared repayments submitted to Eastern Health.</p> <p>Where substantiation of repayments has not been received, Eastern Health will hold accrued funds until proof of paid expense has been received.</p>

## HELP / HEC's REPAYMENTS

Description	<p>Payments may be made in the reduction of your HELP debt and are to be made directly to the Australian Taxation Office.</p> <p><i><u>Direct to the ATO</u></i> – Copy of the invoice, showing amount payable, frequency and banking details, including the reference for your payment.</p>
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## Entertainment Benefit

Prior to 1 April 2016, meal entertainment benefits were fringe benefit tax exempt items which means the value of the amount to be packaged did not count in the employee's \$17,000 (grossed up) fringe benefits tax exemption cap, nor was it included as a reportable fringe benefit amount in an employee's annual payment summary.

Whilst meal entertainment can be included in the \$17,000 cap, from 1 April 2016 a single grossed up cap of \$5,000 per annum for each employee has been imposed on the grossed up aggregate of meal entertainment and EFLE. This cap is in addition to the \$17,000 cap (grossed up) as discussed above. From 1 April 2016, these amounts are also included as a reportable fringe benefit amount in an employee's annual payment summary where the total value of all reportable fringe benefits exceeds \$2,000.

Entertainment Benefit can be claimed via reimbursement method or by way of the Eastern Health's Entertainment Benefit Visa Card. The Entertainment card will be restricted for dining, taxi charges associated with the dining expense and entertainment facility leasing expense (EFLE) incurred within Australia or Overseas.

Entertainment Benefit receipts must be dated within 12 months of the expense being incurred and be paid in full at the time of claim.

### Treatment - Meals

- Meal Entertainment is defined as 'the provision of entertainment by way of food and drink'. It includes food and drink purchased at a restaurant or attendance at a social gathering or consumed with other forms of entertainment. The meals and drinks (including guests with the employee) do not have to be related to employment with Eastern Health.
- While meal entertainment includes alcoholic beverages and other drinks, Eastern Health requires that they be consumed in conjunction with a meal.
- Tax Invoices / Receipts must identify the restaurant/café/function centre/caterer. Eastern Health salary packaging unit need to be satisfied that the employee paid the account. A simple receipt without any details of what has been consumed is not proof of meal entertainment.
- Food and drink provided during work time or overtime on the employer's premises, or while an employee is travelling as part of their employment duties, is not considered to be meal entertainment.
- A minimum invoice value of \$15 is required before an item can be claimed under meal entertainment and the receipt must be dated within 12 months of the expense being incurred.
- Meal Entertainment does not include expenses such as;
  - Theme Park Entry
  - Movie / Theatre Tickets
  - Sporting Events

- Claiming of expenditure on the provision of take away food and drink, food and drink consumed at home solely for the purpose of substance is not allowed.

#### Treatment – Holiday and Facility Leasing

- Entertainment facility leasing expenses include the following expenses (regardless of whether they were incurred in Australia or overseas):
  - Holiday Accommodation including a hotel room, motel room or a campsite
  - Hiring a function room, reception centre or marquee for a family function (wedding or party).
  - Hire of a yacht, plane or other vessel (in its entirety)
  - Accommodation in a ship, vessel (such as a cruise , or sleeper cabin on a train)
  - Hiring cost of a mobile home, campervan or Winnebago. Where site fees are included in the cost of hiring a mobile home, campervan or Winnebago (i.e. a package fee), then the total fee constitutes an EFLE
  - An all-inclusive holiday package ( including flights, accommodation, guided tours, meals and transport between destinations (including transfers) and
  - Resort package where the cost cannot be dissected but includes accommodation, meals and activities e.g. Club Med.
- Entertainment facility leasing expenses do not include expenses such as;
  - Airfares (except where the airfare is part of an un-dissected all inclusive holiday or resort package)
  - Purchase of holiday homes or time share unit
  - Hotel/motel incidentals such as room service, movies, internet, phone calls, dry cleaning or spa treatments (where the amount in respect of those expenses can be identified) and
  - Golf or other sporting memberships while at your destination (where the amount in respect of those expenses can be identified).
- Tax Invoices / Receipts must identify the provider e.g. the Hilton. Eastern Health salary packaging unit needs to be satisfied that the employee has paid the account. The receipt must identify that the receipt is for an EFLE (e.g. description of purchase is *Club Med Resort Package, Bintan \$5,000*).

## Entertainment Benefit via Eastern Health Entertainment Visa Card

Description	An Employee can salary package a portion of their salary and wages, to be received by way of use with the Entertainment Visa Card equal to the Agreed Sacrifice Value.
What is Allowed?	<p>The Entertainment Card can be used within Australia or Overseas and is effectively a Debit Card as each purchase by the Employee reduces the available value on the card.</p> <p>An employee can elect to use the Entertainment card for the payment of expenses such as (not limited to):</p> <ul style="list-style-type: none"> <li>• Restaurant / Cafe Meals</li> <li>• Taxi Expenses where it relates to your travel to and from your dining entertainment expense.</li> <li>• Holiday Accommodation including hotel rooms, cabins on a train, campsite (within Australia or overseas)</li> <li>• Hiring a marquee, function room or reception centre for a family event</li> <li>• Hiring of a yacht, plane or other vessel (in its entirety)</li> <li>• Accommodation in a ship or other vessel (such as a cruise , or sleeper cabin on a train)</li> <li>• Hiring cost of a mobile home, campervan or Winnebago. Where site fees are included in the cost of hiring a mobile home, campervan or Winnebago (i.e. a package fee), then the total fee constitutes an EFLE</li> <li>• An all-inclusive holiday package / Resort package.</li> </ul> <p>The Entertainment Card can be used in the following ways:</p> <ul style="list-style-type: none"> <li>• Purchasing items from Merchants in person</li> <li>• Making payments via the telephone</li> <li>• Making payments via the internet.</li> </ul>
Taxation Issues	<p>From 1 April 2016, a single grossed up cap of \$5,000 per annum for each employee has been imposed on the aggregate of meal entertainment and EFLE. This cap is in addition to the \$17,000 cap (grossed up) as discussed above. Fringe benefits constituting meal entertainment and EFLE will be limited from 1 April 2016 to a grossed up total of \$5,000 per annum for each employee. Irrespective of the amount of meal entertainment and EFLE fringe benefits provided to employees, all meal entertainment and EFLE that is provided under a salary package will be reportable on an employee's payment summary as an RFBA where the total value of all reportable fringe benefits exceeds \$2,000. This applies to all meal entertainment and EFLE provided from 1 April 2016.</p>
Substantiation	Employees will be required to complete a Cardholder Application Form and undergo an Identification check providing two forms of identification to Human Resources (ie. Passport, Drivers Licence, Birth Certificate, Medicare Card).

Employee Declaration	Signed Salary packaging and Card application form required.
Form of Payment	Each pay period, an amount of money equal to the Agreed Sacrifice Value will be transferred onto the Entertainment Card.  A limit of \$0 will be set on the Entertainment Card and other than the amount transferred; an employee cannot spend more than the value on the Card.

## Entertainment Benefit (Via Reimbursement)

Description	An Employee can salary package a portion of their salary and wages to be reimbursed dining out expenses.
What is Allowed?	<p>The type of benefits that would be available as a salary-packaging item, and therefore FBT exempt would include:</p> <ul style="list-style-type: none"> <li>• Food and drink costs of a café, restaurant or food outlet with sit down dining facilities</li> <li>• Food and drink catering costs of a party</li> <li>• Meals purchased on Holidays (Including overseas purchased meals).</li> <li>• Holiday Accommodation including hotel rooms, cabins on a train, campsite (within Australia or overseas)</li> <li>• Hiring a marquee, function room or reception centre or a family event</li> <li>• Hiring of a yacht, plane or other vessel (in its entirety)</li> <li>• Accommodation in a ship or other vessel (such as a cruise , or sleeper cabin on a train)</li> <li>• Hiring cost of a mobile home, campervan or Winnebago. Where site fees are included in the cost of hiring a mobile home, campervan or Winnebago (i.e. a package fee), then the total fee constitutes an EFLE</li> <li>• An all-inclusive holiday package / Resort package.</li> </ul>
Taxation Issues	<p>From 1 April 2016, a single grossed up cap of \$5,000 per annum for each employee has been imposed on the aggregate of meal entertainment and EFLE. This cap is in addition to the \$17,000 cap (grossed up) as discussed above. Fringe benefits constituting meal entertainment will be limited from 1 April 2016 to a grossed up total of \$5,000 per annum for each employee. Irrespective of the amount of meal entertainment and EFLE fringe benefits provided to employees, all meal entertainment and EFLE that is provided under a salary package will be reportable on an employee's payment summary as an RFBA where the total of all reportable fringe benefits exceeds \$2,000. This applies to meal entertainment and EFLE provided from 1 April 2016.</p>
Substantiation	<p>Original Tax Invoices must accompany signed reimbursement claim form.</p> <p>Tax Invoices cannot be claimed prior to employee commencement with Eastern Health.</p>
Employee Declaration	Signed Reimbursement Claim form.
Form of Payment	Each pay period, an amount of money equal to the Agreed Sacrifice Value will deducted and transferred into the employee's nominated bank account as reimbursement against the declared Entertainment expense submitted to Eastern Health.

## Business Rules for the administration of Benefits – Category B

### Additional Pre-Tax Employee Superannuation Contributions (Salary Sacrifice)

Salary sacrificed superannuation contributions are deemed employer contributions in the hands of the superannuation fund. When paid in respect of an employee to a complying superannuation fund they are not fringe benefits.

Additional superannuation contributions are liable for the contributions tax at a concessional rate of 15% and this is applied by your chosen superannuation fund and paid to the Australian Taxation Office.

Description	An Employee can salary package a portion of his / her salary and wages pre-tax towards superannuation.
What is Allowed?	Payments can be made to any compliant superannuation fund from the employee's salary pre-tax.
Taxation Issues	Exempt of Fringe Benefits Tax, Superannuation is a benefit that can be taken in addition to employee's threshold entitlement (Category A). The benefit amount <u>will be</u> required to be reported on the employee's payment summary (group certificate) as Reportable Employee Superannuation Contribution.
Substantiation	A recent member statement, showing the name of the fund, ABN, membership number and contact details.  Tax Invoices cannot be claimed prior to employee commencement with Eastern Health
Form of Payment	Each pay period, an amount of money equal to the Agreed Sacrifice value will be deducted and transferred into the employee's nominated superannuation fund.  Please ensure you provide the correct bank or BPAY payment details and references for your payments to be deposited correctly.

## Portable Devices (Laptop, Tablets & Mobile Phones)

An employee may elect to include the cost of a notebook or laptop computer, Mobile Phone or similar portable device in their salary package, once per FBT year. The notebook or laptop computer, Mobile Phone or similar portable device must be primarily for use in your employment at Eastern Health.

An employee can package only one laptop or notebook computer per year. This exemption does not extend to a desk top computer.

Brief Description	An Employee can salary package a portion of his / her salary and wages to be reimbursed for a laptop / Notebook or Mobile Phone expense.
What is Allowed?	To be eligible to claim reimbursement of your purchased laptop / Notebook or Mobile Phone item, the item must be purchased primarily for work purposes.  The item must be purchased outright, not on a plan  Accessories such as bags; cases; covers or additional software or warranties are not allowable benefits and <u>will not</u> be reimbursed  Eastern Health Everyday Expense card must not have been used to purchase the portable electronic device.
Taxation Issues	Exempt of Fringe Benefits Tax, Laptops / Notebooks are a benefit that can be taken in addition to employee's threshold entitlement (Category A). The benefit amount <u>will not</u> be required to be reported on the employee's payment summary (group certificate).
Substantiation	Original Tax Invoices must accompany signed reimbursement claim form and must be dated within 12 months of the claim date.  Tax Invoices cannot be claimed prior to employee commencement with Eastern Health
Employee Declaration	Signed Reimbursement Claim form  Reimbursement claim form must be co-signed by your Associate program director / equivalent or above, confirming business use requirement.
Form of Payment	Each pay period, an amount of money equal to the Agreed salary packaged Value will deducted and transferred into the employee's nominated bank account as reimbursement against the declared laptop / Notebook expense.

## Work Related Expenses (Professional Development, Trade Subscriptions & Memberships)

Work related expenses can be salary packaged as an FBT exempt benefit item, where the work related expense is connected with your current employment activities and where you are required to maintain or improve relevant skills or knowledge.

Brief Description	An Employee can salary package a portion of his / her salary and wages to be reimbursed for Professional Development & Travel expenses.
What is Allowed?	<p>To be eligible to claim reimbursement of your work related expenses employees must provide a completed application form with the tax invoice/s.</p> <p>Only the following may be claimed as work related expenses, through Eastern Health Salary Packaging;</p> <ul style="list-style-type: none"> <li>• Work related business travel / Professional Development <ul style="list-style-type: none"> <li>- Registration Fees for courses, seminars and conferences that are connected with your current employment activities.</li> <li>- Travel Expenses relating to the attendance at conferences, seminars and other work-related events are deductible to the extent that they relate to your income-producing activities. The expense is only deductible where the primary purpose of travel was to attend the event.</li> <li>- Accommodation, food and other incidental costs will only be deductible where the primary purpose of the travel was to attend the event.</li> </ul> </li> <li>• Trade Subscriptions &amp; Membership <ul style="list-style-type: none"> <li>- The membership or subscription must be related to your employment.</li> <li>- You cannot package any membership or subscription that has been paid by your employer and/or business</li> </ul> </li> <li>• Eastern Health's Non-compulsory Uniform <ul style="list-style-type: none"> <li>- Eastern Health's non-compulsory work uniform has been registered and approved by the Secretary of the Commonwealth Department on Innovation, Industry, Science and Research in accordance with the approved Occupational Clothing guidelines 2006. The approval registration number is CW75062</li> </ul> </li> </ul> <p>Eastern Health threshold or entertainment card must not have been used to pay for professional development or travel expenses being claimed.  <u>Expenses cannot be claimed where paid by Eastern Health Finance or reimbursed to the employee by Eastern Health Finance Department.</u></p>
Taxation Issues	Employees cannot claim work related expenses as a tax deduction that have been claimed through salary packaging.

	<p>Exempt of Fringe Benefits Tax, work related expenses outlined in ‘what is allowed’ are benefit items that can be taken in addition to employee’s threshold entitlement (Category A). The benefit amount <u>will not</u> be required to be reported on the employee’s payment summary (group certificate).</p> <p>Work related expenses are ‘otherwise deductible’ and may be claimed on individual tax return.</p>
Substantiation	Tax Invoices must accompany signed reimbursement claim form and must be dated within 12 months of the claim date. Tax Invoices cannot be claimed prior to employee commencement with Eastern Health
Employee Declaration	Signed Reimbursement Claim form Reimbursement claim form must be co-signed by your Associate program director / equivalent or above.
Form of Payment	Each pay period, an amount of money equal to the Agreed salary packaged Value will deducted and transferred into the employee’s nominated bank account as reimbursement against the declared work related expense.

## Income Protection Insurance

Income Protection Insurance expenses can be salary packaged as an FBT exempt benefit item.

Brief Description	An Employee can salary package a portion of his / her salary and wages to be reimbursed for Income Protection Insurance expenses.
What is Allowed?	<p>To be eligible to claim reimbursement of your income protection insurance expenses employees must provide a completed claim form with a copy of the paid tax invoices.</p> <p>Only the following may be claimed as Income Protection Insurance;</p> <ul style="list-style-type: none"> <li>- You must be the only person listed under the insurance policy.</li> <li>- You cannot package insurance that partially or wholly provides lump sum compensation for physical injury.</li> </ul> <p>Eastern Health threshold or entertainment card must not have been used to pay for professional development or travel expenses being claimed.  <u>Expenses cannot be claimed where paid by Eastern Health Finance or reimbursed to the employee by Eastern Health Finance Department.</u></p>
Taxation Issues	<p>Employees cannot claim income protection insurance as a tax deduction if you salary package it.</p> <p>Exempt of Fringe Benefits Tax, Income Protection Insurance is a benefit that can be taken in addition to employee's threshold entitlement (Category A). The benefit amount <u>will not</u> be required to be reported on the employee's payment summary (group certificate).</p>
Substantiation	Tax Invoices must accompany signed reimbursement claim form and must be dated within 12 months of the claim date. Tax Invoices cannot be claimed prior to employee commencement with Eastern Health
Employee Declaration	Signed Reimbursement Claim form Reimbursement claim form must be co-signed by your Associate program director / equivalent or above.
Form of Payment	Each pay period, an amount of money equal to the Agreed salary packaged Value will deducted and transferred into the employee's nominated bank account as reimbursement against the declared Income Insurance benefit expense.

## Airline Lounge Membership

Airline Lounge Membership expenses can be salary packaged as an FBT exempt benefit item.

Brief Description	An Employee can salary package a portion of his / her salary and wages to be reimbursed for Airport Lounge Membership expenses.
What is Allowed?	<p>To be eligible to claim reimbursement of your airline lounge membership expenses employees must provide a completed claim form with a copy of the paid tax invoices.</p> <p>Only the following may be claimed as airport lounge membership expenses;</p> <ul style="list-style-type: none"> <li>- Airline lounge membership expenses can only be claim for fees that have been paid by the employee. If they've been paid by anyone else, including your spouse or employer/business, they cannot be salary packaged.</li> <li>- The Airline lounge membership can be for anyone – you can package membership costs for a family member.</li> </ul> <p>Eastern Health threshold or entertainment card must not have been used to pay for professional development or travel expenses being claimed.  <u>Expenses cannot be claimed where paid by Eastern Health Finance or reimbursed to the employee by Eastern Health Finance Department.</u></p>
Taxation Issues	<p>Employees cannot claim airline lounge expenses as a tax deduction, where it has been claimed through salary packaging.</p> <p>Exempt of Fringe Benefits Tax, Airline Lounge Membership expenses are a benefit that can be taken in addition to employee's threshold entitlement (Category A). The benefit amount <u>will not</u> be required to be reported on the employee's payment summary (group certificate).</p>
Substantiation	Tax Invoices must accompany signed reimbursement claim form and must be dated within 12 months of the claim date. Tax Invoices cannot be claimed prior to employee commencement with Eastern Health
Employee Declaration	Signed Reimbursement Claim form
Form of Payment	Each pay period, an amount of money equal to the Agreed salary packaged Value will deducted and transferred into the employee's nominated bank account as reimbursement against the declared airline lounge membership expense.

