

Staffing & Employment

Review date: June 2011

Policy Number: SE12

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Attachments: 1

POLICY REGISTER

Subject: Salary Packaging

Primary Responsibility

Operations Manager/Executive Officer, Bookkeeper and Staff

Policy Statement

WSCF is committed to offering staff the best possible employment conditions we can afford, and which won't impact on our ability to achieve our goals.

Procedure

1. Salary Sacrifice Provision

Western Sydney Community Forum (WSCF) at its February 2009 Board meeting approved the utilisation of its Fringe Benefit Tax Exempt Status to provide salary packaging for eligible staff. This salary packaging provides a flexible remuneration option whereby a set proportion of salary can be packaged as fringe (non-cash) benefits.

As a public benevolent institution WSCF is exempt from the payment of Fringe Benefits Tax up to \$30,000 grossed up value provided to each employee. Employees employed under the SACCS award, will be able to take advantage of the benefits of FBT exemption if they so choose.

The provision of salary packaging will be available to permanent staff after the 3 months probationary period.

The agreement to salary sacrifice must be prospective, ie it must be made prior to the commencement of the period of service to which it relates and cannot be backdated.

The reportable fringe benefit total will not be included in the assessable income but will be used for various income tests. WSCF will not compensate any losses suffered by employees due to salary packaging.

Staff should understand that this is a significant area of decision. Therefore staff should treat it as seriously as any other financial matter and seek professional finance advice prior to entering into a salary packaging arrangement.

2. Fringe Benefits

Salary packaging and payment and reporting of fringe benefits, salary and termination payments will be in accordance with taxation and other relevant laws. If WSCF ceases to attract exemption from payment of FBT, all salary-packaging arrangements will be terminated and employees' wages will revert to the wages as per award or contract.

Employees will be able to receive a fringe benefit up to the grossed up value exempt from FBT in a FBT year. (At present this amount is \$30,000). If this exemption limit is changed the fringe benefit amount will be changed accordingly. Salary Packaging Year runs from 1 April to 31 March and is the same as the FBT year.

Employees' wages will be reduced by an amount as per the salary packaging work sheet and the reduced wages and fringe benefits will be paid on a fortnightly basis.

The fringe benefit component and the cash component (paid into your bank account) make up your total salary package. Salary packaging will effectively reduce the amount of your taxable income.

All salary packaging arrangements can be cancelled or changed at anytime due to legislative requirements.

3. Who Can Participate

Salary packaging can only be offered to permanent full time and part time staff who have completed the 3 months probationary period.

4. Benefits Offered

WSCF will offer Salary Packaging arrangements for the following benefits.

Approved/Eligible items

Items for payment must be of a regular nature, ie. the same amount must apply for each payment.

Documentary evidence to substantiate expenses incurred by the employee should be forwarded to the Accounts Department on a periodical basis or upon request by WSCF.

At the end of a FBT year, employees will be required to sign a declaration form confirming that they have actually incurred the said expenses received as a fringe benefit payment.

The Board has approved the following items:

- Loans (mortgage, car, personal)
- Rent
- Payments to Credit Cards – conditions may apply

Management shall consider any other payments that are a set amount and payable fortnightly. No guarantee of approval is given for such payments and each request shall be assessed on an individual basis.

5. Administration

A lead-time of two weeks is to be allowed between the receipt of an election request to salary sacrifice by accounts section and implementation.

If salary-packaging requirements are to be cancelled or altered by the employee or WSCF for reasons other than legislative requirements notice of at least one month is required.

Should the employee wish to recommence packaging within the same Salary Packaging Year, the employee may be required to meet the additional cost associated with the re-establishment of the packaging arrangements.

The employee has the right to choose payment of salary as per award or their contract instead of a salary packaging.

Superannuation and leave loading will be made based at the staff member's pre sacrifice salary or wage rate.

Extra days worked by part-time employees will be paid on their pre sacrifice salary rate.

To ensure the administration of the scheme is done with minimal disruption to the current wage and admin system any payments made for employees shall be done in accordance with our current fortnightly wage system.

Employers are required to report the grossed up taxable value of the reportable fringe benefits in a FBT year, which exceeds \$1000 in the payment summary in the corresponding income year.

It shall be the responsibility of the employee to provide information for payments to be made fortnightly.

It shall be the responsibility of the employee to inform WSCF of any changes relevant to the payment system.

Salary Packaging creates an additional administrative workload to implement, maintain and provide ongoing services to those employees participating in the scheme. As at the date of this policy WSCF will meet any additional costs in administering Salary Packaging.

WSCF may in future Salary Packaging years introduce an administration fee by providing one months notice.

6. Legislation

These benefits are offered in terms of existing legislation. Staff opting for salary packaging must understand that if legislation changes either limiting or eliminating access to these benefits, WSCF will comply with the legislation. Staff will be asked to sign an Agreement form recognising this.

7. Financial Advice

It is most important that you fully understand the procedures and conditions applying to salary packaging. All employees are encouraged to obtain Independent Financial Advice

8. Termination of Employment

If an employee's employment with WSCF ceases during a Salary Packaging Year in which he/she has Salary Packaged, the employee's entitlement to receive benefits stops and their package is reconciled at the termination date.

On termination of employment this agreement will cease to apply to you. Any outstanding entitlements such as accrued leave will be paid to you at the salary rates under clause 10 of the SACS award and taxed at the standard taxation rates. This means that any entitlements paid on termination will not be packaged.

AGREEMENT

The employer and employee shall both sign an agreement confirming approval from both parties to enter into the arrangement as detailed below.

I, _____, have read the policy outlining conditions and requirements of the WSCF Salary Packaging Agreement, page one and two, and fully understand the offer.

Signed: _____ Date: _____
Employee:

Adopted by the Board on: 02/06/2009

CROSS REFERENCE

- SE1 Recruitment Policy
- SE2 Equal Employment Opportunity Policy
- Staff Induction Kit

Letter of Agreement

I, _____, (full name) fully understand the implications of my election. I hereby give permission for WSCF to reduce my gross fortnightly wages and apply an amount of salary sacrifice agreed to as follows:

Amount per fortnight	
Account Name:	
Account Number:	

I understand and accept that it is my responsibility to make any necessary arrangements in relation to payments made and to inform WSCF of any changes to payment.

I have read the conditions set down by WSCF Board in relation to Salary package and hereby agree to those conditions. And fully understand the implications of my election.

Signed: _____

Date:

Employee -

Signed: _____

Date:

Employer -

Office Use:

Package Approval	
Employee Signature /Date:	
Executive/Operations Manager / Date	
Effective Date:	