



SALARY
SACRIFICING
SCHEME
POLICY 5.69

SALARY SACRIFICING SCHEME

DIVISION: GOVERNANCE

PILLAR: GOVERNANCE

FILE / BINDER:

OBJECTIVE:

Camden Council is committed to providing salary sacrificing opportunities to employees that may be of benefit within the confines of relevant legislation. The purpose of this Policy is to provide information regarding salary sacrificing for employees who are eligible to participate.

POLICY STATEMENT:

This policy outlines how salary sacrifice arrangements will be applied to employees who elect to sacrifice a portion of their pre-tax ordinary pay to cover the costs of the benefits. However, a critical part of this policy is the Disclaimer at the end of this Policy document.

ELIGIBILITY

All employees covered by the Local Government (State) Award and Senior staff as defined by the Local Government Act (1993) as amended. Casual staff are excluded from salary sacrificing except in the case of Superannuation, which is permissible.

DEFINITIONS

Award refers to the Local Government (State) Award.

Salary Sacrifice refers to an arrangement where employees elect to receive part of their gross salary as a benefit rather than as salary. To achieve this, the employee sacrifices a portion of their pre-tax ordinary pay as prescribed by the Award for the specified benefits.

Superable Salary are the earnings that superannuation is calculated on.

FBT refers to Fringe Benefits Taxation.

PROVISIONS

Benefits that may be salary sacrificed include

- Additional Superannuation
- Novated Lease Vehicles
- LG Registered Uniforms
- Gym Membership and Personal Training fees with MALC
- Work related Professional Memberships
- Work related Professional Subscriptions
- Self-Education Expenses (TAFE Fees, textbooks etc)
Excluding Commonwealth Funded courses eligible for HECS
- Income Protection Insurance
- Motor Vehicles supplied by Council under leaseback arrangement.

It should be noted that, by salary sacrificing any of the above Council-approved items, a reduction of your PAYG Withholding Tax is already being achieved by way of pre-tax salary deduction. These items therefore do not qualify for a further income tax deduction in your personal tax return, however employees must seek their own taxation advice.

FBT – Salary Sacrificing Motor Vehicles

Employees, who participate in a salary sacrifice arrangement for a motor vehicle and who do not meet the nominated threshold (or pro-rata equivalent) by the end of the FBT year, or date of change over to a new motor vehicle, will be liable to reimburse Council for the amount of additional FBT incurred. The reimbursement will be equivalent to the amount of additional FBT payable, relating to the salary that was initially sacrificed.

The value of the benefits shall be agreed between the Council and employee and shall include fringe benefits tax where applicable.

The amount that may be salary sacrificed in cases where Council supplies vehicles under a leaseback arrangement is the amount the leaseback rate is in excess of the employee's contribution from after-tax salary necessary to negate the fringe benefit liability.

Reportable Fringe Benefits Amounts

Employers are required to keep records of the value of any Fringe Benefits provided to each of their employees and their associates. If the taxable value of all fringe benefits (other than excluded fringe benefits) provided to an employee and his/her associates exceeds \$2,000.00 in a FBT year (1st April to 31st March), the FBT legislation requires that the employer must record the grossed-up taxable value of those individual fringe benefits amounts on the employee's payment summary for the corresponding income year (1st July to 30th June). The amount reported on the employee's payment summary is known as the Reportable Fringe Benefits Amount.

The reportable fringe benefits amount will NOT be included in your assessable (or taxable) income, and will NOT affect the amount of standard Medicare Levy you pay. However, the total amount reported may be used to determine a number of income-tested Government benefits/entitlements, obligations and surcharges, such as:

- Medicare Levy Surcharge
- HELP (HECS) Repayments
- Baby Bonus/Paid Parental Leave
- Deductions for Personal Superannuation
- Super Co-Contribution
- Tax Offset for Eligible Spouse Super Contributions
- Mature Age Worker Tax Offset
- Child Support Obligations
- Entitlement to certain income-tested benefits such as Family Tax Benefit, Child Care Benefit etc.

By law, Council is unable to provide personal advice on taxation and financial planning matters. Should an employee have questions about how the above information may affect their personal affairs, it is recommended that employees obtain independent financial advice.

GST

If the cost of the approved benefit includes GST, it will be the GST-exclusive amount which will be eligible to be salary sacrificed. That is because Council is entitled to an input tax credit for the GST component on the acquisition price.

If the cost of the approved benefit does not include GST (for example Education course fees), the whole amount, after any reimbursement or education assistance provided by Council, will be the amount eligible to be salary sacrificed.

GENERAL CONDITIONS

Application for Salary Sacrifice Arrangements

The benefits to be salary sacrificed will be documented in the appropriate application form relating to the type of salary sacrifice and signed by both the Council and the employee.

Salary sacrifice arrangements cannot be implemented retrospectively.

Application to Change Salary sacrifice Arrangements

Employees may request to change the benefits to be salary sacrificed using the appropriate application form relating to the type of salary sacrifice once a month, or under special circumstances with the authorisation of the General Manager.

Novated Leases salary sacrificing can only be changed by advice from the Novated Leasing company along with the complete Novated Lease Agreement with correct authorisations.

Changes to salary sacrificing must be correctly authorised and received by payroll prior to cut off for processing in the next pay period. Any forms received after the cut off will not be processed that pay, but held until the following pay period.

Cancelling Salary Sacrifice Arrangements

Cancellation of salary sacrificing arrangements must be in writing and in accordance with the agreement signed at the commencement of the salary sacrificing period.

Effect on Award Entitlements and Superannuation

Award entitlements, such as overtime, shift penalties and allowances, will not be affected by the reduction in base salary due to salary sacrificing. Award entitlements will be calculated at the employee's pre-sacrifice salary rate.

The value of the benefits will be treated as an approved benefit for superannuation purposes and will not reduce the employee's superable salary.

Payment on Termination

The pre-salary sacrifice salary will be used in calculations for all termination payments.

Upon ceasing employment with Council, any additional FBT liability due under this policy will be deducted from the final salary and/or leave entitlement' payments.

RESPONSIBILITY / ACCOUNTABILITY

The Employee Relations Branch is responsible for

- supplying all new employees with a copy of this policy.
- providing general information about this policy at Corporate Induction.

The Corporate Services Manager and the Employee and Community Relations Manager are responsible for

- authorising salary sacrifice arrangements.

Payroll is responsible for

- actioning authorised requests for salary sacrifice
- providing monthly deduction reports to the Accounting Officer - Taxation, Finance, Novated Leasing Company, Superannuation Funds and other companies as required.

Employees are responsible for

- seeking, and paying for, appropriate financial advice when entering into a salary sacrifice arrangement
- acting on advice from Novated Leasing Company and other external companies
- any outstanding FBT or other debt

VARIATION

Council reserves the right to vary and/or withdraw from offering salary sacrifice options and arrangements to employees with appropriate notice if there is any alteration to relevant legislation that is detrimental to salary sacrifice arrangements.

DISCLAIMER

The information in this policy and associated Agreements has been prepared without consideration of the financial situation and needs of individual employees.

Each employee who wishes to take advantage of salary sacrificing arrangements is expressly advised to seek financial advice particularly in relation to complex motor vehicle, superannuation, fringe benefits tax and income tax issues.

In all cases, employees must conduct their own investigation and analysis of the information contained in this policy and associated Agreements. Action should not be based on any matter contained in this policy and associated Agreements without taking appropriate legal, financial and other professional advice according to the employee's own particular circumstances.

Camden Council and its employees involved in the preparation of the Salary Sacrificing Scheme Policy and associated agreements expressly disclaim all liability for any loss or damage of whatsoever kind (whether foreseeable or not) which may arise from any person acting or relying on any statements contained in this policy and associated Agreements.

The actions of Camden Council in paying employment benefits from Salary Sacrificing Agreements to a third party does not in any way imply a transfer of responsibility or liability to Camden Council in relation to any agreement or understanding between the employee and the third party.

This disclaimer does not limit or alter those statutory rights that cannot be excluded by law or as a term and condition of an employment contract.

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RELEVANT LEGISLATION:

RELATED POLICIES:

DELEGATIONS: N

SUSTAINABILITY ELEMENT: N

STAFF TRAINING REQUIRED? N

Attachment A – Application to Salary Sacrifice – Council-Approved Benefits

Attachment B – Application to Salary Sacrifice – Novated Lease

Attachment C – Application to Salary Sacrifice – Superannuation

NEXT REVIEW DATE: July 2012

PREVIOUS POLICY

ADOPTED: n/a – new policy

MINUTE:



Application to Salary Sacrifice Council-Approved Benefits Novated Leasing

(Restricted to Camden Council FT & PT staff only)

Procedure:

- Employees wishing to Salary Sacrifice any of Council's approved benefits (see list on page 2) must complete Sections 1, 2 and 3 below.
- The employee must then obtain pre-approval from both the Employee Relations Branch and the Finance Branch at Sections 4 and 5 below.
- Once approved, the employee must attach the Salary Packaging Authority provided by Selectus to this salary sacrifice agreement, and provide both to Council's Taxation Officer (Finance Branch).
- Finance Branch will complete Section 5, organise payment, and forward a copy to Payroll Office (to action this Salary Sacrifice Arrangement request).

Section 1: Employee Details:

Surname:..... First Name:.....
Payroll Number:..... Council Contact No:.....

Section 2: Details of Salary Sacrifice Arrangement:

ITEM (from approved list below)	VENDOR	AMOUNT
		\$

Section 3: Employee Declaration:

I acknowledge that:

- I am responsible for seeking and paying for appropriate independent financial advice when entering into a salary sacrifice arrangement with Camden Council.
- I have read Camden Council's Salary Sacrificing Scheme Policy and have considered the range of effects that salary sacrificing will have on my personal circumstances.
- I understand that total cost must be salary sacrificed over a period not exceeding the lease agreement.

- I agree that upon ceasing employment with Council, any payment due under this arrangement will be deducted from my final salary (after-tax) and/or from leave entitlements.



Employee's Signature:..... Date:

Section 4: Approval by Employee Relations Branch:

Authorised by Employee Relations Manager or delegate:.....

Reason for decision (if denied):.....

Section 5: Approval by Finance Branch:

Authorised by Corporate Services Manager or delegate:.....

Reason for decision (if denied):.....

Weekly Pre – tax Amount: \$..... Salary Packaging Authority attached: Yes / No

Weekly Post – tax Amount: \$..... Commencing Date:.....

Total Weekly Amount: \$..... Period:..... years

Employee Debtor Number: (to credit weekly pre-tax deductions)

Pay Office use only:

Date received:..... Signature:.....



Application to Salary Sacrifice Council-Approved Benefits (Restricted to Camden Council Full-Time staff only)

Procedure:

- Employees wishing to Salary Sacrifice any of Council's approved benefits (see list on page 2) must complete Sections 1, 2 and 3 below.
- The employee must then obtain pre-approval from both the Employee Relations Branch and the Finance Branch at Sections 4 and 5 below.
- Once approved, the employee must obtain a Tax Invoice, attach it to this salary sacrifice agreement, and provide both to Council's Taxation Officer (Finance Branch).
- Finance Branch will complete Section 5, organise payment, and forward a copy to Payroll Office (to action this Salary Sacrifice Arrangement request).

Section 1: Employee Details:

Surname:..... First Name:.....

Payroll Number:..... Council Contact No:.....

Section 2: Details of Salary Sacrifice Arrangement:

ITEM (from approved list below)	VENDOR	AMOUNT
		\$

Section 3: Employee Declaration:

I acknowledge that:

- I am responsible for seeking and paying for appropriate financial advice when entering into a salary sacrifice arrangement with Camden Council.
- I have read Camden Council's Salary Sacrificing Scheme Policy and have considered the range of effects that salary sacrificing will have on my personal circumstances.
- I understand that total cost must be salary sacrificed over a period not exceeding 52 weeks.
- I agree that upon ceasing employment with Council, any payment due under this arrangement will be deducted from my final salary (after-tax) and/or from leave entitlements.

Employee's Signature:..... Date:

Section 4: Approval by Employee Relations Branch:

Authorised by Employee Relations Manager or delegate:.....

Reason for decision (if denied):.....

Section 5: Approval by Finance Branch:

Authorised by Corporate Services Manager or delegate:.....

Reason for decision (if denied):.....

Council's payment reference (chq/left):..... Original Tax Invoice: Yes / No

Total amount to be Salary Sacrificed: \$..... Commencing Date:.....

Weekly amount to be salary sacrificed: \$..... Period:..... weeks (maximum of 52)

Employee Debtor Number: (to credit weekly pre-tax deductions)

Pay Office use only:

Date received:..... Signature:.....

Council-Approved Benefits that may be salary sacrificed include:

- Additional Superannuation
- Novated Lease Vehicles
- LG Registered Uniforms
- Gym Membership and Personal Training fees with MALC
- Work-related Professional Memberships
- Work-related Professional Subscriptions
- Self-Education Expenses - TAFE fees, textbooks etc
(Excluding Commonwealth Funded courses eligible for HECS)
- Income Protection Insurance
- Motor Vehicles supplied by Council under leaseback arrangement.





Application to Salary Sacrifice Council-Approved Benefits Superannuation

(Restricted to Camden Council FT & PT staff only)

Procedure:

- Employees wishing to Salary Sacrifice any of Council's approved benefits (see list on page 2) must complete Sections 1, 2 and 3 below and return to Payroll Services

Section 1: Employee Details:

Surname:..... First Name:.....
Payroll Number:..... Council Contact No:.....

Section 2: Details of Salary Sacrifice Arrangement:

ITEM (from approved list below)	VENDOR	AMOUNT
Pre-Tax Superannuation per week		\$
Post-Tax Superannuation per week		\$

Section 3: Employee Declaration:

I acknowledge that:

- I am responsible for seeking and paying for appropriate financial advice when entering into a salary sacrifice arrangement with Camden Council.
- I have read Camden Council's Salary Sacrificing Scheme Policy and have considered the range of effects that salary sacrificing will have on my personal circumstances.

Employee's Signature:..... Date:



Pay Office use only:

Date received:..... Signature:.....