

Employee Information Booklet

QGP0065-21 - Salary Packaging Administration Services SOA

***Salary Packaging Information Booklet
For Queensland Health Employees***



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1. About this booklet

Disclaimer

This booklet provides information on salary packaging administration services. It has been written specifically for you as an employee of Queensland Health.

Salary packaging is allowed under the *Income Tax Assessment Act 1997* and *Fringe Benefits Tax Assessment Act 1986* (Cth) and through the standing offer arrangement QGP0065-21 with the Queensland Government.

The information contained in publications relating to salary packaging has been prepared for general information purposes only, without taking into consideration any individual circumstances. Before acting on any of the information contained within the salary packaging publications, you should consider your objectives, financial situation and needs, and if necessary, take the appropriate legal, financial or other professional advice based upon your own particular circumstances.

The contents of salary packaging publications should be read carefully to ensure you understand the salary packaging arrangement and the benefit item profiles. The Queensland Government takes no responsibility for any adverse outcomes that may result from an employee deciding to enter into any salary packaging agreement.

The Queensland Government strongly recommends you obtain independent financial advice before entering into a salary packaging agreement.

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Deputy Director-General, Queensland Government Procurement
Department of Energy and Public Works
GPO Box 123
Brisbane Qld 4001

More information

More information is available at the Queensland Government Arrangement Directory (QGAD).

Salary Packaging Administrators

Salary Packaging Administrators' host a range of information to support employees on their Queensland Government dedicated salary packaging websites:

Remuneration Services (Qld) Pty Ltd (RemServ)

<https://www.remservsalarypackage.com.au/>

Smartsalary Pty Limited (Smartsalary)

<https://qld.smartsalary.com.au/>

2. Definitions

ATO	Australian Taxation Office
Benefit items	items available for salary packaging by the employee which have been approved by CBRC
Business day	between 9am and 5pm on a weekday other than a Saturday, Sunday or public holiday
CBRC	Cabinet Budget Review Committee
Employee	the person employed by the Employer
Employer	Queensland Government agencies, Queensland Government bodies, including statutory authorities and government-owned organisations and entities as defined by the <i>Financial Accountability Act 2009</i> and the <i>Government Owned Corporations Act 1993</i>
Family member	comprises of: <ul style="list-style-type: none"> • the employee's spouse • a child, ex-nuptial child, step-child, adopted child, ex-foster child of the employee or employee's spouse • a parent, grandparent, grandchild, sister or brother of the employee
FBT	Fringe Benefits Tax as defined under FBT legislation
FBT legislation	the <i>Fringe Benefits Tax Assessment Act 1986</i> and any related tax imposition Act; includes any legislation which is enacted to validate, recapture or recoup the tax imposed by any such Acts
FBT concessional employer	an employer with employees eligible for the FBT exemption cap
FBT exemption cap	a capped FBT exemption which allows for concessional FBT treatment under the respective provisions of the <i>Fringe Benefits Tax Assessment Act 1986</i> and includes those FBT exemption caps for public hospitals (currently \$17,000 grossed up), ambulance services (currently \$17,000 grossed up), and Legal Aid Queensland (currently \$30,000 grossed up)
FBT year	The FBT year runs from 1 April to 31 March
Grossed up taxable value	means grossing up the taxable value of a fringe benefit to ensure the same tax is paid as a cash salary and includes the Medicare levy. The gross up rate is either 2.0802 (where there is an entitlement to a GST input tax credit) or 1.8868 (where there is no entitlement to a GST input tax credit)
GST	goods and services tax imposed by or through the GST legislation

GST input tax credit	the amount of GST payable in respect of any taxable supply, calculated at the rate of GST applicable at the time
GST legislation	<i>A New Tax System (Goods and Services Tax) Act 1999</i> and any related tax imposition Act (whether imposing tax as a duty of customs excise or otherwise) and includes any legislation which is enacted to validate, recapture or recoup the tax imposed by any such Acts
GUTV	abbreviation for grossed up taxable value
Non-salary packaging fringe benefits	any fringe benefit that the employer provides or results from other means than via salary packages administered by the Salary packaging administrators. Non-salary packaging fringe benefits may include, but are not limited to, home garaging of a pool car, private use of a work car, housing assistance, remote area holiday travel, living away from home allowances and salary overpayment loan fringe benefits
Novated lease	the lease of a vehicle between the employer, employee and the finance company
Payment	the payment of an expense incurred by the employee in respect of salary packaged benefit item/s in an employee's salary packaging agreement
Payroll office	the employer's area within or external to their organisation that is responsible for payroll functions/systems
Pre-tax income	the salary received by the employee before deduction of income tax
Principal	the State of Queensland (acting through Department of Energy and Public Works – Queensland Government Procurement)
Reimbursement	the repayment of an expense incurred by the employee in respect of salary packaged benefit item/s in an employee's salary packaging agreement
Salary packaged amount	the amount of salary specified by the employee and advised to the Salary packaging administrator for the duration/term of their salary packaging
Salary packaging	an agreement between the employee and the employer which allows an employee's salary to be taken as benefits before tax (payments made by the employer on behalf of the employee for benefits in lieu of salary), in accordance with Australian Taxation office guidelines expressed in Taxation Ruling TR 2001/10
Salary packaging account	the account where salary packaged amounts are held for the processing of salary packaging reimbursements and/or payments
Salary packaging administration fee	the fees the Salary packaging administrator charges the employee and receives in accordance with standing offer arrangement QGP0065-21 from the employer on behalf of the employee for administering the salary packaging arrangement

Salary Packaging Administrator	the person, business, corporation or other entity which enters into the standing offer arrangement QGP0065-21 with the Queensland Government to be a provider of salary packaging administrative services for the employer; also referred to in this guide as Salary Packaging Administrator
Standing offer arrangement QGP0065-21	the entire salary packaging arrangement between the Principal and the Salary Packaging Administrators

3. About this arrangement

Queensland Government Procurement (QGP) established Standing Offer Arrangement QGP0065-21 for the provision of salary packaging administration services.

The new Salary Packaging Administration Services SOA (QGP0065-21) replaces the previous SOA PTD0027-16.

This arrangement commenced on 1 April 2022 and is due to expire on 31 March 2026. The successful Salary Packaging Administrators available via the SOA are:

- Remuneration Services (Qld) Pty Ltd (**RemServ**)
1300 304 010 or <http://www.remservsalarypackage.com.au/>
- **Smartsalary** Pty Ltd
1300 218 598 or <https://qld.smartsalary.com.au/>.

Both Suppliers were on the previous SOA.

Since July 2016 Queensland Health employees have a choice of Salary Packaging Administrators. Visiting medical officers (VMOs) were able to join this SOA from 1 April 2022.

With the choice of two Salary Packaging Administrators, all Queensland Health employees are able to only:

- Choose either of the two Salary Packaging Administrators under the arrangement.
- Salary package with only one of the two Salary Packaging Administrators per FBT year.
- Transition between the Salary Packaging Administrators at any time, with requests processed twice a year, on 1 April and 1 November (Transition Effective Date).

Participation in salary packaging is strictly voluntary and at the sole risk to the employee.

The Queensland Government **strongly recommends** that you obtain independent financial advice.

QGP at its entire discretion may introduce different transition procedures.

Transitioning is the only way employees can move between Salary Packaging Administrators. Employees transitioning between Salary Packaging Administrators must repay any outstanding FBT liability and/or Bus Travel Benefit debt prior to transition.

Employees must not use other methods to move between Salary Packaging Administrators. This would increase their risk of incurring an FBT liability and may also have their salary packaging agreement terminated.

Employees commencing salary packaging must disclose to their Salary Packaging Administrator if they have salary packaged previously in that FBT year. This is important to avoid the possibility of incurring a personal FBT liability.

It should be noted that Queensland Health employees (i.e. incorporating the Department of Health, all Hospital and Health Services, and Queensland Ambulance Service) may maintain salary packaging arrangements with only one Salary Packaging Administrator at a time. For example, an employee holding roles within Health and Queensland Ambulance Service (QAS) concurrently may maintain salary packaging arrangements with only one Salary Packaging Administrator at a time for both roles.

Employees commencing salary packaging must disclose to their Salary Packaging Administrator if they have salary packaged previously in that FBT year. This is important to avoid the possibility of incurring a personal FBT liability.

4. Salary Packaging

Participation in salary packaging is strictly voluntary and at the sole risk to the employee.

The Queensland Government strongly recommends you obtain independent financial advice before entering into a salary packaging agreement.

Salary packaging can be a tax effective way of receiving your salary as a combination of income and benefits. Salary packaging allows you to deduct some of your pre-tax income and use it to pay for benefits.

By reducing your pre-tax income you can reduce the amount of income tax you pay and increase the amount you take home each fortnight.

Salary packaging and the benefits paid for with pre-tax income are subject to Commonwealth FBT legislation. This legislation may change from time to time and affect the salary packaging arrangements you have in place.

Your own circumstances will determine whether salary packaging will benefit you. There are tax implications which will make some benefit items unattractive for some employees, so it is important to discuss your chosen benefits with your financial adviser.

The FBT consequences for employees will largely depend on eligibility or not for the FBT exemption cap.

Full FBT benefits are viable only for employees eligible to access the [FBT exemption cap](#). FBT exempt and concessional benefits are viable options for all employees.

5. Who is eligible to participate in salary packaging?

You are eligible to participate in salary packaging if your employment is:

- permanent full or part-time
- temporary full or part-time
- long-term casual.

Casual employees are not normally eligible to participate in salary packaging, however long-term casuals (i.e. employed on a regular and systematic basis for 12 months or more) with a reasonable expectation of

ongoing employment (as per s 15(1) of the *Industrial Relations Act 2016*) are eligible to package after 12 months' employment.

The above criteria determine eligibility only for participation in salary packaging. This is **not** the same as eligibility to access the FBT exemption cap.

The FBT consequences for employees will differ depending on their eligibility for the [FBT exemption cap](#). To be eligible for the FBT exemption cap you must be working in and for a designated public hospital business area or within an eligible component of Queensland Ambulance Service.

Note re WorkCover:

Employees receiving compensation payments under an approved WorkCover claim will not be paid these payments through Queensland Health payroll from 1 April 2024. Instead, employees will be paid compensation directly from WorkCover Queensland for the duration of their claim, in order to comply with the relevant legislation, and therefore will not be eligible to salary package from payments made by Workcover Queensland.

Employees who are under an approved WorkCover claim are receiving compensation payments rather than salaries and wages. Therefore, employees are unable to salary package their remuneration from WorkCover Queensland and will need to make alternative arrangements for the duration of their WorkCover claim.

Employees under an approved WorkCover claim who have commenced a graduated return to work agreement, will only be able to salary package on hours worked and paid leave remunerated via Queensland Health payroll.

Affected employees should discuss their changed circumstances with their salary packaging provider, and also their novated lease provider (where applicable), to determine the necessary amendments to their arrangements.

6. FBT exemption cap eligibility

Eligibility for the public hospital and public ambulance services FBT exemption caps is purely a matter determined under the FBT legislation. It is your responsibility to check that your work unit is within the designated business areas eligible for the FBT exemption cap before commencing to salary package benefits subject to FBT (see the table below).

It should be noted that employees have no entitlements or status as such in this regard. The FBT exemption cap is a taxation concession for limited categories of employers under the requirements of the FBT legislation.

Employees are potentially able to achieve a tax saving through paying for benefit items with pre-tax salary through the salary packaging arrangements.

It is the benefits provided to an employee that will be eligible for the capped exemption, and only where the employee works exclusively in and for designated eligible business areas as set out below.

Concurrent / Aggregate employees

A concurrent or aggregate employee is one who holds more than employment assignment within Queensland Health at the same time.

The ATO's view in respect of concurrent positions changed in June 2015 from that previously held. Previously, the ATO's view was the applicability of the FBT exemption cap was tested against the totality of the employee's employment arrangements. This meant that to be eligible overall, all positions held by a concurrent or aggregate employee had to be eligible. The totality of concurrent and aggregate employees' working arrangements in Queensland Health had to be within designated public hospital business areas and QAS.

The ATO's current view is that the FBT exemption cap should now be considered in relation to each separate position the employee is working in.

If you occupy more than one position concurrently, and for example, one position is eligible and the other position is not, you may be able to salary package your pay from the eligible position for taxable items (assuming you remain working in this position when you receive the salary packaging benefits).

However, your pay from the ineligible position cannot be salary packaged towards taxable items without incurring FBT.

To apply the FBT exemption cap to a novated lease, you would need to salary package the pre-tax component from the eligible position only. If you were to salary package from both positions the FBT cap could not be applied to the novated lease.

It should be noted that under no circumstances will a Queensland Health employee be eligible for more than one FBT cap per FBT year with Queensland Health. This is because Queensland Health is the employer for FBT purposes and incorporates the Department of Health, all HHSs, and QAS, regardless of certain HHSs being direct employers for senior health service employees.

To remove any doubt, if you hold positions concurrently in a public hospital business area and in QAS, you would be eligible for no more than one FBT cap per FBT year. This will always be the case even if you have separate salary packaging accounts for Health and QAS with your Salary Packaging Administrator.

Projects

Where a project is under the management and control of an ineligible business area (e.g. Office of the Director-General), the project will be treated as ineligible for the FBT exemption cap. This is due to you working for an ineligible area, and therefore cannot be regarded as working in and for the eligible area (e.g. a public hospital). Issues surrounding cost centres, budgets, payroll office, and physical location are irrelevant.

Where the project is genuinely under the management and control of an eligible business area and part of its normal business functions, the project will be treated as eligible for the FBT exemption cap.

Designated eligible business areas / units

The following business areas of Queensland Health are designated as eligible for application of the public hospitals or public ambulance services FBT exemption cap in accordance with the *Fringe Benefits Tax Assessment Act 1986*.

The below table is subject to change due to organisational and functional changes to business areas and is therefore periodically reviewed and is current as at **2 April 2024**. The remaining business areas and units of Queensland Health not included in the below table are **ineligible** for the public hospitals and public ambulance services FBT exemption cap.

Category	Designated Eligible Business Areas	Comments		
1.1	Queensland Ambulance Services - QAS	All of QAS is eligible as a public ambulance service with the exception of the Health Contact Centre.		
1.2	Retrieval Services Queensland - RSQ	All of RSQ is eligible with the exception of the Aeromedical Contracts Management and Support Unit.		
2.1	Hospital and Health Services – HHSs all as gazetted	All the functions and services that are genuinely under the direction, management, control, and accountability of the HHS Chief Executive. Functions and services which are merely hosted in the HHS will NOT be regarded as eligible.		
2.2	All HHS Board Chairs and Members – HHSs	All HHS Board Chairs and Members are “office holders” and are regarded as “employees” for FBT purposes. This excludes Board Advisers who are not “office holders” or employees and are therefore out of scope.		
3.1	Certain Accounts Payable Teams exclusively servicing HHSs (part of <u>Finance Branch, Corporate Services Division</u>) as follows: <table border="1" data-bbox="286 1220 1601 1361"> <tbody> <tr> <td> <ul style="list-style-type: none"> • Cairns • Townsville (staff located in Mackay) • Rockhampton </td> <td> <ul style="list-style-type: none"> • Toowoomba • Sunshine Coast </td> </tr> </tbody> </table>	<ul style="list-style-type: none"> • Cairns • Townsville (staff located in Mackay) • Rockhampton 	<ul style="list-style-type: none"> • Toowoomba • Sunshine Coast 	Remainder of Finance Branch is ineligible.
<ul style="list-style-type: none"> • Cairns • Townsville (staff located in Mackay) • Rockhampton 	<ul style="list-style-type: none"> • Toowoomba • Sunshine Coast 			

Category	Designated Eligible Business Areas			Comments
	<ul style="list-style-type: none"> Metro South Gold Coast Childrens 	<ul style="list-style-type: none"> Wide Bay (staff located at Maryborough & Bundaberg) Metro North 		
3.2	Group Linen Services – GLS (a part of Corporate Services Division)			Exclusively servicing HHSs - all of GLS is eligible.
3.3	Central Pharmacy (a part of Corporate Services Division)			Exclusively servicing HHSs - all of Central Pharmacy is eligible.
3.4	Warehousing and Logistics (a part of Corporate Services Division)			Exclusively servicing HHSs – all of Warehousing and Logistics is eligible.
3.5	Certain components of Supply Chain Services exclusively servicing HHSs (part of <u>Corporate Services Division</u>) as follows:			Remainder of Supply Chain Services is <u>ineligible</u> .
	Metro North <ul style="list-style-type: none"> Nambour SCUH Gympie 	<ul style="list-style-type: none"> Caloundra Caboolture Redcliffe 	<ul style="list-style-type: none"> Prince Charles RBWH Bowen Hills 	
	Positions as listed: <ul style="list-style-type: none"> Metro North Manager Supply Chain Services Metro North Supervisor Supply Chain Services 			
3.6	Certain components of System Procurement exclusively servicing HHSs (part of <u>Corporate Services Division</u>) as follows:			Remainder of System Procurement is <u>ineligible</u> .
	Certain Regional Procurement Service Delivery Hubs, i.e.: <ul style="list-style-type: none"> Northern Region Hub Central and Southern Region Hub 			
4.1	Regional Mortuary Services (a part of <u>Queensland Public Health and Scientific Services</u>)			Hospital-based only.
	<ul style="list-style-type: none"> Royal Brisbane and Women’s Hospital 	<ul style="list-style-type: none"> Cairns Hospital 		

Category	Designated Eligible Business Areas			Comments
	<ul style="list-style-type: none"> • The Prince Charles Hospital • Princess Alexandra Hospital • Nambour Hospital • Rockhampton Hospital • Townsville University Hospital 		<ul style="list-style-type: none"> • Mount Isa Hospital • Gold Coast University Hospital • Toowoomba Hospital • Mackay Hospital 	
4.2	Biomedical Technology Services - BTS (a part of <u>Queensland Public Health and Scientific Services</u>)			Exclusively servicing HHSs - all of BTS is eligible.
4.3	<p>Certain components of Pathology Queensland (part of <u>Queensland Public Health and Scientific Services</u>) exclusively servicing HHSs as follows:</p> <ul style="list-style-type: none"> • 35 Hospital based pathology laboratories <ul style="list-style-type: none"> ○ Longreach ○ Charleville ○ Roma ○ Toowoomba ○ Dalby ○ Warwick ○ Thursday Island ○ Cairns ○ Atherton ○ Innisfail ○ Mackay ○ Bundaberg ○ Gold Coast (GCUH) ○ Robina ○ Logan ○ Princess Alexandra (PAH) ○ QE II ○ Redlands ○ Ipswich ○ Central RBWH ○ Queensland Children’s (QCH) ○ Townsville ○ Mt Isa ○ Caboolture ○ Redcliffe ○ The Prince Charles (TPCH) ○ Hervey Bay ○ Gympie ○ Nambour ○ Kingaroy ○ Emerald ○ Rockhampton ○ Gladstone ○ Maryborough ○ Sunshine Coast University (SCUH) <p>Positions and Units as listed:</p> <ul style="list-style-type: none"> • Executive Director Laboratory Operations • Discipline Medical Directors • COVID response team • Business Improvement and Service Innovation Unit 			Remainder of Pathology Queensland is <u>ineligible</u> .

Category	Designated Eligible Business Areas		Comments				
	<ul style="list-style-type: none"> • Group Medical Directors • State-wide Phlebotomy Coordinator • Regional Relievers • Point of Care Testing • Business Liaison Unit • Assets & Contracts Unit 	<ul style="list-style-type: none"> • Skills Development Unit • Quality Unit • Operations Managers – Central Laboratory, Greater Metropolitan, Regional Laboratory • Chief Pathologist 					
5.1	<p>Certain components of Payroll Transactional Services exclusively servicing HHSs (part of Corporate Enterprise Solutions, <u>Corporate Services Division</u>) as follows:</p> <ul style="list-style-type: none"> • Certain teams within Chermide Service Centre, i.e., <ul style="list-style-type: none"> ○ Separations Chermide ○ Metro North Payroll Team ○ Children’s Health Queensland Payroll Team ○ Sunshine Coast Payroll Team • Certain teams within Rockhampton Service Centre, i.e., <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> ○ Separations Rockhampton ○ Wide Bay Payroll Office ○ Cairns Payroll Office </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> ○ Mackay Payroll Office ○ Townsville Payroll Office ○ Rockhampton Payroll Office </td> </tr> </table> • Certain teams within Meadowbrook Service Centre, i.e., <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> ○ Meadowbrook Payroll Office (Metro South HHS) ○ Separations Meadowbrook </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> ○ Nerang Payroll Office ○ Toowoomba Payroll Office ○ Ipswich Payroll Office </td> </tr> </table> • Certain teams within Central Service Centre, i.e., <ul style="list-style-type: none"> ○ Senior Medical Payroll Team 		<ul style="list-style-type: none"> ○ Separations Rockhampton ○ Wide Bay Payroll Office ○ Cairns Payroll Office 	<ul style="list-style-type: none"> ○ Mackay Payroll Office ○ Townsville Payroll Office ○ Rockhampton Payroll Office 	<ul style="list-style-type: none"> ○ Meadowbrook Payroll Office (Metro South HHS) ○ Separations Meadowbrook 	<ul style="list-style-type: none"> ○ Nerang Payroll Office ○ Toowoomba Payroll Office ○ Ipswich Payroll Office 	<p>Remainder of the Corporate Enterprise Solutions is <u>ineligible</u>.</p>
<ul style="list-style-type: none"> ○ Separations Rockhampton ○ Wide Bay Payroll Office ○ Cairns Payroll Office 	<ul style="list-style-type: none"> ○ Mackay Payroll Office ○ Townsville Payroll Office ○ Rockhampton Payroll Office 						
<ul style="list-style-type: none"> ○ Meadowbrook Payroll Office (Metro South HHS) ○ Separations Meadowbrook 	<ul style="list-style-type: none"> ○ Nerang Payroll Office ○ Toowoomba Payroll Office ○ Ipswich Payroll Office 						

Category	Designated Eligible Business Areas	Comments
6.1	Rural and Remote Clinical Support Unit exclusively servicing HHSs - part of the Office of Rural and Remote Health (part of <u>Clinical Excellence Queensland</u>)	Remainder of Clinical Excellence Queensland is ineligible.
7.1	Certain components of eHealth Queensland exclusively servicing HHSs as follows:	Remainder of eHealth Queensland is <u>ineligible</u> .
	<ul style="list-style-type: none"> • Metro North Digital Partnership Team (DPT) <ul style="list-style-type: none"> ○ Metro North Digital Partnership Management ○ Metro North DPT1 ○ Metro North DPT2 ○ Metro North DPT3 ○ Redcliffe Caboolture EUC • Sunshine Coast DPT <ul style="list-style-type: none"> ○ Sunshine Coast DP Management ○ Sunshine Coast 2 ○ Sunshine Coast 3 ○ Sunshine Coast 4 • Far North DPT <ul style="list-style-type: none"> ○ Cairns DP Management ○ Cairns 1 ○ Cairns 2 ○ Cairns 3 • Children’s DPT <ul style="list-style-type: none"> ○ Children’s Management ○ Children’s 1 ○ Children’s 2 • Gold Coast DPT <ul style="list-style-type: none"> ○ Gold Coast DP ○ Gold Coast 1 	<ul style="list-style-type: none"> • Metro South DPT <ul style="list-style-type: none"> ○ PAH DPT ○ Metro South DP • South West DPT <ul style="list-style-type: none"> ○ South West 1 ○ South West 2 ○ South West 3 ○ Warwick DPT ○ West Moreton EUC ○ West Moreton DP • Central DPT <ul style="list-style-type: none"> ○ Central 1 ○ Wide Bay 1 ○ Wide Bay 2 ○ Rockhampton 1 ○ Rockhampton 2 ○ Longreach DPT ○ Gladstone • DPT Managers listed below only: <ul style="list-style-type: none"> ○ Manager Northern DPT ○ Manager South West DPT ○ Manager Metro South DPT ○ Manager Central DPT ○ Manager Sunshine Coast DPT

Category	Designated Eligible Business Areas		Comments
	<ul style="list-style-type: none">• Northern DPT<ul style="list-style-type: none">○ Northern DP Management○ Townsville 1○ Townsville 2○ Mackay 1○ Mt Isa DP	<ul style="list-style-type: none">○ Manager Gold Coast DPT○ Manager Far North DPT○ Manager Metro North DPT	

7. Determining what to salary package

You have a choice of which benefit items to package from those approved by Queensland Government to be included in the arrangement. The salary packaging benefits item categories listed under standing offer arrangement QGP0065-21 are:

- FBT exempt items (e.g. superannuation)
- Concessional FBT items (e.g. novated lease)
- Full FBT benefit items (e.g. home mortgage payments).

The salary packaging of full FBT items is viable only for those Queensland Health employees who are eligible under the Commonwealth FBT legislation to access an FBT exemption cap. FBT exempt and concessional benefits are viable options for all employees.

A list of the approved benefit items available is provided via the FBT Exempt and Full FBT Fact Sheets available on the Salary Packaging Administrative Services SOA page on QGAD and the Salary Packaging Administrators' Queensland Government [dedicated websites](#).

Superannuation

Subject to any future limitations set by the ATO, an employee may package up to 50% of their salary into items other than superannuation. Superannuation may be packaged up to 100% of salary (excluding that portion of superannuation which is nominated as the 'employer contribution').

That is, an employee may choose to salary package in either the following combinations:

- Any percentage of salary up to 100% packaged to superannuation only (see note below)
- Up to 50% of salary, packaged to other items, plus the remaining percentage, up to a total of 100% of salary, packaged to superannuation (e.g. 20% to laptop, 20% to novated car lease, plus 60% to superannuation) (see note below).

'Total Salary' ordinarily means the total gross remuneration including salaries, wages and permanent allowances, but excluding overtime. It is, however, subject to any provisions to the contrary as contained in a certified agreement or directive issued under section 223 of the *Public Sector Act 2022*. Total salary excludes cash equivalent of leave and is therefore out of scope of the salary packaging arrangements.

Note: Information regarding federal legislation governing superannuation contributions can be found in the 'Superannuation Salary Packaging Information Booklet' available on the Salary Packaging Administrative Services SOA page on QGAD.

Motor vehicle novated lease (private use)

QGP has established the QGP0026-16 Salary Packaging Novated Leasing Services SOA for novated leasing services, effective from 7 November 2016.

All new leases and re-financed leases, must be established with one of the approved panel of suppliers on this arrangement and the Queensland Government's Standard Novation Agreement must be used.

The establishment of this arrangement will not impact on novated leases established prior to this date and will continue to operate until their expiry date.

8. Financial advice

Salary packaging will adjust your salary amounts and may in some instances be unsuitable for some Queensland Government employees. It is strongly recommended you consult a financial adviser to discuss if salary packaging is suitable for you.

The Salary Packaging Administrators maintain a list of financial advisers or you can consult a:

- Chartered Accountant
- Certified Practising Accountant (CPA)
- licensed member of the Financial Planning Association of Australia (FPA)
- member of the Institute of Public Accountants (IPA).

9. What does it cost

Administration fees will be paid fortnightly pre-tax as part of your salary packaging payroll deduction. Details of salary packaging administration fees are available from the Salary Packaging Administrative Services SOA page on QGAD.

10. Starting salary packaging

If you are not salary packaging and wish to start salary packaging, you will need to complete and submit to your chosen Salary Packaging Administrator the *salary packaging participation agreement (SPPA)*, *salary packaging application form* and any relevant salary packaging declarations.

All salary packaging documentation is available on the Salary Packaging Administrators' Queensland Government [dedicated websites](#).

Your financial adviser may also submit the relevant salary packaging documentation on your behalf.

Your Salary Packaging Administrator will contact you or your financial adviser if your application is incomplete or missing the required substantiation. Processing may be delayed in circumstances where the required information is not provided.

Once processing is completed, arrangements will be made with your payroll office to start your salary packaging deductions. When this will start will depend on the Queensland Government pay cycle arrangements. Your payroll office will then forward your fortnightly payroll deductions to your Salary Packaging Administrator.

It is **your responsibility** to check your pay slip and salary packaging statements to ensure that the correct amounts are being deducted and to notify your Salary Packaging Administrator if the amounts are not as requested.

You can check your salary packaging account details through your Salary Packaging Administrator websites.

Note: Any changes to your regular banking or payment arrangements (e.g. cancellation of direct debits) that are required because of your salary packaging must be made by you.

11. Salary packaging payments or reimbursements

The payment options available are:

- direct payment to the benefit item provider (one off or regular)
- reimbursement to you (one off or regular).

Payment options available will vary depending upon the benefit item you salary package. The approved benefit item fact sheet will stipulate the payment options that apply for each benefit item.

You must complete and submit to your Salary Packaging Administrator, the relevant benefit item payment/reimbursement claim form. Salary packaging claim forms are available for download through the Salary Packaging Administrator's websites.

Direct payment to the benefit item provider

Direct payments will be processed by your Salary Packaging Administrator on the scheduled date of payment.

Reimbursements

Reimbursements to you will be processed by your Salary Packaging Administrator within three (3) business days from receipt of your claim, provided the correct substantiation has been provided and there are sufficient funds accumulated in your salary packaging account.

Notes:

- You may request that your Salary Packaging Administrator provide part payment of reimbursement/s, for instance, where there are insufficient funds in your salary packaging account.
- Regular reimbursement arrangements will be set up for a fixed term (e.g. 12 months). Upon expiry of the fixed term, you will be required to provide renewal information to your Salary Packaging Administrator to substantiate claims.

It is important to note that regular payments, such as novated lease payments or own home mortgages, will take precedence over requests for ad hoc payments or reimbursement requests.

Things to know about payments and reimbursements:

- Payments and reimbursements can be made only when you have provided the required substantiation (e.g. invoice).
- Payments and reimbursements can be made only by the Salary Packaging Administrator from available funds held in your salary packaging account.
- To ensure there are sufficient funds in your salary packaging account, your Salary Packaging Administrator may withhold a minimum balance.
- **You must not salary package any expenses which you have claimed or intend to claim as an income tax deduction, nor any expenses that have or will be reimbursed by your employer.**
- The date the payment is made is the date the fringe benefit is provided (except in the case of a novated lease which involves a car fringe benefit being provided on a day-to-day basis).
- Payments for novated leases will be paid only after two fortnightly contributions have been received from your payroll office. There may be instances (e.g. prior to sufficient funds build in your salary

packaging account) where you will need to meet the initial payments for your novated lease from your after tax income.

- You can claim for expenses only from your salary packaging anniversary date with your current Salary Packaging Administrator and all subsequent years. For example:
 - If your salary packaging anniversary date is 1 April 2020 with your current Salary Packaging Administrator, you can claim expenses incurred from 1 April 2020 and for all future FBT years.
 - If you commenced salary packaging on 5 September 2022 with your current Salary Packaging Administrator, you can claim expenses incurred from that date forward.
 - If you transitioned between Salary Packaging Administrators on 1 April 2023, you cannot claim expenses incurred prior to this date with your new provider.
- You generally cannot claim an exempt Portable Electronic Device more than once per FBT year, even if you have transitioned Salary Packaging Administrators during the FBT year.
- Benefit item payments will be unable to be processed if there are insufficient funds in your salary packaging account or if your payroll office has not forwarded funds to your Salary Packaging Administrator. In these circumstances you will be responsible for payments due.
- You will need to advise your Salary Packaging Administrator if part payments for reimbursements are required.
- All benefit item payments and reimbursements will cease if you terminate your employment with the Queensland Government.
- If you are on leave without pay, all benefit item payments and reimbursements will cease once funds held in your salary packaging account have been exhausted.
- Payments and reimbursements will be made by electronic funds transfer in most cases. You must ensure your bank account details are provided to your Salary Packaging Administrator.
- If requesting a direct payment, please ensure that you include the BPay details (often on the reverse side of the bill).
- Any bank fees payable, due to incorrect account details provided by you, will be deducted from your salary packaging account.
- Completion of a payment or reimbursement does not automatically stop or reduce your payroll deduction. You must advise your Salary Packaging Administrator if you would like to amend or stop salary packaging payroll deductions (not your payroll office).
- Some payments and reimbursements will cease when the substantiation provided expires. This applies where a total payment is completed or where the end date (e.g. on a lease agreement for a home rental or regular reimbursement arrangement) is reached. You will need to provide further substantiation for a payment or reimbursement to be restarted if this occurs.
- It is not the intent of salary packaging for employees to accrue excessively large balances remaining unused for long periods of time. Where this occurs the employer may instruct the Salary Packaging Administrator to return the excess funds to the employee through payroll less tax.

12. Salary packaging amendments

An amendment is where a benefit item is added or deleted, regular payment amounts are adjusted, or your payroll deduction amounts alter.

You also need to notify your salary packaging provider if you change:

- employer
- bank account details
- personal details (e.g. name, address, email, telephone).

If you wish to **amend** your salary packaging agreement you will need to complete and submit to your Salary Packaging Administrator, the relevant salary packaging amendment form available from their website.

Note: Changes to bank account details do not constitute a benefit item amendment.

13. Ceasing salary packaging

You can cease your salary packaging at any time by giving at least 21 days' notice in writing to your Salary Packaging Administrator. You also need to complete the salary packaging cessation form and submit to the Salary Packaging Administrator.

Any funds remaining in your salary packaging account on termination or cessation of your salary package cannot be taken as a cash payment from your provider, these funds can either be:

- Used for other benefit item payments or reimbursements
- Transferred to your Superannuation account (if salary packaging superannuation)
- Returned to your payroll office to be paid as salary and taxed accordingly.

If your employment with the Queensland Government is terminated you must cease your salary packaging agreement and advise your salary packaging administrator in writing, 14 days before the termination of your employment.

If you do not provide the Salary Packaging Administrator with instructions regarding the remaining funds in your salary packaging account, any funds remaining will be returned to your payroll office for payment to you as taxed salary. You cannot continue to make claims to run down your balance for a period of time post termination.

14. Changes in employment (e.g. transfers, secondments)

If you are transferred or seconded to another government agency, you must provide written notification and submit to the Salary Packaging Administrator 14 days prior to the transfer or secondment. This will ensure that correct reporting to your payroll office and agency occurs.

You must complete and submit to the Salary Packaging Administrator the *change of employer amendment form* in relation to transferring or seconding to another government agency.

In addition, it is important that FBT cap eligible employees notify their payroll office (whether or not your payroll office processing site changes) and their Salary Packaging Administrator when transferring or

seconding from a work group (permanently, temporarily or part time), to determine if their FBT exemption cap eligibility has altered, thereby affecting their liability for FBT.

You will be responsible for any FBT resulting from your salary packaging following any changes in employment arrangements.

15. Salary packaging and tax deductions

Any benefit item salary packaged from pre-tax dollars cannot be claimed as a deduction on your income tax return. For example, if you claim reimbursement of your union membership fees through salary packaging, you cannot also claim a tax deduction, which would attract significant penalties from the ATO.

You should discuss your income tax return claims with your tax adviser for more information.

16. Salary packaging and reimbursements from your employer

You cannot salary package any benefit items which you have already claimed or intend to claim as an expense through your employer, or as a deduction on your income tax return.

17. Fringe Benefits Tax (FBT)

Under the terms of the SPPA, any FBT liability incurred as a result of your participation in salary packaging will be your responsibility. Please note that ultimately FBT is an employer tax and Queensland Health is responsible for FBT decisions made as part of completing its annual FBT return.

While reasonable questions will be responded to, employees should understand Queensland Health cannot engage in protracted discussions with employees or their representatives regarding FBT interpretations. Queensland Health is responsible only to the ATO in this regard.

The SPPA which employees sign when commencing salary packaging provides a comprehensive explanation of employees' responsibility regarding FBT liabilities.

Prior to entering into a salary packaging agreement, it is strongly recommended that you:

- Read all relevant salary packaging documentation (e.g. information booklets, fact sheets) to fully understand the terms and conditions of your salary package
- Obtain independent financial advice.

Reportable Fringe Benefits Amount (RFBA)

Queensland Health is required to keep records of the fringe benefits provided to you and must record the grossed up taxable value of those fringe benefits on your income statement (previously known as a payment summary or group certificate) for the corresponding income tax year. This is referred to as the reportable fringe benefits amount (RFBA).

An RFBA may affect your income tests for benefits and obligations under certain Commonwealth laws. You are advised to consider seeking independent financial advice on this matter.

Grossing up

Grossing up ensures that the amount of FBT paid on a fringe benefit is the same as the tax paid if the employee received cash salary which is taxed at the highest marginal rate plus the Medicare levy. The current rates are:

- gross up rate for items attracting GST = 2.0802
- gross up rate for items without GST = 1.8868.

For example, an annual motor vehicle expense fringe benefit of \$2,200 will be grossed up to \$4,576.44 using the gross up rate of 2.0802 (the gross up rate for items attracting GST). The FBT payable on such a benefit would be \$2,150.93, using the current FBT rate of 47%.

The gross up rate of 1.8868 is always used in calculating the RFBA which appears on your annual employee income statement reported in myGov. For example, the RFBA of a motor vehicle expense of \$2,200.00 will be \$4,150.96.

Risk of potential legislative changes

You are responsible for any FBT liability incurred as a result of salary packaging and no compensation is available under any circumstances. Under the terms of the SPPA salary packaging is at the sole financial risk of the employee.

There is always the possibility of changes

- in legislation
- ATO interpretation

or

- as a result of ATO rulings obtained by Queensland Treasury or Queensland Health.

Queensland Health will advise employees as soon as possible where such changes potentially affect employees' salary packaging arrangements.

What happens at the end of the FBT year?

Any credit balance left in your salary packaging account can be:

- Rolled over into the new package year and used for benefits
- Transferred to your Superannuation account, or Mercy Super for certain employees of the Queensland Children's Hospital (if you are salary packaging superannuation)
- Returned to your payroll office to be paid as salary and taxed accordingly.

Note: Any unused portion of an FBT exemption cap by Queensland Health hospital employees and Queensland Ambulance Service employees cannot be used in subsequent years; any amounts spent in the new FBT year will fall within the new FBT year's cap.

FBT exemption cap eligibility (only applicable to hospital and QAS employees)

FBT exemption cap eligibility is an employer concession under the FBT legislation applicable to benefits provided to employees working exclusively in and for the designated eligible business areas of Queensland Health, and effectively limits the FBT exemption to a cap of \$17,000 grossed-up taxable value (GUTV).

A grossed-up value of \$17,000 equates to actual fringe benefit items costing between \$8,172 and \$9,010 in total (depending on the impact of GST) for the FBT year 1 April to 31 March, constituting the employer cap limit.

The FBT exemption cap operates per employee / per employer / per FBT year. For FBT purposes Queensland Health is the employer, whether or not a Hospital and Health Service is the common law employer for certain categories of employees such as senior medical officers. Queensland Health in terms of the FBT employer encompasses the Department of Health, all HHSs, and QAS.

It is important to understand that the FBT exemption cap applies only to benefits provided while the employee is employed within and working for a designated Queensland Health hospital business area.

No employee should regard FBT exemption cap eligibility as an entitlement. It is simply a tax concession currently available to certain parts of Queensland Health based on the application of the FBT legislation. While Queensland Health has made every effort to ensure this application is correct, the ATO can change its position at any stage as it is a question of legislative interpretation.

You need to be aware that changes in Queensland Health's organisational and functional structures can affect the FBT exemption cap eligibility of business areas. Under Queensland Government policy no compensation or grandfathering arrangement can be provided to employees who may lose access to the tax benefits available from accessing the FBT cap for salary packaging.

Change of FBT exemption cap status due to role change

When transferred, seconded, promoted, relieving or otherwise undertaking duties in another position, unit or agency (permanently, temporarily or part-time) and whether or not your payroll office processing site changes, your FBT exemption cap eligibility may alter. This can affect your liability for FBT.

FBT exemption cap eligibility audits are undertaken on a regular basis to identify any employees incorrectly claiming eligibility for the full FBT exemption cap.

You will be responsible for any FBT owing and for any shortfall that may occur in your salary packaging due to any change in your FBT exemption cap eligibility.

18. Reportable fringe benefits amount and government allowances

The RFBA will not be included in your taxable income or affect the amount of standard Medicare levy you pay. The RFBA will, however, be used for income tests for various Commonwealth benefits and surcharges, such as:

- Medicare levy surcharge
- HELP (formerly HECS) repayments
- Child Support obligations
- Family Tax Benefit
- Child Care Benefit
- Private Health Insurance rebate
- Certain tax offsets
- Youth Allowance (parental income test).

For further details please:

- contact the Tax Information Line 132 861 (toll free)
- refer to the [ATO website](#).

19. GST input tax credits

Any benefit item expense paid or reimbursed that has applicable GST will be eligible to be claimed back from the ATO if a valid tax invoice is provided as substantiation.

Employees do not have to pay GST at time of claiming, as the GST is floated by the Salary Packaging Administrators and is refunded to them after Queensland Health has received its monthly BAS refund.

20. Non-salary packaged taxable fringe benefits considerations (applicable only to FBT cap eligible public hospital & QAS employees)

Under the FBT legislation the cap applies to the aggregation of both salary packaged and non-salary packaged fringe benefits.

Non-salary packaged fringe benefits are those that Queensland Health provides other than via the salary packaging arrangements. Examples of non-salary packaged fringe benefits which may be provided to employees in Queensland Health include, but are not limited to:

- Accommodation assistance (rent assistance)
- Provision of accommodation
- Relocation, transfer and appointment expenses
- Living Away from Home benefits
- Reunion Flights
- SARAS and Self Education claims
- Communication packages
- Private use of a work-provided car.

The Queensland Government salary packaging policy in respect of the **2022/23 and prior FBT years** requires any non-salary packaged fringe benefits to have first priority when applying the FBT exemption cap. This is because it is a fundamental principal of the Queensland Government policy that the salary packaging arrangements must be cost neutral to agencies.

However, as part of State Budget outcomes, the Queensland Government has **varied** the salary packaging policy in respect of the **2023/24 and future FBT years**. Non-salary packaged fringe benefits no longer are required to have first priority when applying the FBT exemption cap in respect of benefits provided to FBT cap eligible Queensland Health employees.

It should be noted that there is no change in the policy in respect of the 2022/23 FBT year and prior years, nor is there any change to the scope of eligibility for the FBT cap.

Government approved this variation in order to improve salary packaging arrangements for HHS employees in particular, and to assist addressing workforce attraction and retention challenges across the State.

Consequently, in respect of the 2023/24 and future FBT years, salary packaged fringe benefits will take first priority when applying the FBT exemption cap. This means that FBT cap eligible employees will be able to utilise the full value of the FBT cap for salary packaging from the 2023/24 FBT year onwards.

The diagram below further explains how the FBT cap is applied for FBT cap eligible employees in respect of the 2023/24 and future FBT years:

