

Arrangements for salary packaging

What is Salary Packaging?

Salary packaging is an arrangement by which an employee agrees to forego part of their future salary or wages in return for their employer providing benefits of a similar value.

For tax reasons, a legitimate salary packaging arrangement cannot be made retrospectively for salary or wages which have already been earned. Depending on individual circumstances employees may obtain a benefit in net remuneration but it must be at no additional cost to the Government as the employer.

What Can Be Salary Packaged?

The full list of the Queensland Government approved benefit items is included in [Attachment One](#).

Provision to be in Certified Agreements

The Government's approval of the introduction of salary packaging in the Queensland public sector was on the basis that it would be delivered through wage bargaining where business cases had been approved by the Government as part of the wage bargaining approval process.

The Office of Industrial Relations shall be consulted when an agency wishes to have a suitable clause inserted into a certified agreement or an award.

Salary Packaging Principles

The following are the Queensland Government's salary packaging principles which have been endorsed by Government:

- There is to be no cost to the Government either directly or indirectly. The fringe benefits tax (FBT) debts and recovery policy is found at [Attachment Two](#).
- The costs for administering the package, including FBT, will be passed onto employees as part of their salary package.
- There must be no additional increases in superannuation costs or to FBT payments made by the Government.
- Increases or variations in taxation that arise from salary packaging arrangements are passed onto employees as part of their salary package.
- The Government strongly recommends that employees obtain independent financial advice before entering into salary packaging.
- There will be no significant additional workload or other recurring costs to the Government.

- The salary packaging arrangements will be managed through contracted approved companies which provide a salary packaging administration service. Salary packaging administration suppliers are to be contracted through the appropriate Queensland Government Procurement Policy arrangement.
- The management and administrative costs charged by the salary packaging administration supplier are to be recovered from the participating employee.

Requirements of the Australian Taxation Office (ATO)

Currently the ATO does not have a limit on the percentage of income that can be packaged, however 50% is considered an appropriate maximum proportion. The Government has approved that there be no limit on the amount of salary that an employee may salary package towards superannuation. (See NOTE at page 9). Examples are included on page 6.

Standing Offer Arrangements (SOA)

All Queensland Government departments and agencies, including Statutory Bodies and Statutory Authorities (other than Government-Owned Corporations) are required to fully participate in the SOAs administered by Queensland Government Procurement for the purposes of Queensland public sector salary packaging. This includes using services of the salary packaging administration suppliers and novated leasing providers contracted under the applicable SOAs, and ensuring employees have access to all of the Queensland Government approved benefit items (but no others).

Government-Owned Corporations (GOCs) may at their discretion participate in the applicable SOAs.

Participating employees will be required to recompense any administration fees as agreed in the SOA (or another contractual arrangement if the SOA is not used in the case of a GOC) by including them in their salary packaging amounts. The fees charged for administering the salary packaging payments made under the SOA will be deducted from the employee's pre-tax salary packaged amount that has been transferred by the employer to the salary packaging administration supplier. On this basis, the payment of these fees will not be subject to FBT.

Salary Packaging Administration Services SOA from 1 April 2022

During 2021/22 a process to enter into a new Standing Offer Arrangement (SOA No. QGP0065-21) was undertaken resulting in a panel arrangement of two salary packaging administration suppliers. This panel SOA replaced the previous Standing Offer Arrangement PTD0027-16. Effective from 1 April 2022, the two suppliers are Remuneration Services (Qld) Pty Ltd (RemServ) and Smartsalary Pty Limited.

Under the SOA employees may:

- Salary package with only one (1) salary packaging administration supplier at any one time (including where employees may occupy more than 1 role and/or work in more than 1 agency);
- Request transition to the other salary packaging administration supplier at any time; and
- Transition to the other salary packaging administration supplier at the commencement of the FBT year (1 April) or mid FBT year (1 November).

However, it should be noted that Queensland Government Procurement at its entire discretion may vary this and introduce different transition procedures.

Employees wishing to transition to the other salary packaging administration supplier must repay any outstanding Bus Travel Benefit (BTB) and FBT liabilities prior to transition.

Salary Packaging Administrators

The salary packaging administration suppliers are to:

- Provide documentation to employees explaining salary packaging;
- Conduct information sessions for employees in Brisbane and regional centres; and
- Provide ongoing administration.

Liability

There are four main contractual relationships that need to be considered:

- Agency and participating employee.
- Agency and salary packaging administration supplier.
- Employee and salary packaging administration supplier.
- Employee and their financial adviser.

The Salary Packaging Participation Agreement provides for the following:

- Indemnity of the agency against any claims by the employee arising from the salary packaging SOA;
- The employee's written or electronic authorisation for the agency to make the necessary deductions from salary; and
- The employee acknowledges and agrees any FBT liability raised as a result of the employee's participation in salary packaging will be the responsibility of the employee.

The Salary Packaging Participation Agreement between the agency and the employee allows the employee mobility across the public sector with minimal disruption to their salary packaging arrangements.

Novated Leasing Services SOA

During 2023/24 a process to enter a new Standing Offer Arrangement (SOA No. QGP0066-23) was undertaken resulting in a panel arrangement of ten novated leasing services suppliers. This SOA commenced on 1 March 2024 and replaced the previous SOA QGP0026-16. The approved novated leasing providers are:

- Alliance Leasing Pty Ltd
- Easifleet Pty Ltd
- FAA Payroll & Admin Services Pty Ltd trading as FAA Sal Pac (FSP)
- FleetPlus Pty Ltd
- LeasePLUS Pty Ltd
- JJCT Packaging Pty Ltd trading as Positive Salary Packaging
- Remuneration Services (Qld) Pty Ltd
- Salary Packaging Australia Pty Ltd
- Smartsalary Pty Limited trading as Smartleasing; and
- Statewide Novated Leasing Pty Ltd.

In a novated lease, the novated leasing provider sources a vehicle for the employee who enters into a finance lease with a financier to lease the car. The rights and obligations of the lease are then novated (transferred) to the employer via a Novation Agreement (Queensland Government Standard Novation Agreement). This Agreement is a tri-partite agreement between the financier, employer and employee. The employee and employer enter into a salary packaging agreement to fund the novated lease costs from a combination of pre- and/or post-tax fortnightly payroll deductions.

Novated Leasing Providers

The novated leasing providers are to:

- Establish and maintain a novated lease for an employee, including providing quotes, as well as coordination and execution of the Queensland Government Standard Novation Agreement with the employee, employer and the financier/guarantor (if applicable);
- Process and settle the novated lease (including vehicle delivery); and
- Arrange regular payments and reimbursement of novated leasing expenses.

Independent Financial Advice

These arrangements do not contain any mandatory requirement for independent financial advice. However, the Queensland Government strongly recommends that employees obtain independent financial advice before entering into a salary packaging arrangement. Independent advice is where the financial adviser is remunerated through charging clients fees rather than receiving commissions for advising and referring investment products.

Superannuation

Queensland public sector employees are able to choose their own superannuation fund. However, QSuper will remain the default fund, which means an employee's superannuation contributions made by way of salary packaging will continue to be made to QSuper unless the employee exercises their choice. Superannuation payments are to be sent directly from the agency's payroll to the employee's nominated super fund, rather than being paid through a salary packaging administrator's account.

If employees wish to exercise their choice, they should carefully consider their options and consider seeking independent financial advice. Agencies' human resources units or payroll providers can advise how to arrange for employee's superannuation contributions to be paid to a different provider — but they cannot provide employees with advice on which fund to choose. For more information, please visit: www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/pay-benefits-and-leave/superannuation

Government Boards, Committees and Statutory Authorities

Remuneration of part-time members of decision-making government boards, committees and Statutory authorities (i.e., "office holders" under Taxation Ruling TR 2002/21) may be salary packaged in accordance with this Circular.

Members of committees which are advisory only (i.e., are not decision-making) in nature are not "office holders", and accordingly are out of scope of the Queensland Government salary packaging arrangements.

Further Enquiries

Please ensure when distributing or publishing this information within your agency that a contact officer from your agency is nominated for further enquiries.

FURTHER INFORMATION

Industrial Relations, Public Sector (IRPS), part of the Office of Industrial Relations, provides advice to Queensland Government departments and agencies. General enquiries about public sector industrial relations matters should be directed to IRPS via ir@oir.qld.gov.au.

Specific enquiries about **salary packaging** should be directed to either of the salary packaging administration suppliers:

RemServ
1300 30 40 10
www.remsservsalarypackage.com.au

Smartsalary
1300 218 598
<http://qld.smartsalary.com.au>

For information about salary packaging go to the Queensland Government Arrangements Directory website

(<https://qgad.govnet.qld.gov.au/arrangement/52173a62-a326-4119-8755-04d6d88a886f?returnToSearchResults=true>).

Enquiries about **novated leasing** should be directed to one of the novated leasing providers on the contact details below:

Alliance Leasing Pty Ltd
1300 225 582
<http://www.qldallianceleasing.com.au/>

Easifleet Pty Ltd
1300 614 078
www.easifleet.com.au/qld-gov

FAA Payroll & Admin Services Pty Ltd (FAA Sal Pac)
1300 322 777
<https://faasalpac.com.au/>

FleetPlus Pty Ltd
1300 092 565
www.fleetplus.com.au/qld-govt

JJCT Packaging Pty Ltd trading as Positive Salary Packaging
1300 946 527
<https://qld.positivesp.com.au/>

LeasePLUS Pty Ltd
1300 13 13 16
<https://leaseplus.com.au/qldgovt>

Remuneration Services (Qld) Pty Ltd (RemServ)
1300 731 429
www.remsservlease.com.au

Salary Packaging Australia Pty Ltd

1300 786 664

<https://qgov.salpacaus.com.au/>

Smartleasing (a division of Smartsalary Pty Ltd)

1 DRIVE (13 74 83)

www.qld.smartleasing.com.au

Statewide Novated Leasing Pty Ltd

1300 761 114

www.statewideqld.net.au

ATTACHMENT ONE

ALLOWABLE SALARY PACKAGING ITEMS

Subject to any future limitations introduced by amendments to Commonwealth legislation and/or changes to ATO guidelines, 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 of the following combinations:

- Any percentage of salary up to 100% sacrificed to superannuation only (See NOTE at page 9).
- 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 each laptop and novated car lease, plus 60% to superannuation) (See NOTE at page 9).

When entering into a salary packaging arrangement for the first time or adding a new benefit item/s to an already agreed salary packaging arrangement, or entering into novated lease the employee is strongly recommended to seek independent financial advice.

“Not subject to FBT” or “Otherwise Deductible” Package Items

- Superannuation
- Portable electronic devices primarily for use in the employee's employment. Only one item with substantially identical features is available per FBT year (excluding items purchased as a replacement for an existing device)
- Computer software primarily for use in the employee's employment and purchased with the portable electronic device
- Work uniforms (ATO conditions apply)
- Professional association membership fees or subscriptions (work-related)
- Airport lounge membership
- Childcare fees (at facilities that comply with FBT legislation regarding centres located on the employer's business premises, as advised by Queensland Government Procurement)
- Public transport costs (bus travel between home and workplace only) ¹
- Financial counselling fees (FBT conditions apply) ²
- Disability/Income protection insurance premiums
- Professional development expenses ³ (related to the employee's current employment activities)
- Professional development travel expenses ³ (not including travel to and from work)
- In-House private health/fitness centre membership (at facilities that comply with FBT legislation regarding centres located on the employer's business premises, and as advised by Queensland Government Procurement)
- Royal Brisbane Women's Hospital Cycle Centre Fees
- Hospital car parking fees for certain car parking arrangements as advised by Queensland Health, and applicable only for employees eligible for the public hospital FBT exemption cap ⁴

“Part or Concessionally Taxed for FBT Purposes” Package Item

- Novated lease on a motor vehicle (private use)

“Full FBT Applied” Package Items

- HELP fees (previously known as HECS Fees)
- Private health insurance
- Private health/fitness centre memberships
- Private rental payments
- Own home mortgage payments
- Car parking
- Desktop computer (non-work related) including other peripherals (hard drive, printer, router and webcam)
- Computer software (non-work related)
- Portable electronic devices (non-work related)
- Personal loan repayments
- Aged and disabled care payments
- Savings/investment scheme (non-superannuation) contributions
- Insurance premiums (other than income protection insurance)
- House/contents insurance (on employee's principal place of residence)
- Childcare fees (non-employer owned)
- Private school fees
- Private travel
- Public transport costs
- Financial counselling fees ²
- Club/association (non-work related) membership subscriptions
- Motor vehicle operating expenses
- Payments to utilities (private telephone, electricity, local government rates, etc)

¹ Under the *Fringe Benefits Tax Assessment Act 1986*, subsection 47(6), the Australia Taxation Office has ruled the benefit can only apply to bus travel between an employee's place of residence and work.

² Financial counselling/advice may attract full FBT.

³ Professional Development Expenses and Professional Development Travel Expenses must be “otherwise deductible” for FBT purposes. This means that had the employee incurred this expense personally and not salary packaged it or received an employer reimbursement, the ATO would allow it as a deduction on their income tax return.

⁴ Provided that the hospital provides the car park directly, or a third-party car parking provider invoices the employer and not the employee.

NOTES:

Concessional Contributions Limits

Commonwealth legislation governing superannuation contributions limits the amount that can be contributed tax-effectively each year. This is referred to as the Concessional Contributions cap.

Concessional contributions include:

- employer contributions
- contributions made under a salary packaging arrangement
- personal contributions claimed as a tax deduction.

It is the employee's responsibility to manage their Concessional Contributions cap. After the employee lodges their income tax return, the ATO will advise regarding the cap being exceeded and explain the options for dealing with the matter.

Further information is available on the ATO and QSuper websites.

Reportable Employer Super Contributions (RESCs)

Reportable employer superannuation contributions (RESCs) are additional to the compulsory contributions employers must make. An example of a reportable employer superannuation contribution is a salary packaging arrangement.

Where an employee salary packages superannuation contributions, Commonwealth legislation requires the employer to show on the employee's annual income statement the amount of the superannuation contributed pre-tax. This is known as the RESC and forms part of the information required to be included in an employee's income tax return.

RESCs are not included in an employee's assessable income. The RESC may affect employees' income tests for various Commonwealth government benefits and obligations, such as the Medicare levy surcharge and certain tax offsets.

Depending on the individual's specific circumstances, the financial impact of salary packaging arrangements may need to be considered. Accordingly, Queensland Government strongly recommends that employees consider seeking independent financial advice when participating in salary packaging.

ATTACHMENT TWO

FRINGE BENEFITS TAX DEBTS AND RECOVERY POLICY

For the purposes of this Attachment:

“Non-salary packaged fringe benefits” (NSPBs) means those benefits that the employer provides or occur through means **other** than via the arrangements administered by the external salary packaging administration supplier. Non-salary packaged fringe benefits include, but are not limited to: home garaging of a pool car; private use of an employer-provided car; accommodation assistance; living away from home allowances; remote area holiday travel; private e-tolls and salary overpayment loan fringe benefits.

The following policy principles apply to all Queensland public sector agencies and employees except where otherwise expressly approved by the Queensland Government (refer the point below relating to Queensland Health only).

- Non-salary packaged fringe benefits have first priority when applying any available FBT exemption cap (e.g., \$17,000 or \$30,000 FBT exemption cap currently applicable to certain designated Queensland Health business areas (relating to public hospital and ambulance services), Legal Aid Queensland, QGAir) as per an ATO ruling, which can be applied to any taxable benefits, including non-salary packaged fringe benefits. This is because it is Queensland Government policy that the salary packaging arrangements must:

- involve no additional cost to agencies. However, as part of the 2023/24 State Budget, the Government approved a **variation in this policy in respect of Queensland Health only**, as follows:

In respect of the 2023/24 FBT year and for future FBT years, Queensland Health employees working in and for business areas eligible for the \$17,000 FBT exemption cap (i.e., certain designated public hospital and ambulance business areas), and choosing to salary package, need to be aware that salary packaged fringe benefits now have first priority in applying the cap. This is instead of the reverse which applied in respect of the 2022/23 FBT year and prior years.

NSPBs will now have second priority when applying the FBT exemption cap in Queensland Health.

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

Eligible Queensland Health employees who receive NSPBs and are salary packaging, or who are not salary packaging due to the risk of incurring FBT from exceeding the cap, are able to receive greater benefit from the arrangements in the 2023/24 and future FBT years if they wish to do so.

- Any FBT exemption cap and other FBT concessions are not employee entitlements. They are tax concessions under the *Fringe Benefits Tax Assessment Act 1986* (FBTAA) for limited categories of employers, not employees. The application of all FBT concessions is determined by the employer in accordance with the FBT legislation.
- Employees relying on the ongoing existence of and/or access to the FBT exemption cap as part of their salary packaging arrangements do so solely at their own risk. Employees will not be compensated for the permanent or temporary loss of access to the FBT exemption cap, regardless of the circumstances.

- Subject to this Policy, employees' FBT debts must not be waived, written off, forgiven, ignored or adjusted, or compensation paid by agencies to offset FBT debts, regardless of the circumstances. Employees incurring an FBT liability have incurred a debt under the terms of the salary packaging arrangements, and as such **must** repay the full FBT amount outstanding within a reasonable timeframe as appropriate for the circumstances, or be subject to debt recovery action which could include the use of debt collection agencies, suspension/cancellation of salary packaging arrangements, and/or legal action if required.
- Due to the requirements of this Policy, **the writing off of an employee's FBT debt must only occur in very exceptional circumstances involving ex-Queensland public sector employees who are either deceased or who cannot be located, and, in the latter case only after:**
 - o proper steps have been taken to investigate the raising and non-recovery of the debt;
 - o legal prosecution is unlikely to be successful or cost effective;
 - o all reasonable steps have been taken to recover the debt including, if necessary, the use of debt collection agencies;
 - o the debt is reasonably considered to be non-recoverable;
 - o the circumstances surrounding the loss are examined fully to ensure that satisfactory controls are put in place to limit similar occurrences in the future; and
 - o documentation regarding the debt is placed on the former employee's personal file to ensure the debt is reinstated and recovered in the event of re-employment in the future.
- There are **no** circumstances where it would be in accordance with this policy to write off an FBT debt for a **current employee**. As FBT replaces normal income tax (Pay As You Go) deductible had salary packaging not occurred, financial hardship is not considered a valid reason for write-off of an FBT debt for a current employee (particularly given the potential substantial income tax savings achievable especially over the longer term of a salary packaging agreement).
- Employees **must** either pay the FBT immediately or negotiate reasonable repayment arrangements with the salary packaging administration supplier within a period of 28 days of receiving written advice of an FBT liability (including acknowledgement that the full amount outstanding becomes payable on or by the date of termination of employment). Failure to do so will result not only in debt recovery processes, but also in the cancellation/suspension of the employee's salary packaging arrangements after the required notice, until such time as the FBT debt is satisfied or an appropriate debt repayment arrangement is entered into.
- Some FBT debt recovery issues may involve the employee attempting to dispute the departments' application of the FBT legislation. However, interpretation of the FBTAA and FBT treatment decisions are at the sole discretion of the entity that is the employer for FBT purposes. The employer is obliged only to exercise due care and diligence in this respect and respond to reasonable questions from employees regarding FBT calculations. Protracted discussions or correspondence with an employee or the employee's representative regarding matters of FBT interpretation and treatment will not be entered into.
- Employees must raise any queries with respect to FBT with the employer (or salary packaging administration supplier in case of salary packaged fringe benefits) as soon as possible, and must not unduly delay the FBT debt recovery process. Where there is a reduction sought in FBT liability, the employer (or the salary packaging administration supplier as the case may be) is not obliged to respond to any further queries after 21st December following the end of the FBT year on 31st March in the same calendar year. Also, where there is a reduction sought in FBT liability, the employer is not obliged to amend its FBT information once the FBT return is finalised with the ATO.

- It is not the employer's or the salary packaging administration supplier's responsibility to inform individual employees regarding the FBT impact of any fringe benefit occurring or provided to them, nor to predict and/or advise employees of any emerging issues which may give rise to the existence of, or changes in the value of, taxable fringe benefits that may or may not affect an employee's salary packaging arrangements. This is because the FBT law is inherently very broad and subject to changes made by the Commonwealth Government, Court decisions and the administration of the law by the ATO.
- Entering into salary packaging arrangements is at the sole risk of the **employee**. Therefore, it is **strongly** recommended that employees obtain independent financial advice.
- The employee must obtain and provide to the salary packaging administration supplier, the employer, the Australian Taxation Office and/or any other relevant person or body all necessary declaration forms, receipts and supporting documentation and information reasonably required by the employer or required to be provided for the purposes of taxation legislation in respect of any benefits provided to the employee under the salary packaging arrangements ("required information").
- The employee is responsible for all costs, losses, outgoings and liabilities of every description including, without limitation, any penalties, or general interest charge payable under any taxation legislation suffered or incurred by the employer, arising out of any failure on the employee's part to provide any required information or for any inaccuracies or omissions in any required information provided by the employee.

Under the terms of SOA QGP0065-21, salary packaging administration suppliers will recover all employee FBT debts incurred. Agencies are required to invoice the full value of employee FBT debts to the salary packaging administration supplier which will directly manage the employee debt recovery process. Employees are required to make arrangements with the salary packaging administration supplier to repay the total of any FBT liability outstanding to the salary packaging administration supplier.

Therefore, employees are subject to the salary packaging administration suppliers' debt recovery processes as part of their salary packaging arrangements. This could include the use of debt collection agencies, suspension/cancellation of salary packaging arrangements and/or legal action. Employees are expected to either pay the FBT immediately or negotiate reasonable repayment arrangements with the salary packaging administration supplier within a period of 28 days of receiving written advice of an FBT liability.

Failure to do so will result not only in the salary packaging administration supplier commencing debt recovery processes, but also in the cancellation/suspension of the employee's salary packaging arrangements after the required notice as detailed in the Salary Packaging Participation Agreement, until such time as the FBT debt is satisfied or an appropriate debt repayment arrangement entered into.