



## What is Salary Packaging?

Salary Packaging is a tax effective way to receive your salary as a combination of income & benefits that allows you to deduct some of your pre-tax income & use it to pay for a variety of benefits.

By reducing your pre-tax income you can reduce the amount of income tax you pay & in turn increase the amount you take home each pay day.

## What is a Public Benevolent Institution (PBI)?

A PBI is a non-profit organisation which includes charities, clubs, societies and associations. A Public Benevolent Institution (PBI) can provide a certain limit of FBT free fringe benefits to its employees.

## What is the FBT Exemption threshold?

A PBI can provide fringe benefits to its employees free of FBT if the grossed-up taxable value of fringe benefits does not exceed \$30,000 per employee. Grossing-up refers to increasing the taxable value of a benefit to reflect the gross salary of an employee would have to earn at the highest marginal tax rate, including the Medicare levy, if they had received a cash salary rather than the fringe benefit. The grossed-up taxable value of benefits provided in excess of this capping threshold will be subject to FBT at 46.5%. Accordingly, most PBIs ensure that they only provide benefits that utilise this threshold.

The two separate gross up rates are:

- Type 1 - 2.0647**  
 This rate is used where the benefit provider is entitled to a FSR credit in respect to the provision of a benefit.
- Type 2 - 1.8692**  
 This rate is used if the benefit provider is not entitled to claim GST credits.

Eligible items	
Private school fees	Credit Card
Child care fees (non employer owned)	Car parking
Home mortgage	Trauma/Life insurance premiums
Utilities	Personal Loan Repayments
Home/Contents insurance	Rent - own home
Aged and disabled care payments	Private Travel
Club/Association Membership Subscriptions	Salary Packaging Payment Card
Health Insurance	Meal entertainment & venue hire

## An Example of the Benefits

Liz is a carer at a nursing home and has a salary of \$48,000 per annum before super. Her fortnightly take home pay before tax is \$1,846.15.

Liz's rent is \$600 per fortnight, which is over \$1,300 per month. After she pays her rent, her fortnightly earnings go down to \$975.88 after tax.

If Liz were to take her rent out using her pre-tax earnings, she would take home an extra \$144.00 every fortnight compared to paying it from her net salary.

## How Do I Get Started?

Call SPA on 1300 786 664  
 Or email us at  
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