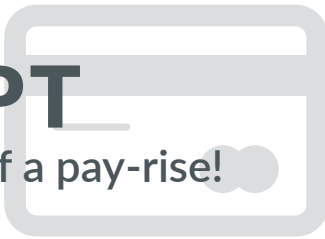




# PBI EXEMPT

## Salary Packaging - give yourself a pay-rise!



### 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 47%. Accordingly, most PBIs ensure that they only provide benefits that utilise this threshold.

### 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.

Liz's rent is \$620 per fortnight. After she pays her rent, her fortnightly earnings go down to \$956 after tax.

If Liz were to take her rent out using her pre-tax earnings, **she would take home an extra \$148 every fortnight** compared to paying it from her net salary.

### THE TWO SEPARATE GROSS UP RATES ARE:

#### TYPE 1 - 2.0802

This rate is used where the benefit provider is entitled to a GST credit in respect to the provision of a benefit.

#### TYPE 2 - 1.8868

This rate is used if the benefit provider is not entitled to claim GST credits.

### ELIGIBLE ITEMS

- Private school fees
- Child care fees (non employer owned)
- Home mortgage
- Utilities
- Home/Contents insurance
- Aged and disabled care payments
- Club/Association membership subscriptions
- Health insurance
- Credit card
- Car parking
- Trauma/Life insurance premiums
- Personal loan repayments
- Rent - own home
- Private travel
- Salary Packaging Payment Card
- Meal entertainment & venue hire

See how SPA can help  
**decrease your expenditure**  
whilst **saving you income tax** each pay cycle!



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