

Salary Sacrificing

What is Salary Sacrifice?

Salary sacrifice (also known as salary packaging) is an arrangement between you and your employer where you pay for some items or services straight from your pre-tax salary. You can salary package computers, cars and super, for example. This can reduce your taxable income and put more money in your pocket.

Your employer may incur fringe benefits tax (FBT) on the benefits provided to you. The cost of this will be packaged into your salary sacrifice and some of these benefits will be listed on your end-of-year payment summary. They may be used to assess your Medicare levy surcharge, tax offsets, child support payments and other government benefits.

You must enter into a salary sacrificing arrangement before you earn the income. It can never be retrospective.

Who can salary sacrifice?

Anyone can salary package if you are paying income tax; and if your employer is willing to offer benefits.

What can be salary packaged?

Balance Recruitment offers the following salary sacrifice arrangements to all employees, including contractors (PAYG) at no cost:

Salary sacrifice superannuation – you can nominate an amount per pay period to be deducted from your pre-tax wages and paid to your super account.

Vehicle leasing – put us in touch with your leasing company and we can arrange for leasing payments to be deducted from your wages.

IT Equipment purchase – we can assist you to purchase IT equipment for use during the course of your work.

If you would like to discuss any of the above arrangements or have other questions related to salary sacrifice, please call us at any time and Andrea, Rebecca or Natasha would be happy to assist you.

Reference: <https://www.moneysmart.gov.au/managing-your-money/income-tax/salary-packaging>