



## Salary packaging

### Background

1. Clause 27 of the *Commonwealth Members of Parliament Staff Enterprise Agreement 2024-27* (the Enterprise Agreement) provides for salary packaging (also known as salary sacrifice) arrangements for eligible employees.

#### Australian Taxation Office guidance

2. Salary packaging, according to the Australian Taxation Office (ATO), is an arrangement between the employer and the employee where the employee agrees to forgo a part of their salary in return for the employer (or someone associated with the employer) providing a benefit of a similar value. The employee's salary is reduced or 'sacrificed' by the cost of the benefit and any associated tax and administrative costs.
3. Items that may be included in a salary package are those that attract either no Fringe Benefits Tax (FBT) or a concessional rate of FBT. Examples are leased motor vehicles, contributions to a private 'complying superannuation fund' (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) and, subject to certain restrictions, laptop computers. Salary packaging these items may provide a benefit to the employee as a result of the difference between the rate of personal income tax and the (nil or concessional) rate of FBT.
4. Items that attract the full rate of FBT may not be included in salary packaging because the only benefit to the employee is an artificial reduction in salary for taxation purposes (and the potential to avoid income determined surcharges or access income tested welfare payments). Examples of such items are: mortgage repayments, non-work-based childcare and desktop computers.
5. An employee cannot claim a personal tax deduction for any items that are packaged.
6. Subject to ATO contribution thresholds for superannuation salary packaging arrangements, employees may elect to salary package up to a maximum of 100 per cent of their fortnightly salary, including allowances, into their nominated superannuation fund (once other statutory obligations, such as child support, have been deducted).

#### Salary packaging for *Members of Parliament (Staff) Act 1984* (MOP(S) Act) employees

7. Salary packaging is offered to eligible MOP(S) Act employees on the basis that it incurs no cost to the employing Parliamentarian or the Department of Finance (Finance) and complies with all relevant legislation.

8. It is the employee's responsibility, not the responsibility of Finance or the employing Parliamentarian, to ensure that the employee's proposed salary package meets relevant ATO rulings and the terms of these Guidelines.
9. Salary packaging services are administered by SmartSalary Pty Ltd (Smart) (for certain items that attract either no FBT or a concessional rate of FBT), and Finance (for superannuation purposes only).

## Salary packaging through Smart

10. Eligible employees may access salary packaging arrangements through Smart for certain items depending on their employment type and/or duration of their current employment agreement.
11. Scheduled payments and deductions are managed by Smart. Finance has no ability to alter payments, deductions or bank and superannuation account information for items packaged through Smart at the request of the employee. All queries relating to payments, deductions, changes to financial arrangements or ceasing Smart salary packaging arrangements must be directed to Smart.

### Ongoing employees

12. Ongoing employees may access salary packaging arrangements for items listed in the benefits profile on the Smart website (including novated leases) by entering the employer as 'Members of Parliament Staff'.
13. Employees interested in salary packaging items through Smart (excluding novated leases) should contact Smart directly on 1300 476 278 to obtain further information. Employees interested in information on novated lease arrangements should contact Smart on 1300 144 873. Alternatively, employees can access information via the 'Members of Parliament Staff' page on the Smart website.
14. Finance has no control over and takes no responsibility for the information contained on the Smart website.

### Non-ongoing employees

15. Non-ongoing employees whose employment agreement is for a period of three months or longer (inclusive of any probationary period) may only access salary package additional employer superannuation contributions. Other non-ongoing employees (e.g. with an employment agreement of less than three months) and casual employees are not entitled to any salary packaging arrangements.
16. Employees interested in salary packaging items through Smart should contact Smart directly on 1300 476 278 to obtain further information.

### Fees and associated costs through Smart salary packaging arrangements

17. Smart's administrative fees are payable by the employee and may be included in the salary package. For these fees Smart will manage an employee's salary package, including making regular payments such as vehicle lease instalments and superannuation contributions, maintaining detailed records on behalf of the employee for

the purposes of meeting the requirements of the ATO and providing regular reports to enable the employee to monitor and reconcile expenditure.

18. The administrative fees are listed as part of the package details when an employee completes the application process on the Smart website or may be obtained by contacting Smart.
19. All costs associated with salary packaging, including FBT, Superannuation Contributions Tax and ongoing administration costs are to be met by the employee. These costs may form part of an employee's salary package.
20. Smart must not be relied upon as a substitute for independent professional financial advice. Employees are **strongly encouraged** to seek independent financial advice from a Registered Financial Adviser prior to committing themselves to any salary packaging arrangement. Costs associated with financial advice are the responsibility of the employee but may form part of a salary package if the employee decides to go ahead with salary packaging.

### Smart Salary Packaging Deed

21. Before a salary package can be finalised, employees need to complete a *SmartSalary Salary Packaging Deed* (Smart Deed). The purpose of the Smart Deed is to indemnify Finance from any liabilities it may incur by allowing the employee to salary package. A representative from Finance will sign the Deed on behalf of the Commonwealth.
22. Copies of the Smart Deed and other relevant documents can be obtained by contacting Smart. Employees should complete and sign all relevant forms then forward them to Finance at **[Mailbox-MOPSSalaryPackaging@finance.gov.au](mailto:Mailbox-MOPSSalaryPackaging@finance.gov.au)** for action. All relevant documents will then be forwarded to Smart by Finance. Employees should keep the original of the Smart Deed for their own records.

### Salary sacrificing additional superannuation payments through Finance

23. Finance administers an in-house “fee-free” salary sacrifice arrangement for superannuation purposes only for ongoing and eligible non-ongoing employees (see clause 15) whose superannuation contributions are paid into a ‘complying superannuation fund’.
24. To access this arrangement employees must complete the *Salary Sacrifice Agreement for Finance Administered Additional Superannuation Form* (the Agreement).
25. By signing the Agreement, employees are declaring they understand the arrangements outlined in the Agreement and that they are entering into these arrangements voluntarily. Employees will be asked to confirm whether they have chosen to seek financial advice prior to arranging or making changes to an existing arrangement.
26. Completed Agreements must be submitted to **[Mailbox-MOPSSalaryPackaging@finance.gov.au](mailto:Mailbox-MOPSSalaryPackaging@finance.gov.au)**. Finance will aim to process the Agreement in accordance with the payroll dates published here: <https://maps.finance.gov.au/pay-and-employment/pay-cut-dates>.
27. Changes to contribution rates can only be made twice in any financial year.

## Eligible superannuation funds

28. Employees may salary sacrifice additional superannuation contributions to a complying superannuation fund. A complying superannuation fund must be registered and comply with the requirements of the Australian Prudential Regulatory Authority and the ATO.
29. Employees must provide evidence of membership of the fund. If making contributions to a self-managed fund, employees must provide evidence that the fund is complying and that they are a member of the fund.

## Guidance on commonly packaged items

30. The table below outlines general guidance on commonly packaged items:

Item	Guidance
<b>Motor vehicles (novated leases)</b>	<p>Motor vehicles attract a concessional rate of FBT.</p> <p>When a motor vehicle is packaged, all running costs can also be packaged. All lease payments and running costs will be deducted from gross salary, together with any FBT liabilities incurred. Cars subject to the luxury car tax are also able to be packaged.</p> <p>Employees need to be aware that committing to a lease, including a motor vehicle lease, does not constitute or imply continued employment under the MOP(S) Act for the life of that lease. Lease obligations are an employee's personal responsibility and are independent of Finance or the employing Parliamentarian. Should a person cease to be employed under the MOP(S) Act during the term of a vehicle lease, the person may be liable under certain taxation provisions unless they are able to novate the lease to another employer without a break in continuity. Financial advice should be sought from an independent professional financial adviser as to potential liabilities that may arise in this circumstance.</p>
<b>Portable electronic devices</b>	<p>Items such as notebooks, laptops or tablet computers, portable printers, mobile phones and global positioning system (GPS) navigation devices are limited to one item per FBT year, for items that have a mostly identical function, unless the item is a replacement item.</p> <p>These items can only be packaged if the item is mainly for work-related use, and a Statutory Declaration is signed to this effect.</p>
<b>Airline lounge membership</b>	<p>Airport lounge memberships are exempt from FBT.</p> <p>There's no limit on the number of airline lounge memberships that can be salary packaged.</p>

	<p>Eligible employees can only package airline lounge membership fees that they have paid. If they've been paid by anyone else, including the employee's spouse, they cannot be salary packaged.</p> <p>Airport lounge membership claims must be supported by a tax invoice or similar that clearly identifies the expenditure as relating to an airline lounge membership.</p>
<b>Additional employer superannuation contributions</b>	<p>Additional contributions to a 'complying superannuation fund' within the meaning of the <i>Superannuation Industry (Supervision) Act 1993</i>, or a Retirement Savings Account (RSA) may be made to the Public Sector Superannuation accumulation plan (PSSap) but not to the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS).</p> <p>An employee may elect to contribute either a percentage of their salary or a fixed amount per fortnight noting the <b>maximums</b> that apply each financial year.</p>

Version	Date	Author	Cleared
1.0	4/9/2025	HR Policy	Assistant Secretary