

# SALARY PACKAGING

## What is salary packaging?

Salary packaging is an Australian Tax Office approved way of using concessions available to your employer to reduce the amount of tax you pay.

As an employee of NSW Health, you are entitled to a fringe benefits tax (FBT) exemption which allows you to salary package up to a capped limit of \$9,009 on everyday living expenses (such as mortgage, rent, credit card repayments) and an additional \$2,650 towards meal entertainment each year.

There are other items you may be eligible to salary package over and above your capped limits such as novated leasing, remote area housing and relocation expenses.

## How does it work?

We help you identify expenses that you are already paying for and set up pre-tax deductions from your pay to reimburse your expenses under salary packaging. The result? A lower taxable salary and an increase to your take-home pay.

## Share of savings

The savings you achieve through salary packaging are based on a 50% share of savings arrangement with NSW Health. The savings you achieve, together with the administration fee, are shared equally between you and your Local Health Agency. The share of savings is automatically applied to your salary packaging arrangements from set up.

### Potential savings for someone earning \$60,000 annually

	WITHOUT salary packaging	WITH salary packaging*
Gross fortnightly salary	\$60,000	\$60,000
Pre-tax living expenses	\$0	\$9,009
Pre-tax meal entertainment	\$0	\$2,650
Pre-tax administration fee	\$0	\$44
Share of saving	\$0	\$2,413
Taxable salary	\$60,000	\$45,884
Tax payable (including Medicare Levy)	\$11,167	\$6,297
Net pay	\$48,833	\$39,587
After-tax living expenses	\$9,009	\$0
After-tax meal entertainment	\$2,650	\$0
<b>Take-home pay</b>	<b>\$37,174</b>	<b>\$39,587</b>

**Estimated annual increase to your take-home pay: \$2,413**

*\*This example is designed to give you an estimate on the potential increase to take-home pay when salary packaging and is not to be used as a substitute for independent financial and/or taxation advice. This calculation is based on 2020-21 income tax rates. Results will vary if you have a Study and Training Support Loan (previously known as HECS/HELP).*

Simply complete your salary packaging application to start saving!

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