

Salary packaging and Reportable Fringe Benefits

If you have a salary packaging arrangement, your taxable salary does not include your salary packaging payments. These are reported on your income statement as Reportable Fringe Benefits. Your Reportable Fringe Benefits Amount can affect other entitlements.

These include:

- Centrelink payments
- Medicare Levy Surcharge
- Private Health Insurance Rebate
- Child Support payments
- Superannuation co-contribution
- Tax offsets
- Education debts.

Reportable Fringe Benefits

The Reportable Fringe Benefits Amount (RFBA) is calculated individually for each person and is based on the value of all the benefits included in your salary packaging arrangement.

Employers are required to 'gross up' the value of your salary packaging benefit. In other words, provide an estimate of the value of your salary packaging if the money was paid to you after tax, using a formula provided by the Australian Taxation office (ATO). They then record this on your income statement as the Reportable Fringe Benefits Amount.

Income Statements

The RFBA represents the 'value' of the salary packaging payments made for the Fringe Benefits Tax (FBT) year (1 April - 31 March). If the total taxable value exceeds \$2,000, it will appear on your income statement.

Your RFBA needs to be declared when you lodge your tax return. While you will not be assessed for income tax on this amount, it will be declared to the ATO and added to your taxable income when the final figure is calculated.

If you work for an FBT-Exempt employer, you are required to advise Centrelink or the Department of Human Services of your Adjusted Taxable Income. You will need to record your RFBA as an exempt RFBA.

If you work for an FBT-Rebatable employer, you will need to declare your RFBA as reportable. This may result in a change to Centrelink payments (if applicable).

Example 1:

Gabriella salary packaged her annual living expenses of \$15,900. The grossed up value that would appear on her income statement would be \$30,000. This is calculated as follows:

Living Expenses	\$15,900
Grossed up value	1.8868
Reportable Fringe Benefits	\$30,000

Example 2:

Shane salary packaged his annual living expenses of \$15,900 plus \$2,650 for entertainment benefits. The grossed up value that would appear on his income statement would be \$35,000. This is calculated as follows:

General Living Expenses	\$15,900
Entertainment Benefits	\$2,650
Grossed up value	1.8868
Reportable Fringe Benefits	\$35,000

Please note: Information, advice or guidance provided in this factsheet, is general in nature and provided without reference to your organisation's policies or your circumstances. Please contact your accountant, tax agent or legal adviser to determine how the information in this factsheet may apply to your personal circumstances.

