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# Maximise Your Income

# Salary Packaging In The Housing and Homelessness Sector

Working in the housing and homelessness sector provides you with opportunities to make a positive difference, and in some cases, access financial benefits through your employer. Many employees in this sector have access to salary packaging – a valuable benefit that enhances your earnings.

## What is Salary Packaging?

Salary packaging, also known as salary sacrificing, is an ATO-approved incentive that allows you to increase your gross income by reducing the tax you pay. Through this incentive, you can access up to $15,900 of your gross salary tax-free.

## Benefits of Salary Packaging

Salary packaging reduces your payable income tax, resulting in a higher-take-home pay for you.

## How Does Salary Packaging Work?

When you opt for salary packaging, you designate a portion of your income to cover specific expenses before your income tax is calculated. The allocated income can be utilised for everyday items you currently pay for, such as rent or mortgage, credit card repayments, and other essential expenses.

As you only pay tax on the remaining amount after packaging, your overall tax liability decreases, leading to an enhanced take-home pay. This process offers a practical way to manage your finances and maximise your income.



## What Can You Use Your Salary Package To Pay For?

Your salary packaging can cover various expenses, including:

* Your rent or mortgage
* Credit card repayments
* Personal loans
* School fees
* A salary packaging card, which can be used for groceries and services, fuel, online shopping, bills, and utilities, and more.

Once you've decided on the allocation of your salary packaging, your employer will manage these payments on your behalf.

## Additional Benefits

In addition to the above, many employers and salary packaging providers offer additional benefits, including:

* Meal entertainment and holiday accommodation card, which provides you with an additional $2,650 tax-free.
* Additional superannuation contributions, saving on tax while boosting future wealth.
* Electronic devices that are portable and battery powered can be packaged on top of your standard salary packaging limit, if they are used predominantly for work-related purposes.
* Airline lounge memberships can be claimed tax free if you travel for work at least once in a fringe benefit year.

## Frequently Asked Questions

**What’s the catch?**

There isn't one! Salary packaging for the NFP sector was created by the ATO as an incentive to supplement the typically lower salaries in this sector compared to others. It's a legally sanctioned entitlement governed by ATO-approved policies and guidelines, aimed at providing financial benefits to employees. So, you can be assured that salary packaging is a legitimate and beneficial option for maximising your earnings.

**What if I work for more than one employer?**

If you work for multiple employers with the same Fringe Benefits Tax (FBT) status, you can effectively double your salary packaging cap. For example, if your annual cap is $15,900, you can utilise this amount at each employer, effectively increasing your total salary packaging cap to $31,800.Top of Form

**What if I don’t work full time?**

Salary packaging availability may vary depending on the employer and individual circumstances. Typically, full-time, part-time, and some casual employees may be eligible, but it's essential to confirm eligibility with your employer.

**I’m on a low income. Will I still benefit from salary packaging?**

If your annual salary exceeds the tax-free threshold of $18,200 and you are subject to taxation, you may be eligible to take advantage of salary packaging benefits.

**Is the fringe tax benefit (FTB) year the same as the financial year?**

The financial year and FTB year are not the same. The FTB year is from 1 April to 31 March, while the financial year is from 1 July to 30 June.

**Will I owe this money back at tax time?**

No. Salary packaging is not a loan, and you are not borrowing anything from the government or your employer. The money you access through salary packaging is your own money that you have earned.

## How do I get started?

For additional information on salary packaging:

* Consult your employer: Your employer can provide detailed insights into the salary packaging options available. Most employers work with a salary packaging provider to handle allocated funds.
* Contact your employer's provider: Your employer can direct you to their salary packaging provider. Feel free to contact them directly for more information and assistance.
* Visit the ATO website: Explore the Australian Taxation Office [(ATO) website](https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/types-of-not-for-profit-workers/your-obligations-to-workers-and-independent-contractors/salary-sacrifice-arrangements-and-not-for-profits) for comprehensive details on salary packaging for the not-for-profit sector.

**\*PLEASE NOTE**: the information provided in this document is intended to be general and factual in nature and should not be construed as financial advice. For personalised guidance tailored to your individual circumstances, consult with your employer and salary packaging provider for comprehensive information relevant to your specific position.