



## SALARY PACKAGING GUIDELINES

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### COVERAGE

These guidelines apply to all permanent Australian based Ramsay Health Care (Ramsay) employees and are available immediately upon commencement.

Long term, regular casual employees who have a reasonable expectation of continuing employment are able to salary sacrifice into their superannuation fund in line with these guidelines.

Where the provisions of an Award or Agreement vary from this document, those provisions shall apply.

### POLICY STATEMENT

Ramsay is committed to providing flexible remuneration structuring to its employees which includes salary packaging. Salary packaging legitimately allows employees to structure their remuneration to include, as part of their salary package, specified benefits in lieu of cash.

Ramsay will allow employees to prospectively salary package up to a maximum of 50% of their base salary. An employee wishing to package more than this should seek approval via the relevant CEO/Executive Manager.

Salary packaging will only be approved if the arrangement is consistent with all provisions and conditions set out in these guidelines and relevant Australian Taxation Law.

### OUTCOME STATEMENT

These guidelines establish the processes to be followed by Ramsay managers, payroll processing staff and employees to establish a salary packaging arrangement.

These guidelines identify the process to be used for requesting, approving, processing and documenting a salary sacrifice arrangement for an employee.

These guidelines aim to ensure that:

- Employees understand what “*salary packaging*” or “*salary sacrificing*” is;
- Employees understand the limitations of, and the rules surrounding these guidelines;
- Employees are aware of each of the items available to be packaged;
- Employees know who to contact to commence, coordinate and approve a salary packaging arrangement;
- Employees understand their obligations under a salary packaging arrangement;
- Employees understand the meaning of a fringe benefit in accordance with relevant legislation ATO pronouncements;
- Managers and payroll staff are made aware of necessary authorisations and approvals required before commencement of a salary packaging arrangement;
- Salary packaging arrangements are adequately documented; and
- Employees understand that Ramsay disclaims all liability from employees’ personal salary packaging arrangements.

### WHAT IS SALARY PACKAGING?

*Salary packaging* or *salary sacrificing* is a tax effective way of receiving salary as a combination of cash and non-cash benefits. Salary packaging allows an employee to substitute a portion of pre-tax income with certain benefits or reimbursements of expenses that would have otherwise been paid for from post-tax salary.



Individual circumstances will determine whether salary packaging will be a benefit to an employee. There are tax implications which will make some items less attractive or suitable for certain employees, so it is important for employees to consider options carefully and discuss salary packaging plans with an independent qualified tax accountant or financial adviser prior to putting any salary packaging arrangement in place.

## WHERE DO THE SAVINGS COME FROM?

As most of the items available to salary package are Fringe Benefits Tax (FBT) exempt or concessional tax and are substituted in lieu of pre-tax salary, the result is that employees pay personal income tax (PAYG tax) on a lower cash salary amount and they pay less for the benefits compared to the after-tax cost of those benefits which creates an increased net income.

Additionally, there are savings on GST for employees taking advantage of benefits where it would usually be payable. Employees can salary package the total expenses, including GST. This effectively means employees receive such benefit GST-free, regardless of the fact that the benefit might otherwise attract GST.

## RAMSAY SALARY PACKAGING PROGRAM

When considering salary packaging, employees should note the following:

- Participation in salary packaging is voluntary; and
- Any costs associated with salary packaging will be charged to the employee at the full prevailing cost to the company, including any FBT payable in the provision of benefits.

Many of the allowable items of the Ramsay salary packaging program are available to be packaged in-house. That is, the payment to employees from their pre-tax salary for a particular benefit is processed through existing payroll processing structures. Certain benefits however involve a large amount of administration and have accordingly been outsourced to professional salary packaging administrators to coordinate and pay employee benefits on behalf of Ramsay, including novated vehicle leases.

The following salary packaging administrators have been formally appointed and are approved to manage the administration services for salary packaging of novated vehicle leases in the following States:

**sgfleet** - Employees in Queensland, New South Wales, Victoria and South Australia

**Maxxia** - Employees in Western Australia and South Australia

**Smartleasing** - Employees in all States of Australia.

*Please note: all salary packaging administrators charge fees to administer salary packaging arrangements. The fee is incorporated into the salary packaging arrangement, thereby allowing payment of administration fees from pre-tax salary.*

## ALLOWABLE ITEMS

Following is the list of all allowable items able to be salary packaged:

- Additional **superannuation contributions** (up to annual age based limits as prescribed by Superannuation legislation);
- **Fully novated car lease** (maximum of 2 per employee) **and associated operating expenses** (eg. fuel, tyres, servicing/maintenance, insurance etc);
- **Laptop computer/tablet** – *only available where a genuine work need exists and the device will be used primarily for work purposes;*
- **Disability and income protection insurance premiums\***;



- **Self-education expenses\*\***;
- **Relocation expenses**;
- **Professional expenses** including membership to professional associations and costs of attendance at professional conferences or seminars on the condition that they directly relate to an employee's area of work;
- **Trade or professional journal subscriptions**;
- **Financial and tax advice\*** provided by independent and registered advisors;
- **Airport Lounge membership**;
- **Ramsay uniforms\*** and any other protective clothing Ramsay requires the employee to use whilst carrying out their duties for Ramsay;
- **In-house gym fees**; and
- **Membership & administration fees** paid to a Salary Packaging provider/administrator.

*\*These benefits are only allowable provided an employee would have obtained a tax deduction if they had claimed the premiums through their usual annual income tax declaration. A declaration must be provided for these expenses which require an employee to declare that they were otherwise deductible expenses for income tax purposes. See [Otherwise Deductible Declaration](#).*

*\*\* For self-education expenses see [Self Education - Otherwise Deductible Declaration](#).*

## WHY ARE WE LIMITED TO THE ALLOWABLE ITEMS LIST ABOVE?

Certain restrictions are placed on Ramsay as a "for-profit" company by the Australian Tax Office (ATO) regarding salary packaging. The same restrictions do not apply to public sector hospitals and those run by not-for-profit organisations.

A public hospital or a hospital run by a not-for-profit organisation may be deemed by the ATO to be a Public Benevolent Institution (PBI). A PBI is able to offer a wider range of items to salary package such as mortgages, rent and health insurance without incurring Fringe Benefits Tax. Ramsay is a "for profit" company and the ATO will therefore not deem Ramsay to be a PBI. If Ramsay offered those additional salary package items, as a "for profit" organisation without PBI status, there would be FBT payable. The employee would be required to pay the FBT, negating any salary packaging benefit.

It is important to note that the amount that may be salary packaged by a PBI employee is capped. At Ramsay, we are able to offer the same dollar equivalent in financial benefit as neighbouring public and not for profit hospitals, but on a more select range of FBT exempt items as detailed above.

## ALLOWABLE ITEM DESCRIPTIONS

### Superannuation

Ramsay is required to make a superannuation contribution on an employee's behalf to a complying superannuation fund calculated on a fixed percentage of an employee's ordinary earnings in line with the *Superannuation Guarantee (Administration) Act 1992*.

Employees may also salary sacrifice **additional superannuation** from their pre-tax salary into their superannuation fund. Complying superannuation funds are taxed on income derived so any amount deposited into a complying superannuation fund will be taxed at the prescribed rate. The maximum amount an employee can contribute annually before their contributions are no longer concessional is age based. To check any age-based limits in place, visit the [ATO website](#).

Additional superannuation can be salary sacrificed in-house through existing Ramsay payroll processes. To salary sacrifice additional **Superannuation**, complete the [Voluntary Salary Sacrifice Contributions Election Form](#) (Before Tax Contribution) and send it to the [relevant payroll team](#) for processing.



Whilst superannuation salary sacrifice benefits are FBT free, not subject to GST and non-reportable for FBT purposes, they **are** reportable for reportable employer superannuation contribution (RESC) purposes and **the sacrificed additional amount will be reported on an employee's Payment Summary.**

## Novated Car Lease

A novated lease is a finance arrangement between an employee, Ramsay Health Care, and a financier (i.e. bank) that provides an employee with an opportunity to acquire a car using a finance lease. This also involves an agreement which transfers the responsibility of *paying* the lease from the employee to Ramsay, using the employee's salary, whilst employed by Ramsay.

An employer is able to make the lease payments using the employee's pre-tax salary. That is, the employee sacrifices a part of their salary to pay the lease payments and the employer uses some of that sacrificed salary to pay the financier. The other part of the sacrificed salary is set aside for payment of operating costs in respect of the vehicle (fuel, insurance, registration, servicing, maintenance etc.) on behalf of the employee.

Important points to note about a novated lease are:

- The employee chooses the make/model of car and the term of the lease;
- The car is registered and insured in the employee's name;
- The finance arrangement is between the employee and the financier i.e. all obligations for finance are borne by the employee;
- All lease and running costs are salary packaged by the employee;
- The car doesn't have to be driven by the employee, i.e. it can be acquired for a partner or child;
- There is a residual amount at the expiration of the lease which can be paid to take possession of the car or it can be re-leased under same arrangement but using a reduced amount of finance to cover only the residual amount due;
- If an employee leaves Ramsay, the car goes with the employee and they maintain responsibility for continuing to paying the lease and car operating costs directly;
- A new agreement may be able to be arranged with a new employer for salary packaging, so a novated lease can continue but under new administration; It is important to note that not all employers offer novated leasing options and therefore the employee would be responsible for all ongoing lease payments out of their post-tax salary if a new arrangement is not offered by the new employer.
- Employees may package a new or used car under a novated lease; and
- Luxury vehicles will incur an additional luxury car tax which is incorporated in the monthly lease payment. Contact your salary packaging provider or see the [ATO website](#) for further details.

Employees are to complete the paperwork provided by their salary packaging provider to commence a novated lease.

**Note:** *Employees who take out a novated lease whilst a permanent employee and then change their employment status to casual during the term of that lease, will have their novation agreement ceased immediately upon changing to casual.*

## Laptop Computer/Tablet

**A laptop computer** (or similar tablet style device) **may only be packaged if it is intended that it will be used "primarily for work purposes"**. Employees can only package one laptop per FBT year (from 1 April to 31 March). Additional accessories such as printers, external modems, external hard drives etc and desktop computers cannot be packaged, however tablet devices (e.g. iPads) can.

Laptop salary sacrifice benefits are not FBT free unless they are supported by a declaration which evidences that they are to be used primarily for work purposes and are subject to GST. As such, Ramsay will only allow the salary sacrifice of laptops where they are supported by a declaration. Where they are exempt from FBT, they are not reportable for FBT purposes.



To salary sacrifice a **laptop computer/tablet**, complete the [Expense Payment Benefit Declaration Form](#)<sup>^</sup> and [Employee Expense Claim Form](#)<sup>^</sup> (page 1) and attach the tax invoice and receipt evidencing payment. Have the forms approved and send all documentation to [the relevant payroll team](#) for processing.

## Disability / Income Protection Insurance

This benefit is for policies covering the employee only and is not available for policies covering family members or associates. The reimbursement of a premium paid for disability or income protection insurance must be in the name of an employee.

This benefit is not subject to GST, is exempt from FBT and is a non-reportable benefit for FBT purposes.

To salary sacrifice **Disability/Income Protection Insurance**, complete the [Otherwise Deductible Declaration Form](#)<sup>^</sup> and [Employee Expense Claim Form](#)<sup>^</sup> (page 1), attach the tax invoice and receipt evidencing payment. Have the forms approved and send all documentation to [the relevant payroll team](#) for processing.

## Self-Education Expenses

While for income tax purposes, the first \$250 of work related self-education expenses is generally not tax deductible to an employee each year, the provision which denies this income tax deduction is ignored in determining whether self-education expenses are '*otherwise deductible*' for FBT purposes. Therefore, provided the self-education is a 'full fee paying place' and considered to be 100% work-related, the total self-education expenses would be FBT exempt and can be salary sacrificed with the provision of an [Self Education - Otherwise Deductible Declaration](#) signed by the employee.

Employees may be able to salary package self-education costs provided they are enrolled in a **full fee paying place** and not a Commonwealth supported place. The salary packaging of Commonwealth supported places attracts FBT and therefore it is anticipated that it will negate the benefit of salary packaging and it could also result in a disadvantage to an employee. Where an employee's workplace is providing financial assistance under the [Education Assistance Guidelines](#) by directly reimbursing education costs (for full fee paying courses), only those costs over and above the reimbursed amounts may be salary packaged.

Self-education may or may not be subject to GST, and is not reportable on an employee payment summary.

To salary sacrifice **Self-Education Expenses**, complete the [Self Education - Otherwise Deductible Declaration](#)<sup>^</sup> and [Employee Expense Claim Form](#)<sup>^</sup> (page 1) and attach the tax invoice and receipt evidencing payment. Have the forms approved and send all documentation to [the relevant payroll team](#) for processing.

## Relocation Expenses

Employees can salary sacrifice certain costs associated with **temporary or permanent relocation** from their usual place of residence within Australia or overseas in order to perform their employment duties at their current Ramsay work location.

Most relocation benefits are FBT exempt or subject to concessional FBT. The taxation treatment of each benefit is dependent upon whether the relocation is temporary or permanent and the individual benefit type. Refer to the Ramsay [Temporary Relocation Guidelines](#) or the [Permanent Relocation Guidelines](#) for more detailed information and for an outline of the FBT implications of each type of benefit available under this significant benefit area.

Exempt benefits are non-reportable and as such do not appear on the employee's payment summary. Where a benefit is concessional or fully subject to FBT the grossed up taxable value of the benefit will be reported on the employee payment summary. Relocation benefits are subject to GST.

Prior to claiming any relocation benefits, employees should review the applicable Temporary or Permanent Relocation Guideline and follow the claim process outlined in the relevant guideline.



## Professional Expenses

This benefit applies to membership fees and subscriptions to professional associations related to an employee's occupational area of work. It cannot be a payment to a registered trade union and must be work-related.

This benefit can also include all costs associated with attendance at conferences or seminars that are considered to be work-related.

This benefit is a non-reportable benefit for FBT purposes. This benefit is subject to GST.

To salary sacrifice **Professional Expenses**, complete the [Otherwise Deductible Declaration Form](#)<sup>^</sup> and [Employee Expense Claim Form](#)<sup>^</sup> (page 1) and attach the tax invoice and receipt evidencing payment. Have the forms approved and send all documentation to [National HR Services](#).

## Subscriptions

This benefit applies to one journal subscription per year for work related duties, not hobbies or incidental interests. Subscription must be in the name of the relevant packaging employee. This benefit is FBT free, is subject to GST, and is a non-reportable benefit for FBT purposes.

To salary sacrifice **Subscriptions**, complete the [Employee Expense Claim Form](#)<sup>^</sup> (page 1), attach the tax invoice and receipt evidencing payment. Have the form approved and send all documentation to [the relevant payroll team](#) for processing.

## Financial and Tax Advice

This benefit applies to the provision of financial or tax advice from a registered provider. This benefit is FBT free, is subject to GST, and is a non-reportable benefit for FBT purposes.

To salary sacrifice **Financial and Tax Advice**, complete the [Employee Expense Claim Form](#)<sup>^</sup> (page 1), attach the tax invoice and receipt evidencing payment. Have the forms approved and send all documentation to [the relevant payroll team](#) for processing.

## Airport Lounge Membership

This benefit applies to the purchase of Airport Lounge membership, eg, Qantas Club membership. The membership can be for used for business or non-business purposes. The membership must be in the name of the relevant packaging employee.

To salary sacrifice **Airport Lounge Membership**, complete the [Employee Expense Claim Form](#)<sup>^</sup> (page 1), attach the tax invoice and receipt evidencing payment. Have the form approved and send all documentation to [the relevant payroll team](#) for processing.

## Ramsay Uniforms or Protective Clothing

This benefit allows salary packaging of any uniform required to be worn above the usual uniform allowance provided by Ramsay. If uniforms are provided, then this benefit is not available. Evidence of purchase on a detailed invoice will be required before reimbursement will be authorised. A letter provided by a senior manager within the Hospital stating that the uniform or protective clothing is required for employment with Ramsay may be requested.

Shoes are not considered a tax deductible uniform item unless they meet very specific criteria. As such, shoes cannot be salary packaged through Ramsay, however it is recommended that you consult with your Tax Agent when lodging your annual Tax Return to determine if the shoes purchased meet the requirements to be claimed as a tax deduction through your annual tax return.

This benefit is FBT free, is subject to GST, and is a non-reportable benefit for FBT purposes.



To salary sacrifice **Ramsay Uniforms**, complete the [Otherwise Deductible Declaration Form](#)<sup>^</sup> and [Employee Expense Claim Form](#)<sup>^</sup> (page 1) and attach the tax invoice and receipt evidencing payment. Have the forms approved and send all documentation to [the relevant payroll team](#) for processing.

## Fees in respect of an in-house Gym

This benefit only applies to employees working at Ramsay sites where there is a registered in-house gym where fees are payable. This benefit is FBT free, is subject to GST, and is a non-reportable benefit for FBT purposes.

To salary sacrifice **In-house Gym Costs**, complete the [Employee Expense Claim Form](#)<sup>^</sup> (page 1), attach the tax invoice and receipt evidencing payment. Have the form approved and send all documentation to [the relevant payroll team](#) for processing.

## Membership and administration fees paid to Salary Packaging providers

This benefit only applies to employees who have a salary packaging arrangement which is administered for a cost. This benefit is FBT free, is subject to GST, and is a non-reportable benefit for FBT purposes.

To salary sacrifice these **membership and administration expenses**, please seek advice from your salary packaging provider & they will incorporate costs into your existing salary sacrifice arrangement.

<sup>^</sup> *Details of the benefit being claimed should be included on page 1 of the form under the relevant description area, the total amount column and any GST payable in the GST column.*

<sup>^^</sup> *Approval must be provided by a Ramsay Senior Corporate Manager or a member of the Hospital Executive team on the Declaration form.*

## DISCLAIMER AND CONDITIONS

Ramsay and its various operating entities, has the right to withdraw from offering salary packaging to employees without notice if there is any amendments to relevant Australian Taxation Legislation which governs these guidelines. Where these guidelines differ from Australian Taxation Legislation, the legislation will prevail.

All employees should individually review and assess the information contained in this document based upon their own individual circumstances. It is strongly recommended that employees seek independent financial/taxation advice prior to participating in salary packaging. Ramsay does not offer financial/taxation advice and takes no responsibility for any financial/taxation impact on employees who participate in salary packaging.

Ramsay Health Care, its administrators, partners, agents and/or employees disclaim all liability and are hereby released and indemnified from and against all actions, claims, demands and proceedings whatsoever, (whether foreseeable or not) notwithstanding any negligence, default or lack of due diligence and care from any person, which may arise in connection with the salary packaging arrangement, information contained in this document or advice given by an employee of Ramsay Health Care.

## DEFINITIONS

**Base Salary:** An employee's base salary is defined as the gross amount (before tax) excluding all penalties and allowances.

**Car:** The following types of vehicles (including four-wheel drive vehicles) are considered cars for salary packaging purposes:



- motor cars, station wagons, panel vans and utilities (excluding panel vans and utilities designed to carry a load of one tonne or more);
- all other goods-carrying vehicles designed to carry less than one tonne; and
- all other passenger-carrying vehicles designed to carry fewer than nine occupants.

Motor bikes and scooters are not considered to be cars for salary packaging purposes.

**Commonwealth supported place:** A 'Commonwealth supported place' is one in which the government contributes, or subsidises, a proportion of each student's tuition costs to the course provider.

**Exempt Benefits:** Exempt benefits are benefits that are either not considered to be fringe benefits, or are fringe benefits which have a nil taxable value and therefore, are not subject to FBT.

**FBT Year:** The FBT year runs from 1 April to 31 March.

**Fringe Benefits:** A fringe benefit is a benefit provided to an employee in respect of employment.

**Fee playing place:** A 'fee playing place' is not subsidised by the government and students are required to pay the full fee tuition fees for their units of study.

**Otherwise Deductible Rule:** This means that the taxable value of a benefit may be reduced by the amount that an employee would have been entitled to claim as an income tax deduction in their personal tax return if the benefit was not paid for, reimbursed or provided by the employer.

**Reportable Fringe Benefits Amount:** If an employer provides fringe benefits with a total taxable value of more than \$2,000 to an employee in an FBT year, the employer must in some cases report the grossed-up taxable value on the employee's payment summary. These are called reportable fringe benefits.

**Salary Packaging:** A salary sacrifice arrangement is an arrangement between an employer and an employee, whereby the employee agrees to forgo part of their future entitlement to salary or wages in return for the employer or associate providing them with benefits of a similar value.

## REFERENCES

- ATO Guidelines
- Fringe Benefits Tax Assessment Act 1986
- Income Tax Assessment Act 1997
- Workplace Relations Amendment (Work Choices) Act 2005
- Fair Work Act 2009
- Superannuation Industry (Supervision) Act 1993
- Superannuation Guarantee (Administration) Act 1992

## FURTHER INFORMATION

For questions regarding these Guidelines, please contact your Manager or HR representative. Alternatively you can contact National HR Services team via [email](#).

*Version control:*

<i>Version number</i>	<i>Date</i>	<i>Created / Amended by</i>	<i>Approved by</i>	<i>Reason/Change</i>
V.1.	March 2011	Group HR	Group HR	Original
V.2.	April 2011	Group HR	Group HR	General Review & Update
V.3.	October 2011	Group HR	Group HR	General Review & Update





V.4.	November 2012	Group HR	Group HR	General Review & Update
V.5	July 2013	Group HR	Group HR	Proposed Novated / FBT Changes
V.6	Sep 2013	Group HR	Group HR	General Review & Update
V.7	Sep 2014	Group HR	Group HR	General Review & Update
V.8	April 2015	National HR Services	National HR Services	Self-Education Expenses Review & Update
V.9	December 2015	National HR Services	National HR Services	Update to hyperlinks
V.10	November 2016	National HR Services	National HR Services/National Tax	General Review and Update, Update links and Update process for Child Care Centre fees and form titles
V.11	September 2017	National HR Services	National HR Services	Removed Child Care Centre benefit
V.12	November 2017	National HR Services	National HR Services	Addition of note to Novated Car Lease section