

Wheatbelt Natural Resource Management Incorporated

Salary Sacrifice Policy

Policy Name:	Salary Sacrifice
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Policy Category:	Human Resource Management
Contact Officer:	Natarsha Woods
Date Approved by Board of Management:	18 th September 2014
Date of Last Review:	
Period Until Next Review:	36 months from the approved date or as required
Related Legislation:	Fringe Benefit Tax Assessment Act 1986 Superannuation Administration Act 1992 Income Tax Assessment Act 1997
Related Wheatbelt NRM Procedures:	Conditions of Service 2011. Policy 4.9 Remuneration and Reward Policy

1. Definitions

“**Employer**” means the organisation with whom the Employee has a contract of employment with.

“**Employee**” means a person with letters or contracts of employment with the Wheatbelt Natural Resource Management Inc.

“**Fringe Benefit**” is any right, privilege, service or facility to an employee, in a different form to salary or wages, and is provided in respect of employment. A taxable fringe benefit will arise where:

- A benefit is provided to an employee, an associate of an employee, or some other person at the direction of an employee or an associate of an employee.
- The benefit is provided by the employee's employer, by an associate of the employer, or by a third party under an arrangement with the employer.
- The benefit is provided in respect of the employment of the employee

“**Novated Lease**” means a salary sacrifice method for vehicles, with rights and obligations agreed to in a deed of novation between the employer, employee (lessee) and finance company.

“Rebatable Employer” means an organisation that qualifies for Fringe Benefit Tax rebates as defined by the Australian Tax Office subject to a capping threshold.

“Remuneration” means compensation for work undertaken or services performed, typically known as salary (annual pay) or wages (hourly pay).

“Salary Sacrifice” also referred to as Salary Packaging or Remuneration Packaging is an agreement between an employer and an employee where the employee agrees to forgo part of their future entitlement (prior to the income being earned) to salary or wages in return for the employer providing them with pre-tax benefits of a similar value.

“Staff Member” means a person with a contract of employment with Wheatbelt Natural Resource Management Incorporated.

“Wheatbelt NRM” means Wheatbelt Natural Resource Management Incorporated.

2. Overview:

This policy offers Salary Sacrifice services to provide choice and flexibility in remuneration to staff members of Wheatbelt NRM.

Wheatbelt NRM is endorsed by the Australian Tax Office as a charitable institution to access the following tax concessions:

- FBT *rebate* (not exemption) under section 123E of the Fringe Benefits Tax Assessment Act 1986.

Wheatbelt NRM is a ‘rebtable employer’, which enables the employee with the option to take advantage of potential tax benefits through pre-tax salary deductions and FBT rebates.

Salary sacrificing is introduced adopting the concept of total cost of employment to the employer. That is, the cost of the remuneration package should be no more than the total cost of employing the staff member prior to the remuneration package occurring.

3. Policy Statements

3.1. Salary Sacrifice arrangement may be entered into by application to the Chief Executive Officer.

3.2. It is the employee’s responsibility to seek independent and appropriate financial and individually specified tax advice to inform their salary packaging decisions. Wheatbelt NRM will not provide financial advice, and will not accept responsibility for any liability incurred by the Employee for such advice, or for the consequences of any salary packaging decisions made by the Employee.

3.3. The agreement at the discretion of the Chief Executive Officer, must be “effective” as defined by the Australian Tax Office, and meet the following requirements:

- 3.3.1. The agreement must be put into place prior to the work being performed;
 - 3.3.2. The agreement including all terms and conditions are clearly documented and signed by the Employee and the Chief Executive Officer;
 - 3.3.3. The sacrificed salary must be permanently forgone for the period of the arrangement.
- 3.4. The Chief Executive Officer may, on application by the Employee, agree to enter into an “effective” salary sacrifice arrangement.
- 3.5. Benefits that can be sacrificed include:
- 3.5.1 fringe benefits: limited to vehicles via Wheatbelt NRM novated lease provider in agreement with the financier terms and conditions of the arrangement, and spousal superannuation contributions;
 - 3.5.2 exempt benefits: limited to portable electronic devices (*small and light complete unit, easily portable that can operate without an external power supply*) protective clothing (*clothing or footwear worn to protect yourself from risk of illness or injury by your income earning activities or the environment in which you carry them out*) or tool of trade (*basic equipment required for a particular occupation*), repaid within 12 months and limited to one item of specified type per year; and
 - 3.5.3 superannuation: Wheatbelt NRM do not consider employee sacrificed superannuation to be part of the employer superannuation guarantee (SG) contribution obligation.
- 3.6. Wheatbelt NRM recognise that under law, Employers are not required to contribute more Superannuation than the legislated amount (SG), based on the employees Ordinary Time Earnings (OTE). Wheatbelt NRM recognise that Salary Sacrifice arrangements effectively reduce the Employees OTE. Wheatbelt NRM will pay its SG obligations based on pre sacrificed OTE.
- 3.7. Upon Employee cessation, any arrangements will cease. The employer will recover any amounts remaining as unpaid on exempt benefits, and Novated lease arrangements will be transferred to new employer, or cancelled.
- 3.8. Benefit values will be reported on as required by the Australian Taxation Office.
- 3.9. The Employee is responsible for any tax on fringe benefits.

4. Responsible Officer(s):

- 4.1. The Chief Executive Officer is responsible for the operational compliance of the organisation to this Policy

- 4.2. The Finance Officer will ensure that all Human Resource transactions are entered into the Human Resource management system, adequate records are maintained, and that Salary Sacrificed items are adequately reported to the Australian Tax Office.
- 4.3. Employees are responsible for independent professional tax advice, and adequate reporting of benefits in personal Income Tax Returns.

5. Approval:

This Policy was approved by the Board of Management on 18th September 2014.

Jim Sullivan
Chairperson
Board of Management