

The LeasePlan logo features a stylized, wavy graphic in shades of orange and red, resembling a rising line graph. The word "LeasePlan" is written in white, sans-serif font across the middle of this graphic.

LeasePlan

Introducing your salary packaging service

A SalaryPlan user guide for employees



Index

Introducing SalaryPlan	4
Privacy	4
What is salary packaging?	4
Eligibility	4
What can you salary package?	4
SalaryPlan's role	5
Reporting on Payment Summaries	5
Novated vehicle leasing	6
What is a novated lease?	6
The benefits	6
GST	6
Luxury Lease Impact Cost	6
Creating a quote with LeasePlan Online	6
Commencing salary packaging for a novated lease	7
End of lease	7
Leaving employment	7
Packaging account Deficit Collection	8
Other benefits	9
1.1 Superannuation Benefit	9
1.2 Exempt or otherwise deductible benefit items	9
1.3 Mobile phone benefit	10
1.4 Laptop computer benefit	10
1.5 Relocation expenses	11
1.6 Living away from home allowance	11
1.7 Remote Area Benefits	13
1.8 Car Parking Benefit	15
1.9 Commencing a Non-Vehicle Benefit	15
1.10 Commencing salary packaging for reimbursement of living away from home expenses	15
Contacting LeasePlan and SalaryPlan	15

Introducing SalaryPlan

Your employer has partnered with SalaryPlan to provide salary packaging benefits. SalaryPlan is the salary packaging administration service from LeasePlan.

Privacy

In order to provide you with salary packaging services, SalaryPlan will collect, store, use and disclose your personal information as set out in SalaryPlan's Privacy Acknowledgement and Consent form which SalaryPlan will provide to you, and otherwise in accordance with LeasePlan's Privacy Policy available on its website.

What is salary packaging?

Salary packaging is an arrangement between you and your employer where you agree to forgo part of your future entitlement to salary or wages in return for your employer providing you benefits of a similar cost.

- Salary packaging can offer greater flexibility of your remuneration
- Salary packaging must be prospective
- Salary packaging is a voluntary option for eligible employees
- SalaryPlan and your employer strongly recommend that any person considering salary packaging seek independent financial advice before entering into an arrangement for packaging

Under a salary packaging arrangement:

- Your employer agrees to provide a nominated benefit
- If the benefit is subject to Fringe Benefits Tax (FBT) your employer is responsible for paying the FBT
- The costs of the benefit plus FBT (if any) are deducted from your salary or wage
- You will then be required to pay income tax (PAYG) on the reduced salary or wages

Eligibility

Salary packaging is available to all eligible staff who are permanent employees and not subject to a probation period. Packaging is not available to casual staff.

What can you salary package?

Please ensure you confirm with your employer which benefits are available for you to package (If Applicable)

- Novated Leases via LeasePlan
- Superannuation
- Mobile Phone
- Laptops – One per year (primarily business use)
- Airport Lounge membership
- Relocation Expenses – related to employment
- Self education expenses (Not HECS)
- Cost of financial or tax advisors
- Protective clothing – work related
- Trade or Professional journals and association fees
- Disability Income protection insurance
- Living Away from Home Allowance and Food benefit
- Remote Area Benefits
- Tools of Trade, Brief case, calculator

- In-house childcare, in-house gym/recreational facility
- Meal and entertainment expenses
- Interest payments on loan for rental property or share portfolio
- Home office expenses
- Car parking
- Income protection insurance

SalaryPlan's role

SalaryPlan operates as your employer's agent to facilitate the following:

- Assist employees with salary packaging inquiries relating to the benefits outlined in this document
- Provide your employer with deduction required from payroll
- SalaryPlan will receive funds deducted from payroll into a dedicated account
- Amounts received will be allocated to individual employee packaging accounts
- Make payments to each benefit accordance with payment terms
- Collate FBT liability details and submit to your employer
- Collate GST transaction and report these to your employer
- On receiving advice of employee termination, SalaryPlan will promptly reconcile the employee's individual packaging account and interim FBT liability position
- Reconcile each employee actual FBT liability
- SalaryPlan will coordinate collections or refunds via your employer's payroll
- Provide employees access to view the status of their individual packaging accounts

Reporting on Payment Summaries

Non-exempt benefits provided to an employee in an FBT year (1 April - 31 March) which are subject to FBT and ATO limits and will be reported on employee Payment Summaries (Group Certificates) at the end of each financial year. The amount that will be reported on the Payment Summary will be the "grossed up" value of the benefits in accordance with the FBT Act

Whilst the value of benefits reported on Payment Summaries will not affect the amount of income tax you pay, it may be taken into account by Government Agencies when determining the amount of government allowances and charges.

These allowances may include, but are not restricted to:

- Medicare surcharge in relation to private health insurance
- Repayment of HELP (HECS or SFSS) debt
- Child support payments
- Family Allowances (base non-grossed up value used)

Novated vehicle leasing

What is a novated lease?

A novated vehicle lease is an arrangement between you, your employer and the novated lease provider as the financier and fleet manager. It enables you to lease a vehicle of your choice while enjoying the tax-effective benefits of financing the vehicle and its operating costs from pre-tax or a combination of pre and post-tax salary.

The benefits

- Vehicle costs are deducted from your salary before tax
- Pre-tax savings on both lease and vehicle operating costs
- GST free motoring
- Eliminate FBT liability with post-tax contributions via Employee Contribution Method (ECM)
- A potential tax-free lump sum benefit at lease expiry
- Option to package a second-hand vehicle (subject to terms and conditions)
- The vehicle is registered in your name, so no stamp duty if purchased at lease end
- Healthy discounts on purchase price and operating costs
- Transfer to your new employer or purchase outright if your employment is terminated (subject to terms and conditions)

GST

- Your employer is able to claim Input Tax Credits for the GST paid, thus the GST tax credit will reduce the net cost of the salary packaged items to you. Essentially you will only be packaging:
- The cost of the packaged benefit (e.g. novated lease), excluding the GST element
- The SalaryPlan salary packaging administration fees, excluding the GST element
- If you are using the ECM method, you will be charged the GST on the contribution
- Any applicable FBT liability (if any applies)
- For further FBT information - www.ato.gov.au

Luxury Lease Impact Cost

A lease is classified as a luxury lease when the amount financed under the lease is greater than the luxury taxation limit (currently \$57,581).

Novated leases which have a finance value greater than \$57,581 are treated differently for tax purposes.

This treatment imposes additional costs on your employer due to the tax deduction foregone. This cost will form part of your standard payroll deduction for your lease vehicle.

This cost should not be confused with the Government imposed taxation surcharge which is payable as part of the vehicle purchase cost and shown separately on your quotation as part of the capital cost of your lease e.g. Luxury car tax.

Creating a quote with LeasePlan Online

- Go to www.leaseplan.com.au
- choose 'Login to / LeasePlan Online' from the top menu bar and register as a new user
- enter your correct payroll/employee ID as shown on your payslip (this ensures you will be correctly identified by SalaryPlan and your employer)

Use LeasePlan Online to:

- Create, save and compare new vehicle quotes
- Approve a quote and order your car online, including your credit application

Commencing salary packaging for a novated lease

- Apply for your lease and complete all required documentation as requested by the lease provider
- Once your vehicle is ordered, SalaryPlan will be notified by the lease provider and will issue any required documents for you to complete

End of lease

When advised that your lease has ended, SalaryPlan will undertake a full package reconciliation for that vehicle benefit.

The reconciliation takes into account the following:

- Deductions collected from your payroll by SalaryPlan
- Lease payments paid to the lease provider
- Operating cost reconciliation provided to SalaryPlan by the lease provider
- Actual FBT liability as at the end date of the lease
- Any balances pre-SalaryPlan transferred from your employer
- Please note that all salary packaging costs are excluding GST

You will be provided with a full package reconciliation, showing either an overall surplus or deficit.

Any surplus will be returned to your payroll to be credited to you. Any deficit will be collected from your pre-tax salary as per the deficit collection scheduled outlined in this guide.

Leaving employment

- Your employer will notify SalaryPlan that you are ceasing employment.
- Your lease provider should contact you to discuss your options
- Prior to your last day of employment SalaryPlan will provide you and your employer with an Estimate Reconciliation, this is used to assess if any funds are required to be held back from your termination pay.
- To enable this reconciliation to occur in a timely manner and to be accurate, you are required to complete the Motor Vehicle Declaration and return this to SalaryPlan as soon as possible after the lease ends.
- Once the lease provider has advised SalaryPlan that your lease has ended, SalaryPlan will undertake a Final Package Reconciliation for that vehicle.
- This will show either an overall surplus or deficit position of your package.
- If there is a surplus this will be returned to your payroll to be credited to you.
- If there is a deficit you will be required to pay this to SalaryPlan within 7 days of receiving the final reconciliation.

This Reconciliation takes into account the following items:

- Deductions collected from your payroll by SalaryPlan
- Lease payments paid to the lease provider
- Operating cost reconciliation estimate provided by the lease provider
- FBT liability as at the end date of the lease.
- Any balances pre-SalaryPlan transferred from your employer
- Any funds collected from final pay based on the estimate reconciliation

Please note that all salary packaging costs are excluding GST.

Packaging account Deficit Collection

If your Salary Packaging account is in deficit, then extra funds must be collected in order to recover costs. Your account may be in deficit due to:

- There is a deficit in your Operating Costs at Settlement (this is only applicable to vehicles on Termination of their Lease)

Deductions not being sufficient to cover invoices/costs, due to timing of payroll and start of lease commencement or changes to the lease arrangement.

SalaryPlan endeavour to ensure that deductions are correct and start as close to delivery of the lease as possible, but if information is not provided in a timely manner by either the employer, employee or the lease provider SalaryPlan may be required to make adjustments to your collections. These deficits are to be collected as per below:

- \$0 to \$1000 within one month
- \$1000 to \$2000 within two months
- \$2000 to \$3500 within three months
- \$3500+, by negotiation but not to exceed 3 months

Other benefits

Your employer's partnership with SalaryPlan may include access to some additional salary packaging benefits. Please be sure to check your employer's policies to see if you are eligible for any of these benefits.

1.1 Superannuation Benefit

Employees may elect to salary package a voluntary contribution to an eligible superannuation fund of your choice

Superannuation contributions will be limited to \$25,000 per year per employee. Contributions over this value will be taxed at the highest marginal tax rate plus the Medicare levy.

Salary packaged superannuation contributions can only be made to funds that meet complying fund status in accordance with ISC legislation. You will be required to supply evidence from your fund indicating this complying fund status requirement.

Superannuation can be complex and there are many aspects that need to be considered. Before entering into salary packaging for superannuation you should seek independent financial advice. Some issues you should discuss with your financial advisor are:

- Access to salary packaged contribution, (generally only available after your retirement)
- Your retirement requirements
- Legislation and possible changes
- Life insurance matters which some funds supply
- Discuss the amount of salary packaged contributions (in addition to those already made on your behalf by your employer)

1.2 Exempt or otherwise deductible benefit items

The cost of certain item, where the principal use of the item is business or work related, you can salary package and will be exempt from FBT.

The range of items that can be salary packaged under this benefit are as follows:

- Mobile Phone
- Laptop
- Protective clothing
- Brief case (or similar carry bag)
- Calculator
- Tools of Trade
- Computer software used in employment
- Membership subscription to trade unions/professional associations
- Subscriptions to trade or professional journals
- Airport lounge membership (due to work related travel)
- Self education expenses (not HECS)
- Fees for professional Accountant/Financial Planner/Taxation advisor

Typically, these items would be tax deductible and you would claim the deduction upon completion of your annual tax return. Salary packaging these items brings forward this deduction. You need to be aware that an item salary package exempt from FBT cannot be used as a further tax deduction in your annual tax return to the ATO.

When applying for this salary packaging these benefit items you will be making a declaration to the effect that the item is either principally used for business purposes or is work related.

With these benefit items, you purchase the item and fund the purchase from your own monies. You can then claim reimbursement by instalments. When establishing the reimbursement benefit you will need to determine the time period the reimbursement instalments will occur. Typically purchases under \$1000 would be reimbursed within 1 to 12 months, while higher value purchase would be reimbursed within 24 months.

It is your obligation to ensure the item complies with the ATO regulation, if you do not comply with these regulations the item may be subject to FBT.

You also need to be fully aware that LeasePlan or your employer does not insure these items, it is your responsibility to organize insurance if you so desire.

1.3 Mobile phone benefit

The cost of one Mobile Phone (including iPhone) per FBT year (1 April to 31 March) can be salary packaged and can be exempt from FBT.

Purchase of a Mobile phone

SalaryPlan will deduct the purchase price of the mobile phone before tax exclusive of GST. This is usually in 1 pay period. A reimbursement is then made to direct to you for the full purchase price of the phone inclusive of GST.

In order for the mobile phone to be packaged you will be required to supply the original detailed supplier invoice and delivery dockets as part of the taxation substantiation requirements.

You also need to be fully aware that SalaryPlan or your employer does not insure these items, it is your responsibility to organise insurance if you so desire

Mobile Phone plan

- When you enter an arrangement for a mobile phone plan that includes the mobile and calls/data
- The benefit is established and deductions are made each pay period before tax exclusive of GST.
- When phone bills are paid, the invoices are submitted to SalaryPlan and a reimbursement is then made to you inclusive of GST

1.4 Laptop computer benefit

The cost of one laptop (including iPad) per FBT year (1 April to 31 March) can be salary packaged, and may be exempt from FBT if primarily for business use.

Laptop computer reimbursement

- A laptop computer can be purchased from the supplier of your choice
- Laptop must be funded with your own money
- Reimbursement can be done by installments or one-off payment (Employee choice)
- Under this benefit you can not include additional warrenty or carry bags/case
- Reimbursement of benefit must be done within the same FBT year
- It is your responsibility to organise your own insurance if you desire as the Laptop is not insured by Leaseplan/Salaryplan or your Employer

1.5 Relocation expenses

If you are required to relocate your principal place of residence, as a requirement to perform your duties associated with your appointment, certain cost can be salary packaged and be exempt from FBT, where all the associated tax rules and conditions (detailed below) are satisfied.

The types of expenses that can be packaged are broken into three areas

1. Initial relocation expenses

- Cost of travel to the new location
- Relocation counselling services
- Removal/storage/transport expenses associated with household goods and effects

2. Temporary Accommodation

- Maximum 21 days at former location providing former residence is unavailable or unsuitable for occupancy i.e. due to furniture removal etc.
- Maximum of 4 months at new location, commencing from 7 days prior to starting new duties. This may be extended to 6 months if you can evidence sustained efforts to seek long-term accommodation. This may be extended to 12 months where you selling former residence within 6 months after the relocation occurring.

3. Housing Expenses

- Reimbursement of home sales and purchase costs
- Connection/re-connection cost relating to Utilities
- The former home must have been owned and occupied by you (or an associate) as your principle residence at the time the assignment was instigated
- You (or associate) must sell the former home solely because you were required to change your usual place of residence in order to perform the duties of your employment, and
- You (or an associate) must enter into a contract of sale for the former home within two years after the day on which you commence performance of duties at the new place of employment.
- You must provide documentary evidence regarding the sale expenses.
- Copy of invoice for agent fees paid

Regarding the purchase of a new home, the following further conditions must be satisfied:

- The new home must be owned and occupied by you (or an associate) as your principle residence.
- You (or an associate) must purchase the new home solely because you are required to change your usual place of residence in order to perform the duties of your employment.
- You (or an associate) must enter into the contract of purchase within four years after the day on which they commence performance of duties at the new place of employment.
- You must provide documentary evidence regarding the purchase expenses.
- Copy of invoice for stamp duty paid
- Copy of agent fees paid if applicable to the purchase

1.6 Living away from home allowance

If you are required to live away from your principal place of residence on a temporary basis to perform your employment requirements, certain expenses can be salary packaged and be exempt from FBT, where all the associated tax rule and conditions are satisfied.

The expenses associated with living away from home must be directly related to you undertaking your duties for your employer in a temporary location to your normal place of residence.

An employee who moves to the new location with the intention to return to their old location at the end of the appointment would generally be treated as eligible for Living Away From Home Allowance (LAFHA).

LAFHA comprises a regular tax-exempt amount for accommodation and for food and where eligible reduces the employee's taxable income and compensates the employee for expense incurred. It is not an allowance paid in addition to the salary applicable to the position.

LAFHA is also subject to a test that complies with a temporary arrangement and this is limited to 12 months.

Rules around living away from home allowance eligibility.

Access to the tax exemption for temporary residents will be limited to those who maintain a residence for their own use in Australia, which they are living away from for work purposes, such as 'fly-in fly-out' workers; and

Individuals will be required to substantiate their actual expenditure on accommodation and food beyond a statutory amount.

No permanent resident legitimately using this tax exemption for accommodation and food expenses will lose any entitlements.

Temporary accommodation

- When living away from home reasonable accommodation costs can be claimed.
- The actual cost of your accommodation (excluding any cost of utilities) can be claimed as a reimbursement subject to the provision invoices or copy of lease for tax substantiation purposes.
- This item is subject to a reasonable cost test based on the individual employee circumstances.

Additional Food/Meal Expenses

When living away from home you can claim the reasonable cost of food and meals, the cost of the food/meals less the normal cost home food cost of \$42 per week per adult or \$21 per week per child under 12 years of age, will be exempt from FBT.

One adult	\$247
Two adults	\$371
Three adults	\$495
One adult and one child	\$309
Two adults and one child	\$433
Two adults and one or two children	\$495
Two adults and three children	\$557
Three adults and one child	\$557
Three adults and two children	\$619
Four adults	\$619

**The ATO published per week amounts as at 1/4/2017 for Food/meals*

In relation to larger family groupings, ATO will accept a food component based on the above figures plus \$124 for each additional adult and \$62 for each additional child.

1.7 Remote Area Benefits

Remote area rental benefit (residential housing)

Remote area rental assistance for housing will arise when the employee lives and works in a defined remote area and has entered into a tenancy agreement in respect to a unit of accommodation, and the housing is not provided by the employer.

Where the arrangement meets certain conditions as set out below the rental incurred by the employee will be subject to concessional FBT.

The conditions are:

- The accommodation is the usual place of residence of the employee during the period of the FBT year in which the rent has accrued
- The accommodation is located within a remote area
- The employee's employment is located in a remote area
- The rental agreement/lease must be in the employee's name or jointly with spouse/partner
- The employer's industry had a custom that it pays or reimburses employees for rent incurred by an employee in relation to the lease of accommodation
- The reimbursement of payment of rent relating to remote area housing is deemed necessary due to the nature of the employer's business, insufficient suitable residential accommodation or the concessional loan terms are customary for the employer's industry
- The employees supporting documentation, both declaration and copy of the tenancy or lease will be used by SalaryPlan to create the benefit for a maximum term of 12 months.
- The full cost of the rent and FBT on 50% of the benefit will be deducted from the employees pay in pre-tax dollars.
- The cost of the rent will be reimbursed to the employee on a monthly basis.
- The FBT element deducted will be retained to fund the employers FBT liability for this packaged benefit.

Reimbursement of interest (residential housing)

Remote area reimbursement of interest benefit will arise where the employee has entered into a loan arrangement for the purpose of purchasing a dwelling located in a remote area, and the dwelling is to be used as the employee's primary and usual place of residence.

If an employee's home loan arrangement meets the conditions set out below, the interest on the loan incurred by the employee can be treated concessional for FBT purposes. This means that 50% is exempt from FBT.

The conditions are:

The loan is specifically for the remote area residential property with the mortgage in the employee's name or jointly with spouse/partner and loan has not has any redraw arrangement for other purposes, i.e. house renovations, purchase of boat, car etc

- The home must be a house, unit, flat or apartment. It cannot be a caravan or mobile home
- The unit of accommodation is the primary and usual place of residence of the employee during the period of the FBT year that the interest on the loan accrues
- The unit of accommodation must be located in a remote area
- The employee must be employed in a remote area
- The employer's industry had a custom that it pays or reimburses employees for rent incurred by an employee in relation to the place of accommodation

- The reimbursement of interest relating to remote area housing is deemed necessary due to the nature of the employer's business, insufficient suitable residential accommodation or the concessional loan terms are customary for the employer's industry
- The employees employment is in a remote location, and
- The employee's house (subject of the loan) is also located in a remote location

The FBT element deducted will be retained to fund the employers FBT liability for this packaged benefit.

At the end of each FBT year the employee will be required to submit a declaration together with a financial institution letter/statement showing the actual annual interest. A true up will occur in the final month.

Remote area benefit– provision of gas and electricity (reimbursement)

The benefit of remote area residential gas and electricity will arise where the employees incurs costs in connection with residential fuel to be used at/for their usual place of residence in a remote area.

Residential fuel is defined to mean any form of fuel (including electricity) for domestic use.

Where the arrangement meets certain conditions set out below, the costs incurred by the employee will be subject to concessional FBT.

The conditions are:

- The employee must be in receipt of a remote area housing benefit relating to either rental or interest on loan
- The fuel reimbursements being claimed must relate to the property that is part of the housing benefit, and the tax invoices must be in the name of the employee or jointly with spouse/partner
- The cost of the energy GST excluded plus FBT based on 50% of the cost will be deducted pre-tax from the employee
- The employee will be reimbursed the GST inclusive amount of the claim
- The FBT element will be retained and returned to the employer to fund the FBT liability

Reimbursement of interest (investment housing)

The benefit of reimbursement of interest for investment housing will arise where the employee has entered into a loan arrangement for the purpose of an investment property.

Where the arrangement meets certain conditions set out below, the costs incurred by the employee will be subject to concessional FBT.

The conditions are:

- The employee must be in receipt of a loan account specifically pertaining to that of an investment property, being 100% for income producing purposes.
- If the loan is jointly held, the employee may only salary package their [portion of the interest. For example, if the employee and a spouse are equal joint owners of an investment property, the employee can only package 50% of the interest costs
- If the employee salary packages their investment loan they cannot claim it in their tax return.

The employees supporting documentation, both declaration and copy of the tenancy or lease will be used by SalaryPlan to create the benefit for a maximum term of 12 months. The full cost of the interest and FBT on 50% of the benefit will be deducted from the employees pay in pre-tax dollars. The cost of the interest will be reimbursed to the employee on a monthly basis.

When an employee applies for this type of benefit SalaryPlan would require the employer HR representative to approve the application for each employee

1.8 Car Parking Benefit

A car parking fringe benefit may arise if an employer provides car parking to an employee and all the following conditions are satisfied:

- The car is parked at premises that are owned/leased/otherwise under the control of, the employer
- The car is parked for a total of more than four hours between 7.00am and 7.00pm
- The car is owned by, leased to, or otherwise under the control of, an employee, or is provided by you
- The car is parked at or near the employee's primary place of employment on that day
- The car is used by the employee to travel between home and work (or work and home) at least once on that day
- There is a commercial parking station that charges a fee for all-day parking within a one-kilometre radius of the premises on which the car is parked and—the commercial parking station fee for all-day parking is more than the car parking threshold
- At the beginning of the FBT year, the commercial parking station fee for all-day parking was more than the car parking threshold (for 2018, this is \$8.66)

1.9 Commencing a Non-Vehicle Benefit

- Before you consider salary packaging you should obtain advice from your financial advisor.
- You must pay all expenses and provide a bank a valid tax invoice for each expense item.
- Complete the forms provided by SalaryPlan and submit with required documentation

1.10 Commencing salary packaging for reimbursement of living away from home expenses

- For accommodation cost you must pay all expenses relating to your accommodation and supply a copy of your lease/rental agreement.
- For additional food/meals, you should also retain copies of valid tax invoice for these expense items for possible tax substantiation (if required by ATO).
- Complete the forms and declarations as directed by SalaryPlan and submit with the required documentation

Contacting LeasePlan and SalaryPlan

When communicating with LeasePlan and SalaryPlan, you must advise the company you are employed with.

SalaryPlan (inquiries about deductions from your salary for your benefits)

E: support@salaryplan.com.au; T: 1300 790 140

Business Hours - Monday to Friday 8:30am to 5pm AEST

LeasePlan Customer Service (inquiries about your novated lease)

E: cservice@leaseplan.com.au; T: 1300 668 572

Business Hours - Monday to Friday 8:30am to 5pm AEST