



University of
South Australia

SALARY SACRIFICE GUIDELINES AND CONDITIONS



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1. OVERVIEW

These guidelines reflect current endorsed practice of the University of South Australia (UniSA). The purpose of these guidelines is to provide staff members with clear information, options and procedures for salary sacrificing arrangements.

The University of South Australia has a number of industrial instruments that offer UniSA staff members an option to salary sacrifice.

These guidelines should be read in conjunction with the Remuneration and Reward Policy (HR-28.O) and associated guidelines as well as the applicable industrial instruments of UniSA.

These guidelines will be reviewed over time to ensure that they are effective, reflect best practice and embody the principles of the Remuneration and Reward Policy (HR-28.O).

To ensure equitable practice within the University, salary sacrifice is offered at no additional cost to the University, any costs associated with providing salary sacrifice will be charged to the staff member e.g. fringe benefits tax (FBT).

Disclaimer

The University of South Australia, its staff members or agents are not engaged in rendering advice and any information received should be confirmed with independent sources i.e. Accountant or Financial adviser. Any cost incurred in obtaining financial advice is the responsibility of the staff member.

The University of South Australia accepts no liability should the staff member fail to seek financial advice or for financial and taxation advice received by the staff member. A directory of financial planners is available from the Financial Planning Association at <http://www.fpa.asn.au/>

2. GUIDING PRINCIPLES AND APPROACH

The broad guiding principles and approach embodied within these guidelines are as follows:

- The aim of salary sacrifice at UniSA is to provide eligible staff members with the opportunity to maximise their individual remuneration benefit.
- Participation in salary sacrifice at UniSA is voluntary and at the initiation of the staff member.
- No agreement will be entered into which is longer than the term of employment.
- The Salary Sacrifice Agreement is a binding agreement between UniSA and the staff member and it enables salary sacrificing arrangements to be implemented.
- Salary sacrifice to superannuation is available to all staff; however, contributions by casual staff are limited to UniSuper Accumulation 1 Division.
- The University aims for salary sacrifice benefits to be accessible to all staff members in an equitable and fair manner.
- The University will remain cognisant of community perception in the development and application of salary sacrifice.
- All available salary sacrifice benefits will be determined by UniSA.
- UniSA reserves the right to vary salary sacrifice benefits dependent on taxation laws, superannuation trust deeds, and/or organisational need. In the event of an item no longer being offered, the salary sacrifice component will cease.
- A salary sacrifice arrangement must always be for future benefits (prospective) and not past benefits (retrospective).
- When calculating entitlements and allowances, the salary that would have been payable had the staff member not entered into a salary sacrifice agreement will be used.

3. SALARY SACRIFICE ARRANGEMENTS

Salary sacrifice is an arrangement where staff members can negotiate with UniSA to forego a component of their cash salary in return for specific non-cash benefits of equivalent value. Payments are made from the salary pre-tax thereby reducing the taxable income. These payments are said to be University provided benefits.

The appropriate salary sacrifice agreement (SSA) must be signed and completed prior to commencing a salary sacrifice arrangement.

The SSA is the binding agreement between the University and the staff member. The staff member agrees to be bound by the SSA or any other arrangement.

The benefits available under the University's salary sacrifice scheme include:

- Superannuation contributions
- Vehicle leasing
- Car parking fees
- Eligible items
- Portable electronic devices
- Relocation expenses
- 12 month Gym Membership – Gyms Operated by UniSA Sport

By signing a SSA with the University, the staff member acknowledges that their cash salary may be less than provided for under the applicable industrial instrument. Where this occurs, the staff member accepts that UniSA will have no liability in respect of that shortfall. Additionally, the staff member recognises and accepts that UniSA has no liability for the staff member's taxation or any other outcomes resulting from entering into the arrangement.

UniSA reserves the right to amend the Salary Sacrifice Guidelines & Conditions at anytime.

If the staff member breaches any agreements, the staff member will compensate UniSA for expenses incurred as a result of the breach. UniSA reserves the right to terminate an agreement in the event that the agreement has been breached.

If the staff member elects to terminate the agreement, it's important to note that some items have a notice period that is required before termination.

4. STAFF MEMBER OBLIGATIONS

The staff member is responsible for informing the Payroll Adviser of any change to their salary sacrifice agreement, employment status or salary payment which may affect salary sacrifice arrangements.

If the staff member fails to disclose changes to the Payroll Adviser and, as a result, UniSA incurs additional taxes or other costs, such costs are recoverable, in full, from the staff member.

The staff member will reimburse UniSA any additional taxes or costs the University incurs as a result of any legislative or other changes affecting the amount of tax payable on salary sacrifice items.

It is the staff member's responsibility to seek financial and/or taxation advice (including superannuation advice) prior to commencing any salary sacrifice arrangement.

5. ADMINISTRATION

5.1 UNISA ADMINISTRATION FEES

An administration fee will apply to the majority of each benefit and will also be eligible to be salary sacrificed. Please refer to the following table:

Salary Sacrifice Item	Administration Fee
UniSuper	NIL
Private/Self-Managed Super	\$30 set up fee for each item packaged and for each new arrangement made
Novated Vehicle Lease	\$30 set up fee for each vehicle leased, plus a \$13 per fortnight fee for each vehicle leased.
Car Parking (Campus & Wilson Parking) <i>HRISO40</i>	\$10 fee per annum for each new application / amendments due to parking increases by Wilson Parking.
Portable Electronic Device <i>HRISO45</i>	\$5 per claim or per fortnight when a claim is processed over more than one fortnight.
Eligible Items (including casual and monthly car parking) <i>HRISO44</i>	\$5 per claim or per fortnight when a claim is processed over more than one fortnight.
Relocation Expenses <i>HRISO54</i>	\$10 set up fee, plus \$5 per claim or per fortnight when a claim is processed over more than one fortnight.

5.2 Administrative procedures

The major functions to be performed by UniSA in the administration of salary sacrifice are:

- Payment of the selected benefit item(s) to third party in accordance with the instructions received on completion of the relevant application and agreement forms
- Obtaining and storing benefit payment substantiation for Australian Taxation Office compliance and audit purposes
- Answering enquiries in relation to salary sacrificing
- Reconciling benefit balances

5.3 PAYMENT

Upon commencement of a salary sacrifice arrangement, the University will deduct on a pro-rata basis from the staff member's fortnightly salary the following:

Novated Vehicle Lease

- The cost of the benefit(s)
- Any FBT payable for the benefit
- The administration fee

The initial payment will comprise of the following two (2) components;

- One current fortnightly deduction,
- Arrears to the start date of the vehicle lease if applicable

Wilson Car Parking

- The cost of the benefit.
- The administration fee

The initial payment will comprise of the following three (3) components;

- One current fortnightly deduction
- Arrears to the start of the car park if applicable
- One month's deduction in advance to ensure that payments remain in a positive balance. This is to minimise the risk to the staff member incurring a debt at the end of the parking arrangement.

5.4 AMENDMENTS TO SALARY SACRIFICE ARRANGEMENTS

Salary sacrifice amendments relating to vehicle leasing, car parking, portable electronic device and eligible items please refer to relevant guidelines and agreements.

Note: penalties may apply when cancelling a vehicle lease or car park prematurely.

5.5 REIMBURSEMENT SUBSTANTIATION

To enable a benefit to be eligible for salary sacrificing an eligible item, portable electronic device or relocation expense and claiming of the GST as an input tax credit, the following details must be provided at time of making a claim:

Completed salary sacrifice application form detailing:

- Staff member's name
- Description of expense
- Amount of expenditure
- A description of how the benefit is directly related to the staff member's activities as a staff member

- Original tax invoice detailing item purchased
- Proof of payment

5.6 LEAVE WITH PAY AND LEAVE WITHOUT PAY

Salary sacrifice deductions will continue when a staff member is on paid leave.

Staff members taking leave without pay will need to either cease the salary sacrifice arrangement or make alternative arrangements to continue making payments whilst on leave without pay.

Prior to going on leave without pay please contact the following officer depending on the individual benefit:

- For superannuation deductions contact the Consultant: Superannuation on 8302 1637 or superannuation@unisa.edu.au
- For all other salary sacrifice deductions contact the Payroll Adviser on 8302 1671 or salariesacrifice@unisa.edu.au

6. CASUAL CAR PARKING

Casual car parking and permanent parking tax invoice/receipts are eligible for salary sacrifice. Tax invoices/receipts are required to be sent via the internal mail for processing.

To comply with the ATO salary sacrifice guidelines, the following conditions must be met:

1. The cost incurred must be in respect of the car being parked for a period of more than four hours.
2. The car is parked between the hours of 7am and 7pm.
3. The car park is in the vicinity of the employee's primary place of employment.
4. The car was used on the day in connection with travel from the employee's residence to the primary place of employment.

The following costs are eligible to be salary sacrificed:

- Car parking fees
- Booking fees
- Car park administration fees
- Credit card surcharges
- Carbon tax fees

The following costs are not eligible and cannot be salary sacrificed:

- Access Card fees

In addition, the following limitations apply per claim:

- Casual receipts are limited to 20 per claim and must be within one month of the current taxation year i.e. June receipts accepted in July.
- Permanent parking is limited to two months per claim and must be for current taxation year.

Please note that claims outside of the above limitations will incur a higher administration fee due to the

additional workload.

To comply with ATO Tax Ruling TR 2001/10 all applications that are not received by the commencement of a pay fortnight will be processed for the following pay fortnight.

7. SUPERANNUATION

7.1 ESTABLISHMENT/ VARIATION TO SUPERANNUATION CONTRIBUTIONS

Casual Earnings

Employees are able to salary sacrifice their casual earnings to their UniSuper account by completing the [Regular contribution to super](#) form. The agreement will automatically expire following the last full pay period in the calendar year and will apply to all earnings earned prior to the expiry date, regardless of when payment is made. It is the employee's responsibility to lodge a new form for the following calendar year.

Contributions can only be elected as a percentage of salary.

Continuing/Fixed Term Contract earnings

Employees are able to salary sacrifice earnings associated with continuing/fixed term contract employment by completing the [Regular contribution to super](#) form. If the value of the nominated contribution exceeds the available salary, the election will be deemed void and be ceased. It is the responsibility of the employee to ensure that they have sufficient earnings to cover the nominated contribution amount.

Separate applications must be submitted for multiple requests and requests may not be lodged with future effective dates, without prior approval from the Superannuation or Payroll Team.

Processing Timeframe

Application forms not received by the Superannuation or Payroll Team prior to the commencement of the pay fortnight will be processed in the pay fortnight following their receipt. This is to comply with ATO Tax Ruling TR 2001/10.

7.2 SALARY SACRIFICE OF CERTAIN 'ONE-OFF' PAYMENTS TO SUPERANNUATION

Establishing an intent to salary sacrifice one-off payment

Employees may be able to salary sacrifice certain 'one-off' payments to superannuation in certain circumstances. To ensure compliance with the obligations under ATO Tax Ruling TR 2001/10, an employee must provide a [HRISO52](#) form to the Superannuation or Payroll Team prior to commencing the work to which the 'one-off' payment is related. Submission of this form creates a notification of intent to salary sacrifice said payment to superannuation, however it does not create a payment to superannuation.

Instruction to salary sacrifice one-off payment

If an employee has submitted a valid notice of intent to salary sacrifice a one-off payment to superannuation they will still have to make an election prior to receiving the payment. To facilitate payment, the employee must ensure that this is clearly stated on the payment instruction prior to the payment being made, and forward this via email to superannuation@unisa.edu.au.

Each application to salary sacrifice a one-off payment to superannuation will be subject to approval and will be reviewed on an individual basis to ensure that the University is not in breach of their taxation obligations.

Definition of 'one-off' payment

The University defines a 'one-off' payment as one of the following:

- Performance bonus
- Off shore payment
- Profit share payment

Payments such as termination payments and cashed in long service leave payments are *not* one-off payments and cannot be salary sacrificed to superannuation.

8. TERMINATION OF EMPLOYMENT

8.1 NOVATED VEHICLE LEASE

When the termination of employment ends a vehicle lease agreement prematurely, the following procedures will apply:

- The staff member will inform the Payroll Adviser and LeasePlan of their termination date via email salariesacrifice@unisa.edu.au / c.service@leaseplan.com.au
- The Payroll Adviser will also email LeasePlan advising of the staff member's termination date to prevent the University incurring any further charges beyond the end date.
- The University will undertake a provisional reconciliation:
 - Negative balance: depending on the amount up to an additional fortnight lease deduction will be deducted from the staff member's final pay.
 - Positive balance: the amount will be withheld by UniSA until the final reconciliation can be prepared.
- Once all known costs are available, the Consultant: Payroll Services will undertake a full and final reconciliation of the vehicle lease. Any surplus will be refunded to the former staff member via Payroll. Any shortfall will be required to be repaid to the University by the former staff member. The Payroll Adviser will phone the former staff member in the first instance and follow up with a letter detailing the amount owing and also attach a copy of the final reconciliation. Failure to make payment within the specified period will activate debt collection processes.
- The Staff member is responsible for any additional fees that may be payable to LeasePlan for early termination of a novated vehicle lease. Please refer to your Vehicle Lease Agreements for further information.

8.2 WILSON PARKING

The University will undertake a reconciliation of the staff members parking arrangement upon termination of employment. It is the staff member's responsibility to send their cancellation request (1 month notice required) to either FM Assist at City West or East.

Any excess or monies owing will either be refunded or recovered from the staff member's final salary. If there is no salary payable upon termination, the debt will be recovered from owing leave entitlements.

9. TAXATION

The Australian Taxation Office requires that all salary sacrifice arrangements between the University and the staff member apply to future earnings and are not retrospective.

Fringe Benefits Tax (FBT)

Vehicle leasing may attract an FBT liability, these costs are included as part of the vehicle package and may be salary sacrificed. The FBT year is from the 1st April to 31st March of each year.

The vehicle lease fringe benefits tax balance will be reconciled at the end of each fringe benefits tax year. If a shortfall applies, recovery of costs will be recouped through the staff members pay.

Reportable Fringe Benefits (RFB)

When the value of certain fringe benefits provided to a staff member exceeds \$2,000 in an FBT year the grossed-up taxable value of those benefits is recorded on the staff member's payment summary. This amount is known as a reportable fringe benefit.

The reportable fringe benefit amount is not included in the assessable income; however, it is used for determining eligibility to a range of government benefits and concessions.g.

- Medicare levy surcharge
- Child support obligations

Goods and Services Tax (GST)

GST is a tax on the supply of goods and services. The current rate of the GST is 10%. All benefits provided and fees incurred through salary sacrificing at UniSA will be either GST free or eligible to claim an 'input tax credit'.

10. RESPONSIBILITIES AND/OR AUTHORITIES

Responsibility for the application of these guidelines rests with:

- Executive Director: People, Talent and Culture
- Associate Director: Wellbeing and Employee Benefits
- Consultant: Payroll Services
- Consultant: Superannuation

The Vice Chancellor on application may approve a variance of these guidelines.

11. CROSS REFERENCES

- Applicable University Industrial Instrument
- Remuneration and Reward Policy (HR-28.O) and associated guidelines

12. FURTHER ASSISTANCE

Further information, forms and agreements are available from the [PTC Salary Sacrifice website](#).

Queries relating to salary sacrifice can be submitted through the [AskPTC Enquiry form](#).