



## ANMF (Vic Branch) Policy

### Salary packaging

#### Preamble

Salary packaging is an arrangement between the employer and an employee, whereby the employee agrees to forgo part of their future entitlement to salary or wages in return for the employer providing the employee with benefits of a similar cost to the employer. These benefits are not subject to income tax but are subject to fringe benefits tax. Many Victorian employers of nurses and midwives have a limited exemption from fringe benefits tax.

There may be some implications for employees when entering into salary packaging arrangements. Members are advised to seek independent financial advice before entering into a salary packaging arrangement. Australian Nursing and Midwifery Federation (Victorian Branch) [ANMF (Vic Branch)] members that are employees of a participating health service where salary packaging is available, should have access to and secure advice in order to be fully informed of taxation and any other relevant financial and/or legal implications prior to entering into a salary packaging arrangement.

Under an effective arrangement:

1. You pay income tax on the reduced salary or wages;
2. Your employer may be liable to pay FBT on the fringe benefits provided;
3. Salary sacrificed superannuation contributions are classified as employer superannuation contributions (rather than employee contributions) and are taxed in the superannuation fund under tax laws dealing specifically with this subject; and
4. Your employer may be required to report certain benefits on your payment summary<sup>1</sup>.

#### Policy

It is the policy of the ANMF (Vic Branch) that:

1. If Salary Packaging is available at a workplace it should be offered to all nurses, midwives and personal care workers employed at that workplace, irrespective of classification and/or employment tenure;
2. That any Salary Packaging conforms with the limitations imposed by the relevant Commonwealth legislation;
3. There is no reduction in other conditions of employment, including superannuation guarantee contributions;
4. Any Salary Packaging arrangement is contained in an agreement between the employer and the ANMF (Vic Branch); and
5. If there are any changes in relevant income tax legislation or regulations that adversely affect a Salary Packaging agreement, nurses, midwives and personal care workers will be able to revert to the salary that is payable for the classification pursuant to the Award and/or certified agreement for that workplace.

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<sup>1</sup> <http://www.ato.gov.au/individuals/content.asp?doc=/content/24632.htm&page=12&H12=&pc=001/002/027/003&mnu=9371&mfp=001/002&st=&cy=1>