

Little Pear Group Salary Packaging Policy



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Introduction

Little Pear Pty Ltd offers its employees flexible remuneration through different Salary Packaging plans. Salary packaging can be a tax effective way to provide benefits in exchange of an amount of the employee's cash salary.

Employees may choose benefits that best suit their personal needs. There is no limit on benefits to be included on the Salary Package. However, Little Pear may refuse any requests if the benefit or benefits are considered ineffective for the employee.

Salary Packaging

Little Pear provides several benefits that can be packaged and "paid" with a portion of the employee's pre-tax salary. This will reduce the taxable income and therefore the PAYG tax.

Salary packaging arrangements result in less take-home pay. Staff members entering a Salary Packaging agreement must ensure they have enough cash flow to still meet their regular expenses.

Regular salary payment:



Salary Packaging payment:



Staff members from any companies in the Little Pear Group may enter a Salary Packaging agreement as long as they are on a fixed term contract that covers at least the next Salary Packaging period (1 April to 31 March of the following year).

Salary packaging will not change the employee's gross salary or terms and conditions of employment.

The pre-packaged salary will be used to calculate the following entitlements:

- Superannuation contributions
- Payment of leave entitlements on termination
- Loadings, allowances and deductions

Any Fringe Benefits Tax payable that may arise from the benefits provided will result in a reduction of the employee's cash salary.

All Salary Packages must be entered before the next pay period starts (1 April). If the arrangement is done after the work is performed, the arrangement might be ineffective.

Any salary packaging arrangement that is negotiated with an employee cannot be retrospective. The employee's sacrificed salary must also be permanently foregone for the period of the arrangement to comply with Australian Taxation Office (ATO) guidelines.

Benefits to Salary Package

The following items can be salary packaged:

Benefit	Description	FBT treatment
Car (Novated Lease)	The staff member will enter a lease contract and at the same time will transfer all the obligations under the lease, to the employer (for its duration). All running costs can also be packaged, in addition to lease payments.	Concessionally taxed
Gym Membership	The annual membership fees at any sports centre may be packaged. This might include full or partial access to the facilities. Little Pear will pay the ongoing amount or annual fee on behalf of the employee in exchange of the sacrificed amount.	FBT
Laptop and/or mobile Phone	Staff members can salary package portable electronic devices (laptop and/or mobile phone) that are used primarily for work purposes. More than one device can be packaged per FBT year; however the items cannot have a substantially identical function, unless the item is a replacement item.	Exempt
Loan	Little Pear employees may apply	FBT

	for a loan up to 10% of their gross salary at a low interest rate.	
Mobile Phone Plan	Mobile phone plans can be included in the Salary Package only if the mobile phone is used at least 50% for business purposes.	Exempt
Mortgage Payment	Little Pear may pay directly to a third party or reimburse the employee's mortgage expense. The taxable value will be the total amount to be paid or reimbursed.	FBT
Other Expenses	Little Pear may pay for other employee's expenses, subject to approval. The taxable value will be the total amount to be paid or reimbursed.	FBT
Purchased Leave	Little Pear staff may include up to four weeks of purchased leave in their salary package.	Exempt
School Fees	School fees may be salary packaged only when paid directly to a school. Reimbursement is not allowed for this expense.	FBT
Superannuation	Additional superannuation contributions can be salary packaged; however Little Pear will not be responsible for any employee exceeding the ATO's concessional contribution caps.	Concessional 15%

Financial Advice

Each staff member benefits, needs and circumstances will vary. Little Pear strongly recommends to get independent financial advice before entering any Salary Packaging agreement. The information above is not intended to provide financial or taxation advice.

Salary Packaging Fees

There are no salary packaging fees for benefits administered by HR, but fees may apply for third party benefits such as financial leases and third party expense payments.

Changes to Salary Packaging Agreement

Any changes that may impact the salary packaging agreement between Little Pear and the employee should be reported immediately. It is the employee's responsibility to inform HR services of any changes in circumstances or the wish to cease all or any salary packaged benefits.

Little Pear Pty Ltd reserves the right to take legal action to recover all the monies owed in relation to Salary Packaging in case of termination.

Salary Packaging Agreement Sample

This salary packaging agreement is made on: between:

Employer name:

Address:

hereinafter known as the 'employer' and,

Employee name:

Address:

hereinafter known as the 'employee'.

The parties to this agreement acknowledge that they have read and understood the terms, conditions and responsibilities under this agreement and accept those terms, conditions and responsibilities.

I. Benefits to be salary packaged

- List of the benefits to be salary packaged and a detailed description.

II. Value of benefits salary packaged

- The method used to calculate de value of the benefits and the weekly/fortnightly amount.

III. Commencement of salary package agreement

- Date when this agreement will take effect from.

IV. Termination of salary package agreement

- Who can terminate this agreement, when can this agreement be terminated and if they need to give notice to the other party.

V. Review of the salary package agreement

- The parties that can change the salary packaging agreement and the requirements to do so.

VI. Financial advice

- The employee entering into this agreement confirms by that they have obtained appropriate and independent financial advice concerning the salary arrangements to apply under this agreement.

VII. Variations to be in writing

Executed as an agreement on:

Date:

Date:

Print name and title:

Signature (employer)

Date:

Print name:

Signature (employee)