



Salary Sacrifice Superannuation

Overview

An employee can select to salary package additional superannuation to a complying superannuation fund. The superannuation fund must comply with both the Australian Prudential Regulatory Authority and the Australian Taxation Office requirements.

Salary sacrificed payments to a complying superannuation fund are employer payments and are therefore taxed at the current employer contributions tax rate of 15%. Payments made via salary packaging are exempt from fringe benefits tax and income tax.

However, from 1st July 2009, the value of salary packaged pre-tax superannuation contributions will be included on Payment Summaries (Group Certificates). Payment Summaries for the 2009/2010 Income Year will include a separate label to show reportable super contributions.

These contributions will be included in the income tests for a range of benefits administered by the ATO and/or Centrelink including:

- Medicare levy surcharge threshold calculation
- Medicare levy surcharge (lump sum payment in arrears) tax offset
- All dependant tax offsets
- Senior Australians tax offset
- Pensioner tax offset
- Mature age worker tax offset
- Spouse super contributions tax offset
- Super co-contributions
- Deduction for personal super contributions
- Higher Education Loan Programme (HELP) and Student Financial Supplement Scheme (SFSS) repayments.
- A range of Centrelink and Child Support benefits and obligations.

Eziway recommends you seek independent financial advice prior to continuing your salary packaged superannuation contributions.

What can be packaged?

- Additional superannuation payments for you to a fund where you are an existing member.

What cannot be packaged?

- Additional funds paid to a superannuation fund where the payments relate to your husband/wife/defacto
- Superannuation payments made to a non complying superannuation fund.

Substantiation

Employees must provide evidence of the following:

- Copy of superannuation fund membership.
- Proof that the superannuation fund complies with both APRA and the ATO via an extract from the register of complying superfund.

This is to be supplied for all types of superannuation funds including self managed funds.

Please be advised that Superannuation payments are forwarded to the relevant Super Company by cheque after each payroll is processed. There may be some delay in this amount showing in your Superannuation account as your super fund processes these payments.

For further information please call one of our friendly consultants on:

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