



Why was Salary Packaging Introduced?

For the majority of organisations in the non profit, disability and community services sector, attracting skilled employees in a tight and difficult labour market is quite challenging.

Matching the salary packages offered by the private corporate sector is impossible given the budgetary constraints held by non profit organisations.

Mindful of this situation in April 2000, the Federal Government recognised the need for non profit organisations to attract and retain skilled employees by capping the Fringe Benefits Tax exemption “grossed-up” value at \$30,000.

This tax concession provided organisation an opportunity to offer a significant range of fringe benefits to employees without the penalty of incurring fringe benefit tax liabilities experienced by the private corporate sector.

This means that an employee of a Charity and FBT exempt organisation is able to salary sacrifice a capped amount of \$16,050 per FBT year without attracting payable income tax.

This allows non profit charities and FBT exempt organisation to minimise their wages bill, while maximising the financial incentives that can be offered to their employees which assists greatly in attracting and retaining skilled employees.

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

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Disclaimer: Whenever you are making decisions that affect your income and financial affairs, you should always consider seeking external financial advice