

How Salary Packaging Affects Your Reportable Income

Salary packaging allows employees to receive part of their pay as non-cash benefits (e.g., mortgage, rent, school fees) instead of taxable salary. This arrangement lowers taxable income but may increase reportable income.

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What is Salary Packaging?

Salary packaging is an arrangement where you, as an employee, agree to receive part of your pay as non-cash benefits — mortgage, rent, personal loan, school fees, etc.— instead of as taxable salary. It reduces your **Taxable Income**, but can increase your **Reportable Income**.

The reason it increases your reportable income is that, now that you are salary packaging, your **net take-home has increased**. To fairly assess your entitlements, the Australian Government applies the **Grossed Up rate** to assess what you would then need to earn without salary packaging, to take home the same net pay as an estimate.

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	Without Salary Packaging	With Salary Packaging
Fortnightly gross salary	\$3,269.23	\$3,269.23
Pre-tax deductions	\$0.00	\$713.45
Taxable Income	\$3,269.23	\$2,555.78
PAYG Tax	\$628.62	\$412.88
Medicare Levy	\$65.38	\$51.12
Post Tax Payments	\$0.00	\$0.00
Net pay to employees bank account/s	\$2,575.23	\$2,091.78
Salary packaged Payments	\$0.00	\$713.45
Net Salary	\$2,575.23	\$2,805.23
HELP Debt	\$0.00	\$0.00
Net Take Home Pay	\$2,444.46	\$2,590.63

How does this affect HECS-HELP Repayments?

As you may already know, your HECS-HELP repayments are structured based on your income.

The income it is assessed against is your Reportable Income. Due to Salary Packaging, your HECS-HELP repayments increase in turn. The increase, however, still makes Salary Packaging an advantageous option. Please see the example below:

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Salary packaged Payments	\$0.00	\$713.45
Net Salary	\$2,575.23	\$2,805.23
HELP Debt	\$130.77	\$214.61
Net Take Home Pay	\$2,444.46	\$2,590.63

How does this affect my Family Tax Benefits? (FTB)

Centrelink uses your **adjusted taxable income** (ATI) to calculate Family Tax Benefit eligibility.

ATI includes taxable income plus Reportable Fringe Benefits, which in turn may reduce your entitlements for FTB as your ATI appears higher.

How does this affect my Child Support Agency (CSA) Assessment?

The **Child Support Agency** also uses your **adjusted taxable income** to determine payment obligations.

Just like for FTB and HECS, your **reportable fringe benefits** are included.

Salary packaging may increase your assessable income for child support, potentially raising your required payments.

In Summary

- Salary packaging can **reduce taxable income** and increase **take-home pay**.
- However, **reportable income** may rise, affecting:
 - **HECS-HELP repayments**
 - **Family Tax Benefit entitlements**
 - **Child Support Obligations**
- Always check how your packaging arrangements are reported on your **payment summary (income statement)**.
- Always declare with Eziway if you have any of the above entitlements or obligations
- Seek advice from a **registered tax agent** or **financial adviser** to understand the full impact

For additional information, feel free to contact your Dedicated Client Service Officer!

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