

Understanding your income statement¹

A guide to reading your income statement for salary packaging employees of 'PBI17²' status organisations.

➤ Salary and wages

You are taxed on your salary and wages. Your taxable salary and wage figure is included on your annual income statement¹ and excludes your salary packaging payments. This is why your salary packaging money is not subject to income tax. For example, if you earn \$51,660 and salary package \$9,010 for expenses and \$2,650 for meals (or accommodation), your taxable salary figure for tax purposes is only \$40,000 (\$51,660 – \$9,010 – \$2,650).

➤ Reporting salary packaging

Your salary packaging amount is shown on your income statement. It is called the Reportable Fringe Benefits Amount (RFBA).

As the term suggests, it is a 'reportable' amount – it is not income and not taxed. The amount reflects the value of 'benefits' provided to you during the Fringe Benefit Tax (FBT) year (1 April – 31 March).

The figure is what the Australian Taxation Office (ATO) calls a 'grossed-up' amount. In other words, it is a gross salary estimate of the value of the salary packaging money paid to you. The ATO calculates the figure as follows:

Example	
Salary packaging payments x 1.8868 = 'Reportable Fringe Benefits Amount (RFBA)'	
Expenses (e.g. \$9,010 x 1.8868)	\$17,000
Meals (\$2,650 x 1.8868)	\$5,000
Total	\$22,000

The RFBA figure must be included in your Tax Return. The amount is not taxed, but it may be used by the ATO and other Government agencies for any income 'tests' (e.g. HECS/FEE-HELP, Family Assistance or Child Care Subsidy (CCS)).

Superannuation

If you have salary packaged contributions into your superannuation fund, this is also reportable. The amount is shown as Reportable Employer Superannuation Contributions (RESC) and must be included in your Tax Return. Your superannuation fund handles the tax on contributions.

The value of superannuation salary packaging may be used to determine eligibility for certain Government supported programs. These include income support, family assistance, child support and superannuation co-contribution. If you are unsure, please discuss with your accountant or financial advisor.

Please note, if you are salary packaging super, the maximum concessional contribution cap is \$30,000 per year from 1 July 2024 (including the mandatory employer contribution).

Company car/novated lease – taxable value

In most cases, a novated lease with Smart will be structured so that part of your lease payment is deducted post-tax to offset the fringe benefit, so you won't need to include the vehicle's taxable value in your RFBA.

If your novated lease is set up without post-tax deductions, or you have private use of a work vehicle, the taxable value must be included in your RFBA.

The taxable value of the vehicle is combined with any other salary packaging benefits and shown as a single reportable figure in your income statement.

Eligible FBT exempt vehicles (battery electric vehicles)

If you have a novated lease on an eligible FBT exempt vehicle, such as a battery electric vehicle then unlike other exempt benefits, although the vehicle is exempt from FBT, it is a reportable fringe benefit. This means, that the taxable value of the exempt electric vehicle will be calculated and reported as a reportable fringe benefit amount on your payment summary.

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Non-reportable payments

Not all salary packaging payments are reported. As a result, they are NOT included in any Government income 'tests'.

Non-reportable payments include car parking and remote area housing related benefits.

What happens to the RFBA?

For most people, nothing. However, it is relevant if you have a HECS/FEE-HELP, Family Assistance or Child Care Subsidy (CCS) or if you have no private health (hospital) insurance and you earn above an income threshold (\$101,000 for an individual or \$202,000 for a family in 2025/26).

The RFBA is provided by the Tax Office to various Government agencies and they 'adjust' this figure in different ways.

For example, Centrelink will adjust your RFBA down as follows:

- Reportable Fringe Benefits Amount (RFBA) x 0.53
- E.g. $\$22,000 \times 0.53 = \$11,660$ ($\$9,010 + \$2,650$).

Centrelink reduce the reported figure back to its cash value ($\$9,010 + \$2,650$) and then they add this figure to your taxable income (salary) to determine your Centrelink entitlements. Centrelink will arrive back at the same gross salary (earnings) figure before salary packaging.

However, for Centrelink to do this correctly, they must have your RFBA (in this example \$22,000). Centrelink will adjust your figure down (\$11,660 in our example).

Example

Therefore, for someone earning \$51,660 and salary packaging \$9,010 + \$2,650, Centrelink will 'adjust' your income as follows:

Earnings	Income statement (values reported)	Adjusted income
Salary and wages	\$40,000	\$40,000
Reportable Fringe Benefits	$\$22,000 \times 0.53$	\$11,660
Total (value used)		\$51,660

Centrelink will assess this person on \$51,660 (Adjusted Income), as per the example. Income prior to salary packaging was \$51,660, which is the same as the 'adjusted' income figure. So, Centrelink entitlements should remain unchanged as a result of salary packaging (make sure you give Centrelink your correct information).

Do you have an Education Debt, Child Support or no Health Insurance?

If you have an education debt such as FEE-HELP and HECS, pay or receive child support or you are a 'high' income earner without private health (hospital) insurance, government agencies will calculate your 'adjusted income' as wages plus your reported salary packaging as follows:

Adjusted Income = Taxable Wages + Reportable Fringe Benefits Amount (RFBA).

Example

Therefore, for someone earning \$51,660 and salary packaging \$9,010 + \$2,650:

Earnings	Income statement (values reported)	Adjusted income
Salary and wages	\$40,000	\$40,000
Reportable Fringe Benefits	$\$22,000 \times 1$	\$22,000
Total (value used)		\$62,000

The income statement amounts (wages and reportable fringe benefits) are simply added together to calculate your 'adjusted income' (but not Centrelink – see above).

If you have a FEE-HELP debt

Your FEE-HELP repayments will increase slightly. Use our salary packaging calculator on our website to estimate the increase to your repayments. To help avoid a lump sum payment towards your education debt at tax time, you can request your organisation's payroll to deduct additional tax each pay cycle throughout the financial year to cover this increase.

If you have child support

Contact Services Australia and discuss how your income may impact on child support payments

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Reading your income statement

Your income statement will show your total earnings from your employer (both taxable and non-taxable earnings).

This may include:

- ✓ Salary and wages
- ✓ Reportable Fringe Benefits Amount (RFBA)
- ✓ Reportable Employer Superannuation Contributions (generally salary packaged only).

Your employer is also required to provide this information to the ATO annually and is usually pre-filled into your tax return (i.e. via myGov where you do it yourself or via your accountant).

Example

For example, if you earned \$51,660 and salary packaged \$9,010 and \$2,650, the income statement will show:

Salary and Wages (\$51,660 – \$9,010 – \$2,650)	\$40,000
Reportable Fringe Benefits ((\$9,010 + \$2,650) x 1.8868)	\$22,000

In the example, you are taxed on only \$40,000 and the \$22,000 is reported (but not taxed). However, when disclosing your income to Government agencies, you must disclose all values (including 'Reportable Fringe Benefits' and 'Reportable Superannuation').



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1. For most people, their payment summary information will now be available at the end of the financial year in their ATO online services account through myGov and will be called an 'income statement'. For more information visit the Australian Tax Office website.

2. 'PBI17' status refers to a particular FBT status given to certain organisations where employees can package certain benefits up to annual capped value of \$17,000 without incurring fringe benefits tax. Check your organisation's status with your employer.

This is general information only. Before entering into any salary packaging or novated leasing arrangement, you should consider your objectives, financial situation and needs, and obtain appropriate legal, financial, or other professional advice based upon your own particular circumstances. Smartsalary Pty Ltd, ABN 24 096 796 100, a Smart™ company.

NSW Health strongly recommends that you obtain independent financial advice prior to entering into, or changing the terms of, a salary packaging arrangement. All benefits available to employees for salary packaging are subject to Share of Savings. The 50% rate of share of savings has been applied for all saving examples and quotes. Your final tax sharing percentage will be confirmed by your employer's Salary Packaging Administrator. Share of savings will be automatically applied to your salary packaging arrangement.