

# Capped Benefits

Private Education/Rebatable employees are eligible for capped benefits.



## Items that can be packaged within the cap

- Home mortgage repayments.
- Personal Loan, Investment Loan capital repayments.
- Rent.
- Credit Card Repayments.
- School and higher education fees.
- Concessionally taxed items:
  - Motor Vehicle Finance and Operating Costs through a Selectus Novated Lease (refer to relevant Infosheet)
  - Remote Area Benefits (refer to relevant Infosheet).

## FBT Rebate

If you work for a rebatable employee such as a private school, you will be eligible for a 47% Rebate of Fringe Benefits Tax (FBT) on any item that attracts FBT.

This means that you can pay for items from pre-tax salary that would normally be paid from your after tax income, and then only pay 53% of any FBT liable. The FBT rate is 47% so there are considerable savings, particularly if you pay an Income Tax Rate of more than 39%.

## Fringe Benefits

Fringe Benefits Tax (FBT) is a tax that employers must pay when they provide their employees with benefits other than through normal taxable income.

However, rebatable employers receive a 47% rebate of any FBT payable up to a "grossed up" value of \$30,000 per year per employee, allowing an employee to salary package up to the cap limit and save on tax payable on income earned.

The "grossed up" value of a benefit is:

Amount paid to the benefit item (non GST)	\$15,900
FBT payable	\$14,100
Grossed up Value	\$30,000

Because of your employer's rebatable tax status, you receive 47% rebate of the FBT that would normally be payable.

## Maximising packaged benefits

As an employee of a rebatable employer you can gain considerable tax savings by salary packaging to maximise the allowable benefits. Your own situation should be considered separately to take your individual circumstances into account. The following is an example of the most beneficial way to package benefits available to achieve the maximum tax savings:

Order	Type of Benefit
1st	Concessionally taxed Fringe Benefits such as a Selectus Novated Lease Vehicle & Remote Area Benefits
2nd	Full FBT Items up to the 47% Rebate of FBT will apply
3rd	FBT Exempt Items AND Otherwise Deductible Items

Even if you don't work for the whole FBT year the full \$15,900 cap applies to what you do earn.

If you work for more than one unrelated rebatable employer during the FBT year, the full \$15,900 cap applies to each employer.

# Tax Free Cap Benefits

## Benefits that can be packaged tax free in addition to the \$15,900 cap

### FBT Exempt items:

- Superannuation.
- Laptop/Tablet/Mobile Phone – with Work Use Declaration.
- Remote Area Employer Provided Rent – 100% tax free (refer to relevant Infosheet).
- Remote Area Employee Leased Rent – 50% tax free (refer to relevant Infosheet).
- Airline Lounge Memberships.

### Otherwise Deductible items:

- Income Protection Insurance Premiums.
- Investment Loan Interest.
- Deductible investment property repairs.
- Work related self-education expenses.
- Work related home office expenses.
- Work related travel.
- Professional Membership and Subscriptions.

## Reportable Fringe Benefits

- The gross-up value of some Fringe Benefits is reported as a Reportable Fringe Benefit (RFB).
- Any RFB amount is included on your payment summary and may affect some Government payments. We recommend you discuss this with your accountant, financial adviser or Centrelink.

Confirm with your employer that you are eligible to salary package and check for any rules regarding salary packaged benefits stipulated by your employer

Contact Selectus on 1300 01 02 03 to discuss the benefits of packaging a Selectus Novated Lease

The Selectus online calculator can show you the benefits and savings

Complete a Package Set Up Form and submit to Selectus (with your employer's signature or letter of eligibility if applicable)

Submit substantiation for benefits to be paid (refer Package Set Up)

Complete an Ongoing Expense Declaration for regular payments