Government of South Australia

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How salary packaging affects Centrelink and Child Support payments

Salary packaging may impact the amount you receive from Centrelink, and other financial payments such as child support.

Child support payments

Where you have a child support arrangement through the Department of Human Services, it is important to declare your correct income.

The Department of Human Services will use these figures to calculate your child support income. As your child support arrangement will depend on your individual circumstances (e.g. number of children, age of children, whether you are receiving or paying, etc.) please contact the Department of Human Services directly for further information.

Where you have a private arrangement in place, salary packaging will not generally have any impact on your child support payments.

Declaring your income with salary packaging

If you are receiving a government benefit or are involved in a child support arrangement, you will need to declare your Taxable Income, Reportable Fringe Benefits Amount, plus any other income that you earn e.g. investment or foreign income. Your Reportable Fringe Benefits Amount is an estimate of the value of your salary packaging money if it was paid to you after tax.
The ATO calculates this value as follows:
Salary packaging payments x 1.8868

More info

For more information on income declaration, see:
http://guides.dss.gov.au/guide-social-security-law/4/3/3/60

Smart Tip

Payments that may be impacted by salary packaging include:

- ✓ Austudy
- ✓ Carer Payments
- ✓ Child Care Subsidy (previously Child Care Benefit and Child Care Rebate)
- ✓ Disability Support Pension
- ✓ Family Tax Benefits (Parts A and B)
- ✓ Jobseeker (previously Newstart Allowance)
- ✓ Parenting Payment
- ✓ Youth Allowance

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How it works

Kim and Michelle work for an organisation that offers salary packaging.

They both have a gross salary of $45,000 per year (excluding superannuation) and no other income.

Michelle chooses to salary package and allocates $8,000 of her pre-tax pay. Kim, however, doesn't salary package.

Kim needs to declare a taxable income of $45,000. Michelle must declare the taxable income of $37,000 and the Reportable Fringe Benefits Amount of $15,094.40 ($8,000 x 1.8868).

	Salary packaging benefit	Taxable Income
Kim × Salary packages ✓ Receives Centrelink benefit	$0	$45,000
Michelle ✓ Salary packages ✓ Receives Centrelink benefit	$8,000	$37,000

Frequently asked questions

Is it different for employees of Fringe Benefits Tax (FBT) exempt organisations?

Yes, you need to report your Reportable Fringe Benefits from salary packaging to Centrelink as 'Exempt Reportable Fringe Benefits'. To update your family income and 'Exempt Reportable Fringe Benefits' amount, please contact Centrelink on 13 62 40 or alternatively you can use the Express Plus Centrelink Mobile App.

How do I know if I work for an Fringe Benefits Tax (FBT) exempt employer?

FBT exempt employers are generally hospitals, nursing homes and approved charities. If you are uncertain whether your employer is exempt, please contact your employer.

Do I need to inform Centrelink or ATO about my salary packaging arrangements?

No, however you will need to include the expected exempt reportable fringe benefits in the Centerlink income estimate for the year. You can update your family income via your Centrelink online account, through myGov, or through the Express Plus Centrelink mobile app.

For more information on family income estimates, see: www.humanservices.gov.au/familyincomeestimate

Do I get the same benefit from salary packaging as my colleague without Centrelink or child support payments?

Yes.

Find out more

sagov.smart.com.au | 1300 175 244

This is general advice only. The South Australian Government and Smartsalary Pty Ltd strongly recommends that you obtain independent financial advice prior to entering into or changing the terms of a salary packaging arrangement.
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