Government of South Australia

Smart

Understanding your income statement[1]

A guide to reading your income statement for salary packaging employees of 'PBI30[2]' status organisations

How does it work?

Salary and wages

You are taxed on your salary and wages. Your taxable salary and wage figure is included on your annual income statement[1] and excludes your salary packaging payments. This is why your salary packaging money is not subject to income tax. For example, if you earn $58,550 and salary package $15,900 for expenses and $2,650 for meals (or accommodation), your taxable salary figure for tax purposes is only $40,000 ($58,550 – $15,900 – $2,650).

Reporting salary packaging

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

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. $15,900 x 1.8868)	$30,000
Meals ($2,650 x 1.8868)	$5,000
Total	**$35,000**

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 $32,500 for the current financial year (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.

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.

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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 ($105,000 for an individual or $210,000 for a family in 2026/27).

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. $35,000 x 0.53 = $18,550 ($15,900 + $2,650)

Centrelink reduce the reported figure back to its cash value ($15,900 + $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 $35,000). Centrelink will adjust your figure down ($18,550 in our example).

Example

Therefore, for someone earning $58,550 and salary packaging $15,900 + $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	$35,000 x 0.53	$18,550
Total (value used)		**$58,550**

Centrelink will assess this person on $58,550 (Adjusted Income), as per the example. Income prior to salary packaging was $58,550, 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 $58,550 and salary packaging $15,900 + $2,650:

Earnings	Income statement (values reported)	Adjusted income
Salary and wages	$40,000	$40,000
Reportable Fringe Benefits	$35,000 x 1	$35,000
Total (value used)		**$ 75,000**

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 payments will increase slightly. Send your details and gross income (before salary packaging e.g. $58,550) to customersupport@smart.com.au. Smart will estimate the additional tax you may need to pay for the financial year to cover your FEE-HELP payment. You can provide this figure to your organisation's payroll to deduct each pay cycle.

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 $58,550 and salary packaged $15,900 and $2,650, the income statement will show:

Salary and Wages ($58,550 – $15,900 – $2,650)	$40,000
Reportable Fringe Benefits ({$15,900 + $2,650} x 1.8868)	$35,000

In the example, you are taxed on only $40,000 and the $35,000 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').

Find out more

sagov.smart.com.au | 1300 175 244

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. 'PBI30' status refers to a particular FBT status given to certain organisations where employees can package certain benefits up to annual capped value of $30,000 without incurring fringe benefits tax. Check your organisation's status with your employer. 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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