



Take full advantage

# PACK FACT

## HELP REPAYMENTS AND SALARY PACKAGING

If you have a HELP debt and you Salary Package then the amount of HELP you have to repay each year will be affected.

When you Salary Package, the benefit you receive will be reported on your Payment Summary (formerly called your Group Certificate).

The items you include in your Salary Package will appear in your Reportable Fringe Benefits (RFB). Your RFB is made up of the actual amount of benefit you received, plus the Fringe Benefits Tax that would have been payable on that benefit. For an explanation of RFB including how it is calculated on your payment summary please refer to **“PACK FACT Reportable Fringe Benefits on your Payment Summary”**.

### HELP Repayment Income:

The Australian Taxation Office (ATO) considers the following as HELP repayment income:

- Your taxable income for an income year; *PLUS*
- Any amount your taxable income has been reduced by a net rental loss; *PLUS*
- Your **total** reportable fringe benefits amounts shown on your Payment Summary.

You need to advise your Pay Office to calculate your HELP on your total estimated income, including your RFB. To do so, you should complete an ATO form called **Withholding Declaration Upwards Variation** and supply it to your Employer. This can be obtained from the ATO website.

**Example:** You have a HELP debt. Your salary before Salary Packaging is \$39,010. You Salary Package \$9,095 to your mortgage.

On your Payment Summary your taxable income will be \$30,000 => (\$39,010 - \$9,010)

Your RFB is \$17,000 =>  $\frac{\$9,010}{(1 - 0.47)}$

Your HELP repayment income is \$47,000 => (\$30,000 + \$17,000)

*\* See “PACK FACT Reportable Fringe Benefits on your Payment Summary” for a further explanation.*

Before Salary Packaging		After Salary Packaging	
You Earn (Gross)	\$39,010	You Earn (Gross)	\$39,010
Taxable Income	\$39,010	Salary packaged Mortgage Payment	- \$ 9,010
Income Tax Payable	- \$ 5,005	Taxable Income	\$30,000
HELP Payable	- \$ 1,564	Income Tax Payable	- \$ 2,842
Take Home Pay	\$32,441	HELP Payable	- \$ 2,350
Less Mortgage Payment	- \$ 9,010	Take Home Pay	\$24,808
Take Home Pay	\$23,431		

You are \$1,377 per year in front as well as reducing your HELP debt by an extra \$786.

### DISCLAIMER

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