

## Understanding Salary Packaging & Your Payment Summary

# Income Statement 2025/26



This fact sheet outlines how salary packaging is shown on your Income Statement for the 2025/26 financial year, and how it may affect your tax return and government entitlements.



### Salary and Wages

An individual must declare their gross **salary and wages**. Your gross salary and wage figure is on your **Income Statement** (Payment Summary) provided by your employer. **Salary packaging** payments are not income and are excluded from 'salary and wages'. Hence, your salary packaging money is never subject to income tax.

For example, if you earn **\$68,550** and salary package **\$15,900** for expenses and **\$2,650** for meals / accommodation, your 'salary and wage' figure for tax purposes is only **\$50,000** (\$68,550 - \$15,900 - \$2,650).



### Salary Packaging - What is Reported? (1 April 2025 - 31 March 2026)

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 is not taxed. The amount reflects the so-called 'value of benefits' (payments) paid to you during the 12 months ended **31 March 2026** (note that this is a different reporting period to the income tax year). The figure is what the ATO calls a '**grossed-up**' amount. That is, it is a gross salary estimate of the value of the salary packaging money paid to you. The figure is calculated as follows:

- Salary Packaging Payments x 1.8868 = 'Reportable Fringe Benefits Amount'
- E.g Expenses \$15,900 x 1.8868 = **\$30,000**
- Meals \$2,650 x 1.8868 = **\$5,000**                      Total **\$35,000**

The RFBA amount is included in your **Tax Return (refer to IT1)**. The amount is **not taxed**, but it may be used by the ATO and other Government agencies for any income 'tests'. Refer to our fact sheet for an explanation.

**Not** all salary packaging payments are reported. For example, car parking and remote area housing concessions.



### Superannuation - 1 July 25 - 30 June 26 (refer IT2)

If you have 'salary sacrificed' into your superannuation fund, this is also reported. The actual amount 'sacrificed' is shown as **Reportable Employer Superannuation Contributions**.

Superannuation salary sacrificed may be used to determine your eligibility for certain government-supported programs. These include income support, family assistance, child support and superannuation co-contribution. Please discuss with your accountant or financial adviser.

Please note, if you are salary sacrificing super, the maximum is **\$30,000** (incl. employer super) for 2025/26.



### Income Statement - Total Earnings

Your Income Statement will show your **total earnings** from your employer (both taxable and nontaxable earnings). This may include:

- salary and wages;
- reportable fringe benefits amount; and
- reportable superannuation payments (salary sacrifice).



### Reportable Fringe Benefits Amount (RFBA - refer to ITI). Is it Relevant?

For most people, no. However, it *is* relevant if you have a HELP debt, Centrelink (eg. Family Tax Benefit A or B), child support, or if you have no private health (hospital) insurance and you are a 'high' income earner.

#### a) Centrelink

Government agencies deal with the RFBA differently. For example, Centrelink will *adjust* your RFBA down as follows:

- **Reportable Fringe Benefits Amount x 0.53**
- **Eg. \$35,000 x 0.53 = \$18,550 (\$15,900 + \$2,650)**

Centrelink *reduces* the reported figure *back* to its **cash** value (\$15,900 + \$2,650). This figure is added to your taxable income (salary) to determine your Centrelink entitlements. Therefore, Centrelink use the **same** gross salary (earnings) figure *before* salary packaging. Hence, your Centrelink entitlements should be unchanged because of salary packaging. That is good news.

#### b) HELP Debt, Child Support, Private Health

If you have a HELP debt, pay or receive child support, or you are a 'high' income earner (*without* private health (hospital) insurance), you need to be careful. This is because these government agencies will calculate an 'adjusted income' figure, which includes wages **plus** your reported salary packaging (and super) as follows:

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

Therefore, for someone earning **\$68,550** and salary packaging **\$15,900 + \$2,650**:

| Earnings                   | Income Summary      | 'Adjusted' Income |
|----------------------------|---------------------|-------------------|
| Salary & Wages             | <b>\$50,000</b>     | <b>\$50,000</b>   |
| Reportable Fringe Benefits | <b>\$35,000</b> x 1 | <b>\$35,000</b>   |
| Total                      |                     | <b>\$85,000</b>   |

The Income Statement amounts (wages and reportable fringe benefits) are simply added together to calculate your 'adjusted income'. This is **\$85,000** in the example. So, what do you do?

- ✓ If you have a **HELP debt**, your HELP repayments will increase slightly. You can run an Earnings Estimate report via the **GO Salary** portal to see how much by. **GO Salary** will estimate the HELP payment to be deducted from each pay. **It is important to update your GO Salary profile with your current annual salary.** You can update this at any time and then generate a new report.
- ✓ If you have child support, contact the CSA (Child Support Agency) and discuss how your income may impact child support payments. You may elect not to salary package as a result (but a novated car lease is still an option).



### Company Car / Novated Lease

If you have private use of a work vehicle or a novated lease, the **tax value** of the vehicle may be included in your Reportable Fringe Benefit Amount (RFBA). The tax value is calculated using a **Tax Office** formula.

The tax value of the vehicle is reported in the same manner as your other salary packaging. Hence, a single reportable figure is shown on your Income Statement, being the sum of the two amounts (car fringe benefit and salary packaging). Contact **GO Salary** for further explanation.

Electric vehicles (EVs) are exempt from FBT in 2025/26. They do not form part of your salary packaging limit. However, unlike other exempt benefits, the Government requires the value of such car benefits to be reported. The value is determined in the same manner as ordinary cars. This means that employees with EVs may have a very large RFBA on their Income Statement, as it's added to the \$30,000 grossed-up limit for general expenses.



*The information provided is of a general nature. It is not financial or taxation advice. We strongly recommend readers seek professional advice from an accountant or financial adviser.*

