

## Fact sheet

# Centrelink and Child Support: Impacts on salary packaging



Salary packaging may impact the amount of benefit you receive from Centrelink, and other financial payments such as Child Support.

### **Centrelink and Government Benefit payments**

Examples of payments that may be impacted by salary packaging include:

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

Refer to the Department of Human Services for a full list of payments that may be impacted.

### **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 for further information on how your salary packaging arrangements may impact on your Child Support arrangement.

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



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### Declaring your income

If you are receiving a Government Benefit payment 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.

The income you declare is referred to as your **Adjusted Taxable Income**. Refer to the Department of Human Services for what counts as Adjusted Taxable Income.

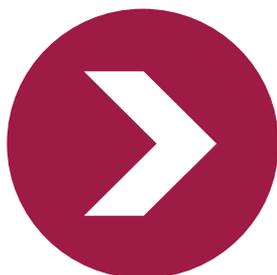
#### Example 1:

Diana and Kelly work for a charitable organisation and can salary package up to \$15,900 from their salary. They both have a gross salary of \$45,000 per annum, excluding superannuation, and no other income.

Kelly elects to salary package towards her credit card, however Diana decides not to salary package. The amounts that Diana and Kelly need to declare to Centrelink or the Department of Human Services will be different:

Description	Diana Without salary packaging	Kelly With salary packaging
Gross salary	\$45,000	\$45,000
Salary packaging amount to General Living Expenses	\$0.00	\$15,900
Taxable Salary	\$45,000	\$29,100
Reportable Fringe Benefits Amount	\$0.00	\$30,000

Diana needs to declare a taxable income of \$45,000. Kelly must declare both the taxable income of \$29,100 and the Reportable Fringe Benefits Amount of \$30,000.



#### Example 2:

Danni and Simon work for a charitable organisation and can salary package up to up to \$15,900 from their salary. They both have a gross salary of \$45,000 per annum, excluding superannuation, and no other income.

Danni elects to salary package towards her mortgage and Entertainment Benefits. Simon elects to salary package towards his household expenses, which includes GST. Simon also has private use of a company car. The amounts that Kelly and Simon need to declare to Centrelink or the Department of Human Services will be different:

Description	Danni	Simon
Gross salary	\$45,000	\$45,000
Salary packaging amount to General Living Expenses	\$15,900	\$10,387
Salary packaging to Entertainment Benefits	\$2,650	\$0.00
Taxable Salary	\$26,450	\$34,613
Reportable Fringe Benefits Amount	\$35,000	\$29,033

Danni must declare both the taxable income of \$26,450 and the Reportable Fringe Benefits Amount of \$35,000.

Simon must declare both the taxable income of \$34,613 and the Reportable Fringe Benefits Amount of \$29,033. Although the value of Simon's company car is not deducted from his gross salary, the value of the car is included as a Reportable Fringe Benefit.

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### Your Reportable Fringe Benefits amount and Centrelink

Employees of not-for-profit organisations need to report their 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.

The below is a screenshot from the Centrelink website where you will need to enter your Taxable Income and your Exempt Reportable Fringe Benefits.

Home > Family Income Estimate

### Family Income Estimate

Current financial year 2017/2018 | Next financial year 2018/2019

#### Update family income estimate

**Important** - Please note updating your annual income estimate does **NOT** update your income for income support payments such as Parenting Payment, Newstart, Disability Support Pension or Carer Payment.  
If you or your partner receive an income support payment, you need to [report any new or changed income or earnings for that payment separately](#).

Your estimated family income \$0

Income components	You	Your partner
Taxable income	\$ 0	\$ 0
Exempt reportable fringe benefits	\$ 0	\$ 0
Other reportable fringe benefits	\$ 0	\$ 0
Reportable superannuation contributions	\$ 0	\$ 0
Total net investment losses	\$ 0	\$ 0
Tax free pensions and benefits	\$ 0	\$ 0
Foreign income	\$ 0	\$ 0
Tax exempt foreign income	\$ 0	\$ 0
Child support you pay	\$ 0	\$ 0
<b>Total income</b>	<b>\$ 0</b>	<b>\$ 0</b>

Buttons: Back, Cancel, Update Income

Information and images from the Department of Human Services are subject to change. Refer to the Department of Human Services for more information. Information in this factsheet is general in nature and provided without reference to your organisation policies or your personal circumstances. You should seek independent financial advice if you are unsure whether salary packaging is right for you.