

The University of Melbourne 2010 Staff Subscription Scheme

Salary Packaging Guidelines



Melbourne Theatre Company

Melbourne Theatre Company (MTC) is a department of the University of Melbourne. As such the plays produced by MTC are an in-house product of the University.

Subscriptions are an in-house benefit

MTC subscriptions can be regarded as an in-house benefit.

The Fringe Benefits Tax (FBT) Act allows employers to provide staff with in-house benefits at reduced tax rates, up to a maximum value of \$1,332 ("the FBT limit") in any one FBT tax year (1 April 2009 to 31 March 2010).

University's Salary Packaging Scheme

As part of the University's salary packaging scheme staff can elect to salary package MTC subscriptions. This will significantly discount the cost of tickets.

How do I pay for these?

The subscriptions will be deducted from your pre-tax salary up to the value of your FBT limit. You can have this amount deducted as one lump sum or have the amount deducted over up to 4 consecutive fortnightly pay periods. All payments must be made by 31 March 2010.

The value of the subscription in excess of your FBT limit can be paid for in two ways:

- as a charge against your credit card, either immediately in one lump sum, or for an additional fee of \$13.00, it can be charged in four instalments (immediately, 15 Jan, 15 Apr, 15 Jun 2010).
 - as a deduction from your post-tax salary. This option will incur an additional fee of \$10.00, and will be done in conjunction with the pre-tax deductions up to your FBT limit (thus it will be one or four deductions depending upon what you elected to do with the pre-tax payment).
-

Example of Savings

Example 1

A staff member on the top tax bracket (46.5%) decides to salary sacrifice two Saturday evening performance, full price, 11 play subscriptions. The normal price is \$1,185.80

Under salary sacrifice the net price paid would be \$634.41. The saving is \$551.39, or 46.5% (the staff member's marginal tax rate).

In this case the net cost per ticket in 2010 would be \$28.84 compared with a normal subscription price of \$53.90.

The University of Melbourne Staff Subscription Scheme - Salary Packaging

Example 2

A staff member on the third top tax bracket (31.5%) decides to salary sacrifice two Monday-Friday night, full price, 7 play subscriptions. The normal price is \$828.80.

Under salary sacrifice the net price paid would be \$567.73. The saving is \$261.07, or 31.5% (the staff member's marginal tax rate).

In this case the net cost per ticket in 2010 would be \$40.55 compared with a normal subscription price of \$59.20.

How much can I sacrifice?

The FBT rules allow you to package "in-house benefits" to the value of \$1,332 per FBT year. Other University in-house benefits can be located at <http://www.hr.unimelb.edu.au/benefits/salpac/guidelines#five>.

How many tickets can I purchase?

You can purchase as many tickets as you like. However, you can only salary package up to the value of \$1,332, or a lesser amount if you have already packaged other in-house benefits such as those listed above.

How do I pay?

The salary package amount will be deducted from your salary over the nominated pay periods. The remainder of the subscription will be charged to your nominated credit card, or deducted from your post-tax salary.

How do I apply?

1. Complete the MTC booking form and write STAFF SUBSCRIPTION on the payment details.
2. Fill out the attached pre-printed salary-packaging authorisation to package the subscription amount.
3. Send completed subscription form **and** the packaging form to: MTC University Subscriptions at 129 Ferrars Street Southbank 3006
4. MTC will then complete payment details, and process the subscription. Notification of the authorisation will be forwarded to HR by MTC to commence the salary deduction.
5. MTC will send confirmation advice to staff confirming payment with your tickets.

Further Information

If you require further information regarding the MTC salary sacrifice subscriptions, please call Mellita Ilich at MTC on (03) 8688 0900.