



# UTAS Laptop Computers - Salary Sacrifice Arrangements

## Revised Arrangements

- All laptop computers purchased after 13<sup>th</sup> May 2008 at 7:30pm need to be provided primarily for use in your employment at UTAS.
- According to the Australian Taxation Office (ATO) “an item is primarily for use in the employee’s employment if it is provided principally to enable your employee to do their job”.
- After seeking external advice on the new requirements the University has reviewed and revised the salary sacrifice arrangements.
- The effect of the change in legislation from 13<sup>th</sup> May 2008 and of the University revised requirements is a significant change in focus and the likely outcome is a reduction in the number of salary sacrifice arrangements that will be approved.

## Outline

- Employees paid under an Enterprise Bargaining Agreement or other industrial instrument at the University of Tasmania can request to salary sacrifice a laptop computer under arrangements outlined in this document.
- Under Fringe Benefits Tax legislation one laptop or notebook computer can be provided per employee per FBT year without incurring Fringe Benefits Tax where that laptop is primarily for use in the employee’s employment. The FBT year runs from 1<sup>st</sup> April until 31<sup>st</sup> March in the next year.
- The employee will need to provide information in relation to their role and intended use of the laptop computer. This information will be assessed by the University, also taking into account if the University already provides them with a work computer. If it is agreed that it is a reasonable salary sacrifice arrangement the employee will be advised that they can proceed with purchasing the laptop computer.

## Requirements/Limitations

1. The employee will complete the Approval for the Salary Sacrifice Purchase of a Laptop Computer form with all relevant information and will sign it and also have the form signed by the Head of their Budget Centre.
2. The Salary Sacrifice Purchase of a Laptop Computer form will then be forwarded to Financial Services for assessment.
  - a. If it is determined that information provided is insufficient to assess the request, the application will be returned to the employee.
  - b. If it is determined that information provided shows that the laptop usage does not meet the required primary usage, the application will be returned to the employee.
  - c. If it is determined that information provided shows that the laptop usage meets the required primary usage then the application will be signed off and the employee advised of the outcome.
3. If the arrangement is confirmed the employee will then be able to purchase a laptop computer. The laptop computer should not be purchased prior to receiving confirmation of the sacrifice agreement, unless the employee is going to purchase the computer regardless of the ability to sacrifice it or not.
4. In most cases the laptop purchase will be for a new computer but purchases from a computer reseller will be acceptable if from a registered business and accompanied by a Tax Invoice.
5. The Tax Invoice must detail the contents purchased and the relevant costs. If you are purchasing through the ITR or Education Procurement scheme then a copy of the order needs to be attached to the Tax Invoice provided by the University Cashier.
6. Where possible separate Tax Invoices should be requested where external hardware or additional software is purchased at the same time.
7. Only the cost of the **laptop computer** will be salary sacrificed.

8. As examples, this is not an exhaustive list, the following items are not part of the laptop computer and will be excluded:
- a. External Mouse
  - b. Carry Case
  - c. Extended warranties (where this has been extended over the standard warranty included in the price)
  - d. Additional software purchased at the time of sale (eg: optioning up a DELL laptop to include Microsoft Office)

#### **UTAS assessment of “primarily for use in the employee’s employment”**

Based on the information provided, the reasonableness of the salary sacrifice request will be considered. Sufficient detail should be provided on the approval form to enable a full consideration of the role of the employee and how the laptop will be used to “enable you to do your job”.

It should be noted that where an employee is already provided with a laptop computer by the University, the ability to salary sacrifice another laptop would be highly unlikely.

If the employee is provided with a desktop computer by the University the employee will need to provide information as to the intended usage of the laptop before a decision could be made on the arrangement.

#### **Subsequent finding by the ATO that the arrangement was not “primarily for use in the employee’s employment”**

If an audit by the ATO determines that certain arrangements were not “primarily for use in the employee’s employment”, the resultant Fringe Benefits Tax that is payable by the University along with any penalties and charges will be charged to the Budget Centre where the employee was employed.

#### **Salary Sacrifice Processing**

1. After purchasing the laptop computer the employee must complete the Laptop computer salary sacrifice form that will be provided by Financial Services once the sacrifice agreement has been confirmed.. Attached to this application must be the original Tax Invoice from the supplier.
2. The salary sacrifice form and Tax Invoice should be forwarded to the Pay Office Locked bag 1353 Launceston for processing.
3. The Pay Office will check the documentation and calculate the period over which this arrangement will be processed. In each pay the employee will receive a proportion of the reimbursement of purchase price, salary sacrifice cost and tax saving.
4. If you terminate your employment at the University before the full amount of the salary sacrifice can be processed any outstanding amounts will not be able to be processed.

#### Example:

Salary Sacrifice request for a laptop costing \$2,200 GST Inclusive is approved. Employee’s yearly taxable salary is in the range \$34,000 to \$80,000.

Calculated net cost of the laptop to the employee after salary sacrifice is **\$1,370** (\$2,200 less GST \$200 less tax benefit \$630).

Employees wishing to see a more detailed calculation, including information on whether the arrangement will be processed over one or more pay periods can use the calculator at the following URL:

[http://www.utas.edu.au/docs/fin\\_services/payroll/pay\\_options.html](http://www.utas.edu.au/docs/fin_services/payroll/pay_options.html)