SSMO STATE SERVICE MANAGEMENT OFFICE

Salary Sacrifice Arrangements - What's Changed

The standard Salary Sacrifice clause in various industrial Agreements, has been expanded to provide the ability for employees to be able to enter salary sacrifice arrangements for a number of new benefits through their employment with the State Service.

Outside of superannuation, this was previously mainly available for novated leases of a motor vehicle.

The benefits available through the updated Salary Sacrifice provisions, are available to both existing employees and may be promoted as a benefit to attract new employees, where applicable.

What does this mean in practice:

As has been the case with Novated Leases of a motor vehicle for salary sacrifice provisions, employees may now elect to salary sacrifice a proportion of their salary for any of the listed items and enter into arrangements through Maxxia who will administer them in compliance with relevant tax legislation and which will result in no employer Fringe Benefits Tax (FBT) liability.

The items that an employee can elect to salary sacrifice are aligned to those benefits which are set out in the *Fringe Benefits Tax Assessment Act 1986* as benefits which are either exempt from FBT liability or attract a 50% FBT concession.

The benefit is reliant on any employer FBT liability that results from an employee entering into these salary sacrifice arrangements (however arising) together with the costs of administration being met by the employee.

Where the listed salary sacrifice benefits, meet certain conditions, these expenses are not reported on the employee's payment summary as a fringe benefit and Fringe Benefit Tax does not apply. However please note, there are some exceptions to this, where FBT may apply and/or reportable on the employee's payment summary, depending on individual circumstances. Further advice can be sought from Maxxia.

It is recommended that employees seek their own advice as to whether the arrangements suit their individual circumstances.

The following new benefits are available:

Airport Lounge Membership

An employee may salary sacrifice the cost of personal airport lounge membership.

It is noted that the Airport Lounge Membership is available for personal use - and does not conflict with the Treasurers Instruction that may preclude the use of airline memberships/points for work purposes.

Interest Only Investment Loan

An employee may salary sacrifice the interest payments on an investment loan where the loan funds have been used for investment purposes to generate income, such as purchasing shares, an investment property or stock. Only the interest component relating to the employee's beneficial share of the investment loan can be salary sacrificed.

Remote Area Housing Benefits

An employee may salary sacrifice the rental costs associated with employer-provided remote area housing where the employee lives and works in a prescribed remote area.

Remote Area Housing Rent

An employee may salary sacrifice the rental costs where the employee lives and works in a prescribed remote area and enters into a tenancy agreement with the owner of the property or a real estate agent. Where the arrangement meets certain conditions, the benefit is treated concessionally for FBT purposes, with taxable value of the benefit reduced by 50% of the amount paid by the employee.

Remote Area Loan Interest

An employee may salary sacrifice the mortgage interest costs on a loan used to acquire the employee's usual place of residence in a prescribed remote area where the employee lives and works. Where the arrangement meets certain conditions, the benefit is treated concessionally for FBT purposes, with a 50% reduction in the taxable value of the reimbursement of interest benefit.

Remote Area Benefits

For remote area benefits, relevant locations will either need to be listed as remote on the Australian Taxation Office (ATO) website or where they are more than 40km from eligible urban areas (Hobart, Launceston, Burnie, Devonport).

Other Important Information:

The new salary Sacrifice clause in Industrial Agreements also includes options for employees to salary sacrifice for the following additional items:

- Eligible Work-Related item (tools of trade)
- Home Office Expenses
- Portable Electronic Devices – Mobile Phones and Accounts
- Self-Education Expenses

However, since these items were negotiated and registered into the relevant Industrial agreements, the Commonwealth has amended the FBT legislation so that FBT will now apply to these items if provided under a salary sacrifice arrangement.

On the basis that the industrial Agreements also provide that an employee entering into such arrangements is liable for any employer FBT liability, salary sacrificing for these items may provide no benefit to an employee and may result in some financial loss. Employees are encouraged to seek their own independent advice.

Where do I find out more information?

Maxxia is the administrator of Salary Sacrifice arrangements for the Tasmanian State Service and will be able to answer any questions relating to an employee's eligibility and what's required to establish the arrangements, noting they may also need to confirm some details with your workplace as part of that process.

When does this change apply?

Theses change apply from 11 May 2026.