

# Salary Packaging for Interns

## You're about to become an intern, well done!

There's no better time to think about how to manage your financial affairs.

For the majority of your career, you're going to be among the top 2% of income earners in Australia.

It's a great position to be in, but there's another side to this well-earned benefit.

Over time, you're going to become one of the Australian Taxation Office's (ATO) favourite customers, as well as its most likely target demographic.

Here's the good news. By adopting a few smart strategies each year, you should be able to minimise the amount you'll hand over to the ATO.

Salary packaging is an Australian government tax incentive designed to keep doctors working in the public hospital system. If you're not salary packaging next year, you may as well plan on giving away thousands of dollars to the ATO.

Here's an example of how it works. Let's say your base salary to 30 June 2022 is \$39,462. Then you apply salary packaging of \$9,010. This reduces your taxable income to \$30,452, meaning you end up owing only \$2,327 to the ATO. That works out to a marginal tax rate of only 8%

That's how simple it is. By reducing your taxable income, salary packaging lowers the amount of tax you owe by comparison with someone who doesn't salary package. An 8% tax rate on a full-time salary for six months is a pretty good deal that works out to a \$2,045 tax saving. There are a few things you could do with an extra \$2,000, right?

Before you begin salary packaging it's important to seek advice from a qualified tax professional. Different hospitals employ different salary packaging rules and may have different systems to process doctors' salary packaging requests. Some hospitals have in-house salary packaging teams while others engage third parties, such as Maxxia and Smartsalary, to manage their programs.

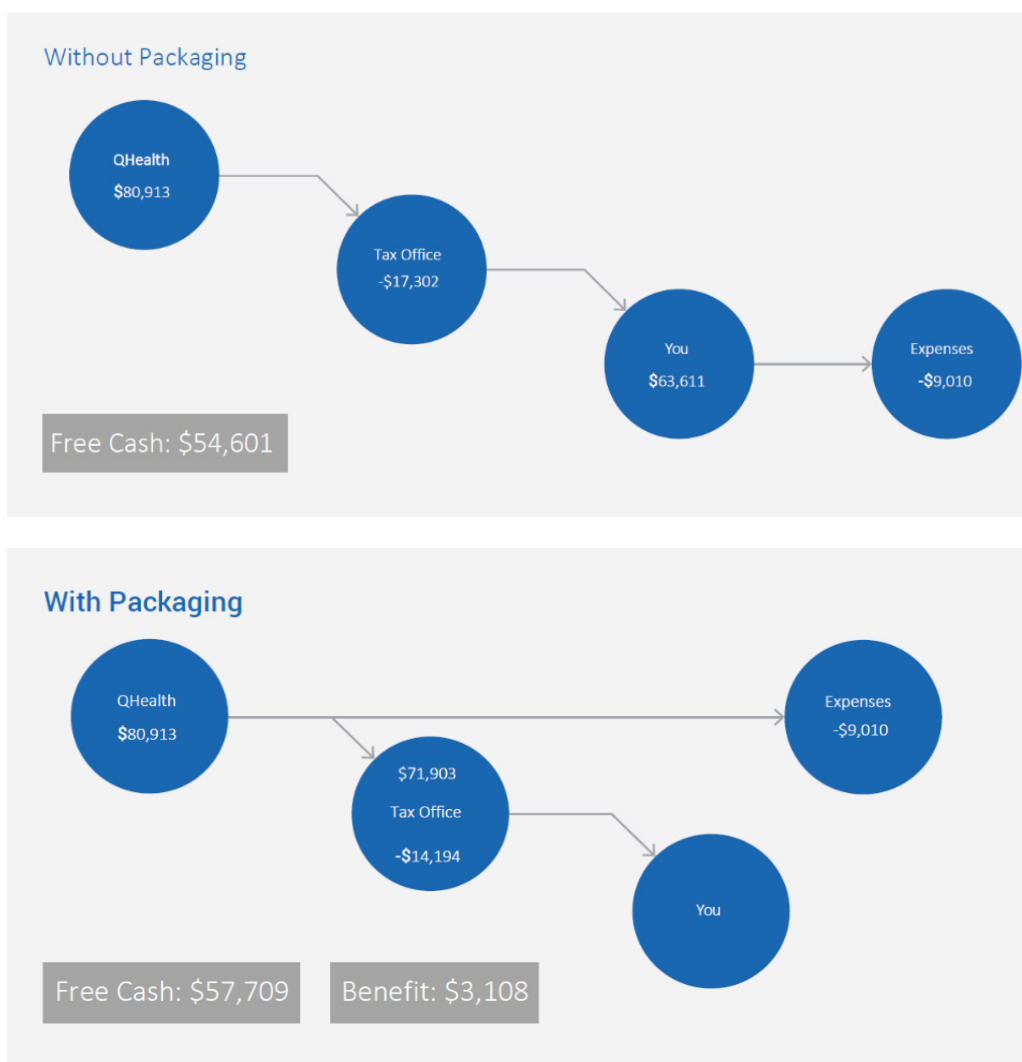
## Here are a few little tips to help you prepare:

- If you're planning on salary packaging your rent, make sure you have a valid lease agreement with your name on it.
- If you're salary packaging your credit card, make sure you remember that you are packaging the repayments on the card, not the purchases themselves. You will need to provide loan statements as proof of payment.
- Take care with living expense cards. Bear in mind that the money going onto those cards must be spent. It's also important to save some money next year.
- If you don't have \$9,000 worth of expenses to salary package, don't go and spend \$9,000 on a credit card. That doesn't make any sense. Salary packaging works best when day-to-day living expenses are used.

- Find out if your hospital will backdate your expenses. Many young doctors will be eligible to salary package expenses incurred over the past 12 months.
- Remember that you'll always need written proof. Learn to be a good receipt keeper. At Walshs we use an App called Receipt Bank, which allows clients to take photos of invoices on the app and centralise all their record keeping. Receipt Bank for training doctors at Walshs is complimentary.
- If you maximize your salary packaging in your first 15 months of work, your tax savings can total \$4502.\*
- Did you know? You can salary package with more the one FBT-exempt employer in one fringe benefits tax year. This could potentially double your tax savings (an increase of \$3513 to \$7027).\*\*

If you need any help, don't be afraid to reach out. We're here to help.

Good luck next year.



Salary packaging is different with every employer in every state. Speak to your Walshs adviser about the details.

\* QLD Health Only. Speak to your adviser today.

\*\* based on QLD Health and Marginal Tax Rate of 39%