

Paying your HECS debt through salary packaging

Salary Packaging

Salary packaging is a simple financial strategy that enables you to reduce your taxable income so that you owe less income tax each financial year. It's important to be aware that salary packaging can increase the gross value of your salary. This increased value is known as 'adjusted taxable income'. This is critical because this is the figure used by the Australian Taxation Office to calculate your HECS repayment each year.

The accompanying diagram will guide you through the process of salary packaging. It's essential to know what affect salary packaging will have on your HECS repayment each year so you can plan accordingly and avoid an unexpected HECS bill.

