

OTHERWISE DEDUCTIBLE

What is an Otherwise Deductible Expense?

An Otherwise Deductible Expense is an expense that you would otherwise be entitled to claim a once-only income tax deduction, without incurring Fringe Benefits Tax (FBT). By salary packing these expenses you can take advantage of the following:

- **GST Saving:** If the expenditure being claimed contains GST, you will save the GST on the total expenditure. This is because your employer is able to claim the GST on the expense and pass this back to you.
- **Improved Cash Flow:** By salary packaging the expenses, you will receive the tax savings each pay period rather than waiting until you complete your annual Income Tax return.
- **Simplified Income tax return:** If you claimed your Otherwise Deductible Expenses through salary packaging, your Income Tax return is likely to be simplified.

What can be packaged as an Otherwise Deductible Expense?

You can package a number of items under as Otherwise Deductible Expenses; however you must meet the specific requirements of each item packaged.

BENEFIT NAME	WHAT IS COVERED	WHAT YOU NEED TO PROVIDE
B2 Self-education expenses	<ul style="list-style-type: none"> • Self-education courses directly related to the employee's work, can include: <ul style="list-style-type: none"> - Seminars and conferences - Textbooks - Stationery - Student union fees - Accommodation, travel costs and meals while traveling if they are directly related to the provision of self-education • Travel costs between work and place of education (i.e. taxi travel, fuel costs) 	<ul style="list-style-type: none"> • Itemised tax invoice (with employees name) • Reimbursement claim form for claims • Payment details for direct payments. Bpay, BSB and Acct number or cheque details • Declaration signed by the employee
B5 Disability/income protection insurance	<ul style="list-style-type: none"> • Employees can claim insurance premiums for policies in their name • Cannot include spouse/family employee 	<ul style="list-style-type: none"> • Statement or letter confirming the policy with employees name • Proof of payment for reimbursements and a reimbursement claim form • Payment details for direct payments Bpay, BSB and Acct number or cheque details • Declaration signed by the employee

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BENEFIT NAME	WHAT IS COVERED	WHAT YOU NEED TO PROVIDE
B7 Professional membership fees and subscriptions	<ul style="list-style-type: none"> Membership fees and subscriptions to professional associations which are directly related to the employee's work 	<ul style="list-style-type: none"> Statement or letter confirming the membership with employees name Proof of payment for reimbursements and a reimbursement claim form Payment details for direct payments Bpay, BSB and Acct number or cheque details Declaration signed by the employee
B16 Financial advice	<ul style="list-style-type: none"> Employees can claim financial advice they have sought for salary packaging purposes 	<ul style="list-style-type: none"> Itemised Tax invoice (with employees name if possible) Proof of payment i.e. a receipt Reimbursement claim form Payment details for direct payments Bpay, BSB and Acct number or cheque details Declaration signed by the employee
B33 Home office expense's	<ul style="list-style-type: none"> Employees can claim a deduction if they carry out income producing work at home and incur expenses in using their home for that purpose If only part of home office is for private use that portion cannot be claimed Items include, Electricity, Gas, Stationary, rent, telephone, internet, cleaning Only items that would be Income Tax deductible can be claimed 	<ul style="list-style-type: none"> Itemised Tax invoice (with employees name if possible) Proof of payment i.e. a receipt Reimbursement claim form Declaration signed by the employee

Tax treatment

Fringe benefits tax

Otherwise deductible expenses are Free from FBT provided you have completed a declaration for the expenses claimed.

Reportable fringe benefits

Otherwise Deductible benefits are no reportable. This means they do not appear on your Payment Summary.

Good and services tax (GST)

Not all Otherwise Deductible Expenses contain GST, however where GST is charged the GST amount is able to be claimed by your employer on their BAS. The GST claimed is then passed back to you.

What next?

If you would like to salary package Otherwise Deductible Expenses please contact Paymax Member Service Team via the contact details below.