

Options for Childcare fee payment:

1. SALARY SACRIFICE

Salary sacrifice is a before tax payment. The liability to make the payment is shifted from the parent to the Employer. This means the parent is no longer entitled to the Child Care Subsidy (CCs) as they are already receiving a reduced taxable income as a result of the salary sacrifice.

“Where an employer is liable for all the child care fees of an employee under a salary sacrificing arrangement, it is not possible for the employee to be eligible for CCS. Where an employer is exempt from fringe benefit tax for the cost of child care, employees who salary sacrifice their full fees may not be eligible for CCS. This will depend on the nature of the arrangement with the child care service

In an arrangement where parents’ salary sacrifice some of their child care costs, they will be eligible for CCS only on the amount that they are liable to pay.

Role of the Service

The Family Assistance Office (FAO) is responsible for determining a family’s eligibility and entitlement in cases where a salary sacrificing arrangement exists. Services are only required to apply the appropriate CCS percentage as advised by the FAO. Services should not lodge usage data for care where a parent has no liability to pay for the child care fees.

Services should advise families considering a salary sacrificing arrangement for their child care fees to discuss this option with Payroll, and if necessary, seek independent financial advice.”¹

A payment made via salary sacrifice:

- Fees are calculated at the **full** per day rate.
- No CCS will be applied.
- No receipt will be issued to parents, payment is made by CSU not the parent.
- There is no entitlement to any further childcare rebates that may be available. (see ‘30% Child Care Tax Rebate’ fact sheet)
- Deductions will be from the pre-tax salary of the parent.
- No Fringe Benefits Tax (FBT) is applicable to employer provided childcare.
- Pre-tax deductions are reflected on payment summaries as reduced taxable earnings.

If you wish to salary package your childcare fees please complete the attached Salary Packaging Agreement and Authority – Childcare and return it to the payroll office (Wagga)

(continued over)

¹ Childcare Service Handbook 2005-2008 Department of Family & Community Services
www.facs.gov.au/childcarehandbook

Options for Childcare fee payment:

2. PAYROLL DEDUCTION

Payroll deduction is an after tax payment. The liability to make the payment is the parents. Payroll simply collects the payment to the centre on behalf of the parent. This means the parent is entitled to the Child Care Subsidy if they are within the threshold limits.

Payment made via post tax payroll deduction:

- Family is entitled to receive CCS as advised by Family Assistance Office (FAO).
- Receipts are issued to family.
- Payroll deductions are after tax. Taxable earnings are not reduced.
- Family may be entitled to other Child Care Subsidies

3. PAYMENT VIA CHEQUE OR CASH TO CENTRE

(As for payroll deduction above)

Options for Childcare fee payment:

(For options 2 and 3)

To: Payroll Office, Charles Sturt University

From: _____ Staff Number: _____

Re: After tax payroll deduction for childcare

Date: _____

OPTION 2

Please deduct \$_____ per fortnight from my post tax salary for childcare expenses at:

Murray Children's Centre

Mitchell Children's Centre

Wagga Children's Centre

Signed: _____

OPTION 3

I will pay my childcare expenses at the childcare centre.

Signed: _____