



GIROVEND SALARY SACRIFICE

Companies are finding that employee benefits are cost effective. Programs, where the overall value of an employee's benefit package is enhanced whilst the direct cost to the business is reduced, are growing.

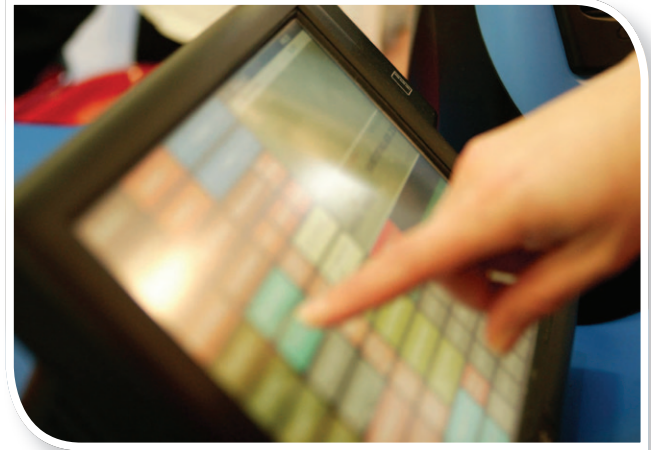
Salary programs which offer such benefits to the employee and the employer can be found across a diverse range including child care, pension provision and staff catering. Many employers have introduced programs covering stand alone initiatives like pensions, while others, where staff numbers allow, have sought to deliver a broad range of flexible benefit packages. Salary Sacrifice is one of those benefit programs.

WHAT IS SALARY SACRIFICE?

A Salary Sacrifice happens when an employee gives up the right to receive part of their salary due under his or her contract of employment. Usually the sacrifice is made in return for the employer's agreement to provide the employee with some form of non-cash benefit.

The "sacrifice" is achieved by varying the employee's terms and conditions of employment relating to pay. Salary Sacrifice is a matter of employment law, not tax law. Where an employee agrees to a Salary Sacrifice in return for a non-cash benefit, they give up their contractual right to future cash remuneration. Please visit the following site for further information: www.hmrc.gov.uk/manuals/eimanual/EIM42750.htm

Salary Sacrifice cashless payments for staff restaurants is an opportunity for employers to offer prepaid meals to employees, and in return the employee sacrifices some part of their remuneration. This means the employer saves money on national insurance and tax administration and the employee pays no national insurance or income tax on the amount sacrificed. This enhances the employee's benefits package and delivers cost savings to the employer.



HOW GIROVEND MANAGES SALARY SACRIFICE

Cashless payment software and technology have enabled Salary Sacrifice programs to be implemented with clearly defined cost benefits. Although a subsidised staff catering facility may be available to all employees, the potential savings does not fall within the definition of a taxable benefit as the value of the subsidy does not need to be equivalent to everyone. The facility does not need to be used by everyone.

The success of the program is reliant on a secure, robust solution that can be accessed by authorised parties to manage the individual employee's sacrifice. GiroVend maintains a complete audit of all transactions to produce the detailed summary and individual reports required to ensure compliance with existing UK Tax legislation.

The employee chooses an annual sum they wish to sacrifice for the benefit of prepaid meals. They identify how the annual sacrifice be managed based on their personal preference, e.g. by week, month or per year. Additional funds can be added using one of the other GiroVend value loading options. Thereafter the GiroVend solution automatically manages the provision and use of the sacrifice in line with program rules.

Any technical reduction in salary clearly has tax and NI implications and may have wider implications on pensions, overtime, bonuses as well as other areas such as payroll and taxes. Each client program requires this verification in its' own right and GiroVend recommends that the necessary professional guidance is obtained to ensure that a methodology which minimises the risks and maximises employee participation is implemented.

Please contact GiroVend if you would like a list of professional organisations who have worked with us. If you would like to assess whether a cashless payment Salary Sacrifice program could be an option for you, please see our Salary Sacrifice page at www.girovend.com/Solutions/SalarySacrifice.aspx.

WHY USE GIROVEND?

GiroVend's impeccable reputation, extensive product portfolio and commitment to customer service have made the company the market leader in the cashless payment industry. GiroVend offers each client a tailored package including installation and training services backed by an expert support team. With over twenty year's experience, GiroVend has pioneered the development of cashless payment systems, continually augmenting the product range to incorporate the latest advances in technology. Located in Newcastle, Tewkesbury and Maidenhead, GiroVend designs, manufactures, installs and supports a range of multi-application products and services.



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