



CLIENT PACK FACT

Transaction Negotiation Authority (TNA)

What is a TNA?

A 'Transaction Negotiation Authority' (TNA) is set up between your organisation and your organisation's bank. This authority enables Remunerator to access your organisation's salary packaging account to make employee benefit payments on its behalf. A key feature of the TNA is its transaction limit.

How does it work?

The appropriate documentation to set up a TNA needs to be completed with **your organisation's bank**. A User ID is then issued through the banking system which we are able to transact on. This process takes approx. 4 weeks. The approved TNA is sent to the ANZ, with a copy to Remunerator.

How can the TNA limit be exceeded?

The TNA limit may be inadequate if:

- It has not been reviewed in line with the increase in the number of staff packaging;
- The frequency is not in line with your organisation's pay cycle;
- Your organisation is using the TNA to transact other payments and it is not for Remunerator's exclusive use.

Why am I charged a fee?

When a TNA limit is exceeded, Remunerator is charged a fee as the administering bureau. Our transacting bank

[ANZ] will try to contact your organisation's bank when a limit fails to push the payments through. If they are unable to contact your bank the payments reject and benefit payments are not made. A fee is charged to Remunerator for each failed employer batch [currently around \$20]. This fee can not be directly charged to your salary packaging account therefore an invoice is issued to recover the cost.

Recommended minimum TNA limit;

When setting the TNA limit there are 3 critical factors to consider;

- **Volume:** consider the number of employees packaging, their average salary, the maximum percentage they can package and their pay frequency.
- **Frequency:** should be consistent with your pay cycle, i.e. if your employees are paid fortnightly, the frequency of the TNA should also be fortnightly.
- **Exclusive Use:** the TNA set in place must be for Remunerator's exclusive use.

Other TNA Terminology (for the application form):

- 'Bureau' is Remunerator
- 'Bureau Financial Institution Name' is the ANZ
- 'Lodgement Institution' is the ANZ

Recommended Minimum TNA limit

$$= \frac{\{\text{Number of Eligible Employees} \times \text{Average Salary} \times \text{Maximum Package \%}\}}{\text{Pay Periods p.a.}} \times 1.05$$

Example:

Number eligible employees:	150	Maximum Package %:	50%
Average Salary:	\$40 000	Pay Periods p.a.:	26 (fortnightly)

$$= \frac{\{150 \times 40\,000 \times 50\%\}}{26} \times 1.05 = \$121,154 \text{ per fortnight}$$

DISCLAIMER

The information supplied on this page is provided as an information guide only. It contains Remunerator (Aust) Pty Ltd ACN 074 423 966 interpretation of the current Tax Legislation (as at July 2002) which is subject to change at any time without notice and should not be relied on as a substitute for legal or other professional advice.

0312