



# Employee salary sacrifice schemes and school fees

There is an increasing appetite within the independent school sector for employees to enter into salary sacrifice schemes to pay for school fees. It is indeed possible and tax efficient to set up a salary sacrifice scheme for this purpose.

## What is a Salary Sacrifice Scheme?

A salary sacrifice scheme is a contractual arrangement where an employee accepts reduced gross pay in return for their employer providing a non-cash benefit. The employee's gross pay is reduced by the value of the benefit. Employees benefit because accepting a lower gross salary means their income tax and National Insurance contributions (NICs) decrease. The employer benefits because, for every member of staff who takes part in a salary sacrifice scheme, its NICs will fall too.

## The application to school fees

Salary sacrifice schemes for school fees are accepted by HMRC as legitimate tax planning and are relatively simple to administer once established.

## How can it benefit you?

As many independent schools offer discounted fees to staff, allowing them to pay the reduced fees by way of salary sacrifice increases the value of that benefit. However, a salary sacrifice arrangement is not dependent on the operation of a fee discount scheme and can still be implemented where some or all staff pay full fees. A salary sacrifice scheme for the payment of school fees therefore provides an opportunity for schools to cut costs whilst also offering a highly attractive retention incentive to existing staff and a means of being competitive in the recruitment market.

## Veale Wasbrough Vizards' Salary Sacrifice Scheme

We are able to advise on the implementation of a salary sacrifice scheme for the payment of school fees for a fixed fee and have developed a set of template documentation for this purpose, including:

- School Fees Discount and Salary Sacrifice Policy
- Variation to the contract of employment
- School Guide to Salary Sacrifice Schemes for the Payment of School Fees
- Staff Guide to Salary Sacrifice Schemes for the Payment of School Fees.

Salary sacrifice for the payment of school fees is a new approach which can provide real and positive benefits to your school and staff. We will be delighted to advise you on introducing the scheme during this academic year.

You may also be considering changes to staff benefits and terms and conditions of employment more generally. If this is the case VWV can undertake a review of your employment documentation and benefit packages and advise on any necessary and advisable changes.

## Contact Details

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