

# Factsheet

## Salary packaging and remote area benefits



The remote area benefit helps renters and home owners who live and work in regional and remote Australia to put more money back in their pocket. That's because only 50% of the benefit is included in the annual general living expenses cap and the remaining 50% is in addition to the cap.

### Eligibility requirements

If your employer offers this benefit as part of their employee benefits program, and you live and work in an area classified as "Remote" by the Australian Taxation Office ("ATO"), you may be able to claim:

#### Housing Assistance

- ▶ Interest you pay on your mortgage for the house you live in, or
- ▶ Rent you pay an estate agent, private party or employer for the house you live in, and
- ▶ Electricity or gas bills, if you are salary packaging your rent or interest on your mortgage as a remote area benefit.

#### Holiday Transport

- ▶ Travel from the remote location to the nearest capital city, or previous living location, if the travel relates to a holiday (not business travel).

The exact remote area benefits you can claim vary depending on location, so it pays to check with your employer.

Remote area benefits are subject to FBT, but at the reduced rate of 50%. By using part of your threshold for this 50%, it then becomes exempt from FBT. Although the 50% exempt portion is not applied to your threshold, you cannot package the exempt portion only.

All remote area benefits are non-reportable benefits and will not appear on your annual PAYG payment summary.

### Remote area housing assistance

This benefit is claimed as 50% within the annual general living expenses cap and 50% in addition to the cap and allows you to salary package payment or reimbursement of your rent, or reimbursement of interest on a mortgage.

#### Renting, here's how it works

If your lease agreement is in your name, and you are responsible for 100% of the rent payable, you can claim the rent for the duration of the lease. You must provide a copy of the formal lease agreement, which should include lease commencement and end dates along with the amount payable.

#### Example:

Olivia lives and works in a remote area and rents a house that is occupied by her as her usual place of residence. Her rent is \$10,400 per year. For the FBT year (1 April to 31 March), Olivia can claim:

Remote area housing assistance	50% within cap	\$ 5,200
	50% in addition to cap	\$ 5,200
Additional living expenses cap		\$ 10,700 <sup>1</sup>
<b>Total salary packaging</b>		<b>\$ 21,100</b>

<sup>1</sup> For hospital workers the additional living expenses cap available is \$3,810, so the total salary packaging would be \$14,210.

Olivia can salary package an additional \$5,200 and reduce her taxable salary by the same amount.



# Factsheet

## Salary packaging and remote area benefits



### Interest on a mortgage, here's how it works

If the mortgage is for a dwelling that you live in as your usual place of residence, you can claim the interest paid that mortgage.

#### Example:

Peter lives and works in a remote area and has a mortgage on a property that is his primary place of residence. He sends through his annual mortgage statement and the total interest paid was \$14,000. For the FBT year (1 April to 31 March), Peter can claim:

Remote area housing assistance	50% within cap	\$ 7,000
	50% in addition to cap	\$ 7,000
Additional living expenses cap		\$ 8,900 <sup>2</sup>
<b>Total salary packaging</b>		<b>\$ 22,900</b>

<sup>2</sup> For hospital workers the additional living expenses cap available is \$2,010, so the total salary packaging would be \$16,010.

Peter can salary package an additional \$7,000 and reduce his taxable salary by the same amount.

### Utilities to maintain your home (remote area fuel), here's how it works

If you are salary packaging your rent or interest on your mortgage as a remote area benefit, you may also be able to claim your electricity and gas expenses.

### Remote area holiday transport

This benefit is claimed as 50% within the annual general living expenses cap and 50% in addition to the cap and allows you to salary package the cost of travel from your remote area location to the nearest capital city, providing:

- ▶ The holiday is for three or more working days, and
- ▶ The holiday is taken by commercial transport (i.e. a flight, train, bus or ferry ride), and
- ▶ A signed remote travel declaration is provided with the expenditure.

This benefit also extends to your immediate family (child or spouse), whether you accompany them or not. If they don't live at your work location, the benefit will also apply if their holiday travel is to meet you.

### Here's how it works

Chloe lives and works in a remote area and travels to her nearest city for a holiday several times throughout the FBT year. The total cost of the return flights is \$3,600.

Remote area holiday transport	50% within cap	\$ 1,800
	50% in addition to cap	\$ 1,800
Additional living expenses cap		\$ 14,100 <sup>3</sup>
<b>Total salary packaging</b>		<b>\$ 17,700</b>

<sup>3</sup> For hospital workers the additional living expenses cap available is \$7,210, so the total salary packaging would be \$10,810.

Chloe can salary package an additional \$1,800 and reduce her taxable salary by the same amount.



Information in this factsheet is general in nature and provided without reference to your organisation policies or your personal circumstances. You should seek independent financial advice if you are unsure whether this benefit is right for you. The ATO website lists 'remote area' towns. Visit [https://www.ato.gov.au/general/fringe-benefits-tax-\(fbt\)/in-detail/exemptions-and-concessions/fbt---remote-areas/](https://www.ato.gov.au/general/fringe-benefits-tax-(fbt)/in-detail/exemptions-and-concessions/fbt---remote-areas/) to see if your area qualifies as 'remote' or ask your employer.