

Remote Area Benefits

Employees who live and work in an area classified as 'Remote' [^] by the Australian Taxation Office, may be eligible to salary package the cost of rent, mortgage interest, residential utilities, property purchase and holiday transport.

> Employee leased Remote Area Rent

If you are renting a property under a formal lease agreement, you may salary package up to **50%** of your rental costs.

Things you need to know

- › The lease agreement must be in your name, and you must be responsible for 100% of the cost.
- › You must provide a copy of the formal lease agreement, which should include lease commencement and end dates along with the amount payable.

> Employer owned Remote Area Rent

If your employer either owns or leases a property for you in a remote area, you are able to salary package 100% of this cost tax free from your pre-tax salary.

> Remote Area Mortgage Interest

You may salary package the interest component of the home loan repayments of the dwelling you live in as your usual residence.

Things you need to know

- › For these mortgage expenses to qualify for salary packaging, you must live in the dwelling as your usual place of residence.
- › Fringe Benefits Tax (FBT) applies, but only to 50% of the total salary packaged amount.

Savings example 1. Remote Area Mortgage Interest

Jason works and lives in a remote area, and his annual salary is \$100,000. His annual mortgage interest is \$15,000.

	Without Salary Packaging	With Salary Packaging
Gross salary	\$100,000	\$100,000
Amount to salary package	\$0	\$15,000
FBT*	N/A	\$6,651
Taxable salary	\$100,000	\$78,349
Tax + Medicare levy	\$24,967	\$17,497
After tax payment of annual mortgage interest	\$15,000	\$0
Take home pay	\$60,033	\$60,852
Annual tax savings	\$0	\$819

* We apply a 50% reduction on the total salary packaged amount of \$15,000 (i.e. \$7,500 x 1.8868 x 47%).

> Talk to us today to find out more.
1300 476 278 | smartsalary.com.au

 **smartsalary**
saving money, made easy

Disclaimer: All savings examples are for illustrative purposes only. Information in this guide 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. Like all salary packaged items, you can't claim an income tax deduction on packaged remote area expenses. Smartsalary is unable to make your rent, mortgage interest, or utility payments on your behalf – salary packaged amounts will be reimbursed to your nominated bank account.

Remote Area Benefits

Employees who live and work in an area classified as 'Remote' ^ by the Australian Taxation Office, may be eligible to salary package the cost of rent, mortgage interest, residential utilities, property purchase and holiday transport.

Remote Area Residential Property Purchase

If you've purchased a property in a remote area as your primary residence, you may salary package the cost of the property/land as per the original contract of sale.

Things you need to know

- › The remote area residential property expenditure must be in relation to building or purchasing a house and land, or an extension of a house.
- › Fringe Benefits Tax (FBT) applies, but only to 50% of the total salary packaged amount.

Savings example 2. Remote Area Residential Property Purchase

Peter works and lives in a remote area, and his annual salary is \$100,000. He purchased a property for \$250,000 in a remote area, which he would like to salary package over the next 5 years.

	Without Salary Packaging	With Salary Packaging
Gross salary	\$100,000	\$100,000
Amount to salary package per annum (over 5 years)	\$0	\$50,000
FBT per annum**	N/A	\$22,170
Taxable salary	\$100,000	\$27,830
Tax + Medicare levy	\$24,967	\$2,333
After tax payment of residential property purchase (over 5 years)	\$50,000	\$0
Take home pay	\$25,033	\$25,497
Annual tax savings	\$0	\$464

** We apply a 50% reduction on the yearly salary packaged amount of \$50,000 (i.e. \$25,000 x 1.8868 x 47%).

Remote Area Residential Utilities

These include utilities to maintain your home, such as electricity and gas.

Things you need to know

- › Fringe Benefits Tax (FBT) applies, but only to 50% of the total salary packaged amount.
- › To claim these items, you must also salary package Remote Area Rent or Remote Area Mortgage Interest.

Remote Area - Holiday Transport

If you live in a remote location and you are travelling for a holiday, you may be able to salary package these travel expenses.

Things you need to know

- › You must personally travel for at least 3 consecutive days while taking recreational leave (annual, long service or unpaid leave).
- › You can claim the return cost of bus, train or aeroplane tickets from your home to the nearest capital city, or up to \$500 if travelling by car.
- › The holiday costs must relate to you, your spouse and/or your children (and no other family members).
- › Fringe Benefits Tax (FBT) applies, but only to 50% of the total salary packaged amount.

➤ **Talk to us today to find out more.**
1300 476 278 | smartsalary.com.au

 **smartsalary**
saving money, made easy

Disclaimer: All savings examples are for illustrative purposes only. Information in this guide 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. Like all salary packaged items, you can't claim an income tax deduction on packaged remote area expenses. Smartsalary is unable to make your rent, mortgage interest, or utility payments on your behalf – salary packaged amounts will be reimbursed to your nominated bank account.