

# Salary packaging and remote area benefits



Employees who live and work in an area classified as 'Remote'<sup>1</sup> by the Australian Taxation Office (ATO) may be eligible to salary package the cost of rent, mortgage interest, residential utilities, holiday transport and property purchase.

Only 50% of the remote area benefits are counted towards your annual living expenses limit, the other 50% is in addition to this, allowing eligible employees to salary package more and increase their tax savings.

## Remote Area Rent

If you are renting a property you can salary package your rental costs as long as the lease agreement is in your name and you are 100% responsible for the cost.


To get started, you must provide a copy of the lease agreement which should include lease start and end dates along with the rent amount.

**Example:** Olivia lives and works in a remote area where she rents a house. Her rent is \$10,400 per year. For the Fringe Benefits Tax (FBT) year Olivia can claim:



Remote area rent	50% within limit	\$ 5,200
	50% in addition to limit	\$ 5,200
Living expenses still available (\$15,900-\$5,200)		\$ 10,700 <sup>2</sup>
<b>Total salary packaging limit</b>		<b>\$ 21,100</b>

<sup>2</sup> For hospital workers the living expenses still available is \$3,810, so the total salary packaging limit would be \$14,210.

 Olivia can salary package an additional \$5,200 on top of her \$15,900 limit, and will reduce her taxable pay by the same amount.

1. The ATO website lists the locations that meet the definition of 'remote area'. [Follow the link](#) to see if your area qualifies as 'remote' or ask your employer

## Remote Area Mortgage Interest


You can salary package the interest portion of your home loan repayments as long as it is the usual home you live in (primary residence).

**Example:** Peter bought a home in the remote area where he lives and works. It is his primary residence. His annual mortgage statement shows total interest paid was \$14,000. For the FBT year, Peter can claim:



Remote area mortgage interest	50% within limit	\$ 7,000
	50% in addition to limit	\$ 7,000
Living expenses still available (\$15,900-\$7,000)		\$ 8,900 <sup>3</sup>
<b>Total salary packaging limit</b>		<b>\$ 22,900</b>

<sup>3</sup> For hospital workers the living expenses still available is \$2,010, so the total salary packaging limit would be \$16,010.

 Peter can salary package an additional \$7,000 on top of his \$15,900 limit, and will reduce his taxable pay by the same amount.

## Utilities

If you are salary packaging Remote Area Rent or Remote Area Mortgage Interest, you may also claim utilities such as electricity and gas.

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## Remote Area Residential Property Purchase

If you have purchased a property in a remote area as your primary residence, you can salary package the cost of the property/land as per the original contract of sale providing that:


- The cost of the property relates to building<sup>4</sup> or purchasing a house and land, or an extension of a house
- You are working for your current employer at the time of purchase.

**Example:** Mark works and lives in a remote area, and his annual salary is \$65,000. He purchased a property for \$286,200 in a remote area and can salary package his 15,900 limit as 50% of the amount he packages so can package \$31,800 each year. This means he will salary package the full cost of the property over the next 9 years.



Remote area residential property purchase	50% within limit	\$ 15,900
	50% in addition to limit	\$ 15,900
Living expenses still available (\$15,900-\$15,900)		\$ 0
<b>Total salary packaging limit</b>		<b>\$ 31,800</b>

<sup>4</sup> If purchasing land, you must commit to building on it within six months and living in the property within 18 months. The property must also be your primary place of residence, it cannot be an investment property.

 Mark can salary package an additional \$15,900 on top of his \$15,900 limit, and will reduce his taxable pay by the same amount.

## Remote Area Holiday Transport

If you live in a remote location and are travelling for a holiday, you can salary package your travel expenses to the nearest capital city providing:

- Your holiday is for at least three working days
- You travel by commercial transport (i.e. flight, bus, train or ferry)
- You must provide a signed remote travel declaration with the costs.


This also extends to your immediate family (spouse and/or your children).

**Example:** 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 limit	\$ 1,800
	50% in addition to limit	\$ 1,800
Living expenses still available (\$15,900-\$1,800)		\$ 14,100 <sup>5</sup>
<b>Total salary packaging limit</b>		<b>\$ 17,700</b>

<sup>5</sup> For hospital workers the living expenses still available is \$7,210, so the total salary packaging limit would be \$10,810.

 Chloe can salary package an additional \$1,800 on top of her \$15,900 limit, and will reduce her taxable pay by the same amount.

**Please note:** Information, advice or guidance provided in this factsheet, is general in nature and provided without reference to your organisation's policies or your personal circumstances. Please contact your accountant, tax agent or legal adviser to determine how the information in this factsheet may apply to you.