

Factsheet

Salary packaging and remote area benefits

Employees who live and work in an area classified as '**Remote**'¹ 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 attract Fringe Benefits Tax (FBT). By using part of your annual living expenses limit this 50% becomes exempt from FBT. The remaining 50% of this benefit is in addition to the limit.

Remote Area Rent

If you are renting a property you may salary package your rental costs.

Things 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 lease agreement which should include lease start and end dates along with amount payable.

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



Remote area housing assistance	50% within limit	\$ 5,200
	50% in addition to limit	\$ 5,200
Additional living expenses limit (\$15,900-\$5,200)		\$ 10,700 ²
Total salary packaging		\$ 21,100

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



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

Remote Area Mortgage Interest

You may salary package the interest portion of your home loan repayments as long as it is your primary residence.

Things to know:

- To qualify, the dwelling must be your usual place of 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 housing assistance	50% within limit	\$ 7,000
	50% in addition to limit	\$ 7,000
Additional living expenses limit (\$15,900-\$7,000)		\$ 8,900 ³
Total salary packaging		\$ 22,900

³ For hospital workers the additional living expenses limit 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.

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

Remote Area Residential Property Purchase

If you have 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 to know:

- The cost of the property must relate to building⁴ or purchasing a house and land, or an extension of a house.

Example: Mark works and lives in a remote area, and his annual salary is \$80,000. He purchased a property for \$477,000 in a remote area and would like to salary package it over the next 15 years.



	Without salary packaging	With salary packaging
Gross salary	\$80,000	\$80,000
Amount to salary package per annum (over 15 years) ⁵	\$0	\$31,800
FBT per annum	N/A	N/A
Taxable salary	\$80,000	\$48,200
Tax + Medicare levy	\$18,067	\$7,096
After tax payment of residential property purchase (over 15 years)	\$31,800	\$0
Take home pay	\$30,133	\$41,104

⁴ We apply 50% of the cost against Mark's limit and the balance is applied outside of the limit. (i.e. \$31,800 x 50% = \$15,900).

Please note: 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 \$31,800 and reduce his taxable salary by the same amount.

Remote Area Holiday Transport

If you live in a remote location and are travelling for a holiday, you may be able to salary package your travel expenses to the nearest capital city.

Things to know:

- You must travel for at least three or more working days
- You can claim the return cost of commercial transport (i.e. flight, bus, train or ferry)
- The benefit also extends to your spouse and/or your children
- You must provide a signed remote travel declaration with the costs.

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
Additional living expenses limit (\$15,900-\$1,800)		\$ 14,100 ⁵
Total salary packaging		\$ 17,700

⁵ For hospital workers the additional living expenses limit 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.

Utilities

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

