

Salary packaging and remote area benefits

Salary packaging is about paying less income tax and increasing your take-home pay. But, did you know that the further away from a capital city that you live and work the more benefits and savings you are entitled to?

The Australian Taxation Office (ATO) has a list which identifies the locations on this map are considered a [remote location](#). If you **live and work** in a remote location you are likely to be able to take advantage of the remote area benefits.

Find out more by having a **chat to Michelle Scott, Remuneration & Benefits Lead** at Endeavour Foundation or click on the **QR code to speak to someone from AccessPay.**



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 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 ²
Total salary packaging limit		\$ 21,100

² 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 ³
Total salary packaging limit		\$ 22,900

³ 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.