

# Remote Area Benefits

Employees who live and work in an area classified as 'Remote'<sup>^</sup> by the Australian Taxation Office, may be eligible to salary package the cost of additional benefits.

## > Employee leased Remote Area Rent

If you are renting a property under a formal lease agreement, you may salary package your rental costs.

### Things you need to know

- ▶ Only 50% of these costs can be applied to your general living expenses cap, the other 50% is in addition to your cap.
- ▶ 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 can salary package the interest portion of your home loan repayments.

### Things you need to know

- ▶ Only 50% of these costs are applied to your general living expenses cap, the other 50% is in addition to your cap.
- ▶ For the mortgage expenses to qualify for salary packaging, you must live in the dwelling as your usual place of residence.

### Savings example 1. Remote Area Mortgage Interest

Jason works and lives in a remote area, and his annual salary is \$80,000. His annual mortgage interest is \$15,000.

	Without Salary Packaging	With Salary Packaging
Gross salary	\$80,000	\$80,000
Amount to salary package*	\$0	\$15,000
FBT	N/A	N/A
Taxable salary	\$80,000	\$65,000
Tax + Medicare levy	\$18,067	\$12,892
After tax payment of annual mortgage interest	\$15,000	\$0
Take home pay	\$46,933	\$52,108
<b>Annual tax savings</b>	<b>\$0</b>	<b>\$5,175</b>

\* We apply 50% of the interest cost against Jason's cap and the balance is applied outside the cap.

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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. <sup>^</sup> The ATO website lists 'remote area' towns. Visit the ATO website 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

## > Remote Area Residential Utilities

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

### Things you need to know

- ▶ Only 50% of these costs are applied to your general living expenses cap, the other 50% is in addition to your cap.
- ▶ To claim these items, you must also salary package Remote Area Rent or Remote Area Mortgage Interest.

## > 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

- ▶ Only 50% of these costs are applied to your general living expenses cap, the other 50% is in addition to your cap.
- ▶ The remote area residential property expenditure must be in relation to building or purchasing a house and land, or an extension of a house.

## Savings example 2. Remote Area Residential Property Purchase

Peter works and lives in a remote area, and his annual salary is \$80,000. He purchased a property for \$270,300 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)**	\$0	\$18,020
FBT per annum	N/A	N/A
Taxable salary	\$80,000	\$61,980
Tax + Medicare levy	\$18,067	\$11,850
After tax payment of residential property purchase (over 15 years)	\$18,020	\$0
Take home pay	\$43,913	\$50,130
<b>Annual tax savings</b>	<b>\$0</b>	<b>\$6,217</b>

\*\* We apply 50% of the cost against Peter's cap and the balance is applied in addition to the cap.

> For not-for-profit, disability or childcare workers by salary packaging the full \$15,900 limit for a property valued at \$286,200 (approximately \$31,800 per year), the full cost of the property could be salary packaged in 9 years.

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