

Information Sheet 'Remote Area Housing'

Date: September 2018

What is Remote Area Housing?

Remote Area Housing is a tax concession designed by the Commonwealth Government to assist employers in rural and remote areas to attract and retain staff.

Who is eligible?

If you work for an employer which is located more than 40 kilometres from a town of 14,000 people or more and more than 100 kilometres from a town of 130,000 people, they are eligible for a 50% reduction in the Fringe Benefits Tax payable on housing assistance.

The Australian Taxation Office states that an area is considered remote “if it is not in, or adjacent to, an eligible urban area. An eligible urban area is an urban centre which in the 1981 Census had a population” as stated in the previous paragraph.

How does this work?

The type of employer that Remote Area benefits are applicable include your employer and any other employer that can normally provide a FBT free component for Reportable Fringe Benefits as part of their salary packaging arrangements. By living and working in a remote area, an employee can increase the benefit of salary packaging as:

- Half the interest they pay on their home loan will be treated as an Exempt Benefit, or
- Half of the monthly payment on their rented residence will be treated as an Exempt Benefit.

If you are eligible and have a home loan on the property that you live in, half of the interest you pay can be added to your salary packaging arrangements without impacting on your capping limit or your grossed-up amount. You therefore pay half of your home loan interest from your pre-tax salary and you can still package other Reportable Fringe Benefits up to your capping limit.

Similarly, if you are eligible and renting the property that you live in, half of the rent you pay can be paid from your pre-tax salary, without any impact on your capping limit or grossed up amount, and you can still package other Reportable Fringe Benefits up to your capping limit, including the other half of your rent.

What rules apply?

As you would expect there are a number of rules that govern the application of Remote Area Housing. The Salary Packaging People closely monitor all the rules and can provide updates and guidance directly.

Generally though, the following rules apply:

- Your employer must be in a remote location, which are defined specifically by the ATO
- Your dwelling must be in a remote area, i.e. not within 40 kilometres of towns like Warrnambool, Ballarat, etc.
- You must live in the property as your main residence.
- The home loan or rental payment must be for the property that is your main residence.
- The home loan interest must be for the house and not include redraws for cars, boats, etc.

You are required to sign a declaration to say the above is true.

The declaration will require supporting documentation to substantiate the mortgage interest and the rental payment.



Applying and establishing this benefit

To obtain additional information on this product and the process to establish a Remote Area Housing benefit, please contact our office on 03 5229 4200 or info@salarypackagingpeople.com.au.

Remote Area Housing Declaration				
First Name		Surname		
Address				
City		State		Postcode
Mobile		Email		

Please complete only Section A OR Section B.

Section A - Home Mortgage	
<input type="checkbox"/>	I am a current employee of _____ at an eligible remote location.
<input type="checkbox"/>	The mortgage interest claimed is for a housing loan for a dwelling in a remote area
<input type="checkbox"/>	The dwelling is my usual place of residence
<input type="checkbox"/>	The benefit is provided for mortgage interest which is based on market rates.
Annual Interest Incurred	\$ _____ 50% of this amount is exempt from Fringe Benefits Tax.
<input type="checkbox"/>	I have attached documentation substantiating evidence of mortgage interest paid in the last quarter. YES / NO
<input type="checkbox"/>	I wish to package additional amounts to maximize my salary packaging benefits. YES / NO

Section B - Rental Property	
<input type="checkbox"/>	I am a current employee of _____ at an eligible remote location.
<input type="checkbox"/>	The rental amount claimed is for a dwelling in a remote area
<input type="checkbox"/>	The dwelling is my usual place of residence
<input type="checkbox"/>	The benefit is provided for a rental property under a current rental agreement
Annual Rent Paid	\$ _____ 50% of this amount is exempt from Fringe Benefits Tax.
<input type="checkbox"/>	I have attached documentation substantiating evidence of the current Rental Agreement and the amount paid for rent under this agreement. YES / NO
<input type="checkbox"/>	I wish to package additional amounts to maximize my salary packaging benefits. YES / NO

If you are unable to tick all the boxes in either Section A or Section B above, you are ineligible for Remote Area Housing benefit under subsection 60(2) or 60(2A) of the FBTA.

Remote Area Housing Declaration

Deposit the reimbursement to:

Account Name:

BSB:

Account Number:

The Declaration	
By submitting this form, I declare:	
<ul style="list-style-type: none">• That the information provided in this document is for the purpose of receiving the Remote Area Housing payment being provided under subsection 60(2) and 60(2A) of the FBTA.• I confirm that the above information is true and correct and that I am liable for Fringe Benefits Tax that may be incurred as a result of incorrect information provided under this Salary Packaging arrangement.	
Signed:	Date: