

Remote Area Benefits Program





Introducing the Remote Area Benefits Program.

Your employer has established a remote area benefit program for eligible employees.

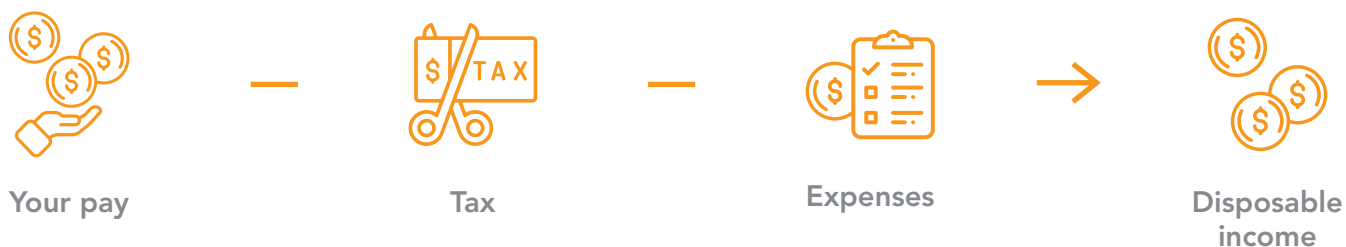
Facilitated by **sgfleet**, your employer's novated leasing and salary packaging partner, this program enables you to salary package various accommodation costs under the Remote Area Benefit provisions of Fringe Benefits Tax (FBT) legislation.

If you live and work within a remote area as defined by the ATO, you could be eligible to pay for either rent, or interest on your mortgage repayments, plus your gas and electricity bills with your pre-tax dollars – meaning you could save on tax.

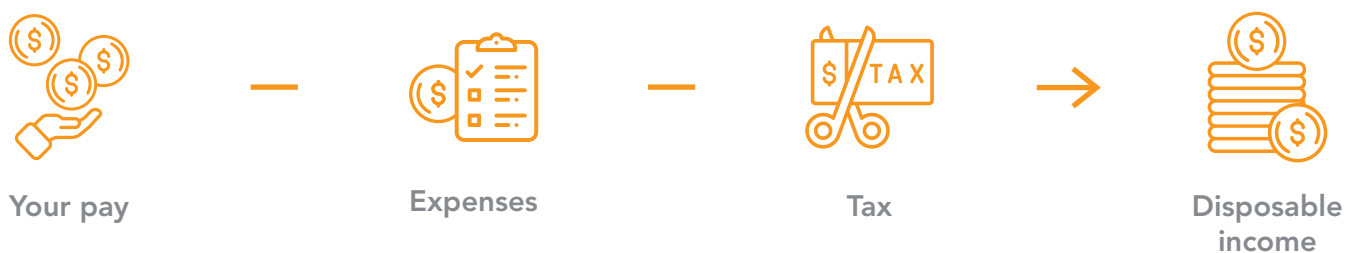
What is salary packaging?

Salary packaging is a way you can pay for certain approved expenses with money from your salary before tax. Because you are paying for these items before tax, this reduces your taxable income, and this could increase your disposable income.

Without salary packaging



With salary packaging



How do I know if I am eligible?

Only permanent or fixed term employees who live and work within a remote area (as defined by the ATO) are eligible to take part in this program. Fixed term employees must have at least a 12 month contract. The program is only available if the property you are living in is your usual place of residence.

You should also check with your employer that you are eligible to access these remote benefit concessions under their employment policies.

What expenses could I package if I am eligible?

This benefit allows you to salary package the cost of:

- 100% of the interest you pay on your mortgage for the house you live in
50% of this benefit will incur an FBT liability
- 50% of the rent you pay an estate agent/private party for the house you live in
No FBT liability is incurred on this benefit
- 50% of your electricity or gas expenses, but only if you salary package your rent or mortgage interest
No FBT liability is incurred on this benefit

How much can I package?

If you are sharing a household with another employee, the benefit will be halved for each employee, and you are only entitled to have the amounts you are paying personally reimbursed, not the full amounts. This is because, in situations of shared accommodation, it would be argued that the other occupant by their presence would have to have contributed to the cost, meaning you only incurred part of the cost.

How it works

1. Apply with *sgfleet*.

Your *sgfleet* consultant will work with you to determine the amount of eligible household expenses that need to be paid per annum, and provide an estimate of the deductions to come out of your pay each pay cycle.

2. Accept your quote.

Once you have accepted your quote, *sgfleet* will arrange for your employer to deduct the agreed costs from your pre-tax dollars and send them to *sgfleet* to place in your salary packaging account. This reduces your gross income and you essentially pay less tax.

3. Enjoy the benefits.

When you pay your bills, you can claim for these expenses, and *sgfleet* can reimburse you out of your salary packaging account using the funds in your salary packaging account.

We recommend you get your own independent financial and taxation advice before entering into any salary packaging arrangement, to ensure it is right for you.

Frequently Asked Questions

1. What is the principle behind salary packaging?

By giving up part of their cash salary in return for non-cash benefits, an employee reduces their taxable wages (pre-tax) and pays less tax on the reduced cash income as a result. This is offset by any FBT an employer may recover from their employee where partially or fully taxed benefits are provided. (Please see point 3 below)

2. What are remote area benefits?

The Australian Government has designated certain parts of Australia as remote, and allowed tax incentives to employers who need to attract employees to work in these areas. For mortgage, rent and residential fuel benefits, a 50% reduction is available on what would otherwise be a fully taxed benefit. This can result in tax savings for employees.

3. What does Fringe Benefits Tax (FBT) have to do with salary packaging?

FBT is a tax levied on an employer for non-cash benefits provided to employees as part of their employment, which would otherwise not be taxed at all. If the benefits are able to be taxed at a reduced rate or are tax free, they can usually be "packaged" in an employee's salary with favourable tax consequences.

4. Does FBT align with the income tax year ending 30 June?

No. The FBT year runs from 1 April to 31 March.

5. Are there any other amounts that are sacrificed?

In the event that there are any administration fees payable by you, the cost would appear in the indicative quote. These amounts are deducted pre-tax from salary.

6. Are there any other advantages in salary sacrificing?

The GST payable on your gas and electricity invoices can be claimed by your employer and in turn credited to your account, delivering a cost reduction to you.

7. What will an indicative quote show me?

By taking the information you provide to **sgfleet** about annual salary and costs, and including any fees or Goods and Services Tax (GST) credits, an indicative quote estimates what pre-tax deductions from salary are required to be processed by Payroll, and the estimated tax benefit you may expect to receive. Please seek your own independent tax and financial advice prior to accepting your quote.

8. How does the reimbursement process work?

You pay your occupancy costs and submit a claim form to **sgfleet** with the correct substantiation documents attached. On a monthly basis a pre-tax deduction is made from your salary for the agreed monthly amount based on your estimate of annual occupancy costs, thus building up a running balance.

When you claim for expenses paid, **sgfleet** reimburses you out of the funds in your salary packaging account.

- For mortgage interest, you will need to send **sgfleet** a claim form with a copy of your latest mortgage statement and **sgfleet** will check the loan is still eligible (see point 10) and then reimburse the interest payment directly into your nominated account.
- For rent, **sgfleet** do not require you to send in any claim forms if you have an existing lease agreement that has not reached its end date. Based off your lease agreement, we can reimburse you directly into your bank account each period. However, if your lease agreement ends, you will need to provide proof of payment until a new lease agreement is established.
- For electricity and gas bills, you will need to send **sgfleet** a claim form with copies of your bills and proof of payment and **sgfleet** will reimburse the amount directly into your bank account.

The claim is reimbursed to you within 10 business days provided your running balance has sufficient funds to cover the claim. This process is dependent on your employer funding **sgfleet** with your deductions each month.

9. How can I check what my running balance is?

sgfleet has an online facility for checking your balance, and details will be provided to you for accessing the secure web page.

10. With a mortgage loan why can't I re-draw funds or utilise offset facilities?

Tax benefits will not apply where the loan in question can be or is used to re-draw funds or re-finance funds. This also extends to loan facilities which include an offset account, where interest is not fully paid and hence the loan principal increases. Any such loans and actions which 'taint' the loan for FBT purposes will be non-qualifying loans, and will not be accepted under this program and any salary packaging accounts will be immediately ceased.

11. What happens if my lease agreement ends, or if I sign a new lease agreement?

If your lease agreement reaches its expiry date and you remain in the property and pay rent on a month to month basis, you are required to fill in a claim form each month and provide proof of payment.

If you sign a new lease agreement with the same property you must notify **sgfleet** immediately to set up a new salary packaging arrangement under the new lease agreement. A copy of the new lease agreement is required.

If your lease ends and you move out, you must notify **sgfleet** immediately and provide substantiation of your exact move out date.

12. What happens if there are increases in my occupancy costs?

If there are price increases during the FBT year relating to interest, rental or residential fuel (electricity and gas) it is your responsibility to advise **sgfleet** as soon as possible. Re-costing may be necessary, which means salary deductions are adjusted to a higher amount each month to progressively cover anticipated costs. A revised quote will be issued by **sgfleet** to you.

13. I lease a house in a remote area, and another employee who is a friend shares the accommodation. Why is the benefit halved?

Benefits reductions apply specifically to the employee who incurs the cost. In situations of shared accommodation, it would be argued that the other occupant by their presence would have to have contributed to the cost, meaning you only incurred part of the cost.

14. What are the rules for claiming interest under the Remote Area Mortgage Interest Benefit?

- If you work and live in a remote area and your loan documentation is solely in your name or jointly in your name and your spouse/partner's name, you are eligible to claim the full interest under the program.
- If you work and live in a remote area but your loan documentation is solely in your spouse/partner's name, you are not eligible to claim any interest under the program.
- If you and your spouse/partner both work for your employer, only one of you can claim the full interest, so long as the person claiming is listed on the loan either solely or jointly with the spouse/partner.

15. I own the house in a remote area which is my usual residence. Why can't I claim electricity and gas reimbursements?

By legislation, residential fuel is only claimable in conjunction with remote area mortgage interest or rental benefits.

16. What is the fastest way to get documents to *sgfleet*?

Send a scanned pdf file to salarypackaging@sgfleet.com



Call us on **03 8699 7070**
or visit **sgfleet.com.au**

