



# Attract. Recruit. Engage. Retain.

How Salary Packaging can make your business even more attractive.

Salary Packaging is a great way to attract, recruit, engage and retain the best possible employees. There are multiple benefits provided by Salary Packaging Australia to help save your new employees thousands in tax, and make your company even more attractive. Additionally, this will add no cost to you, as the employer.

## NEW EMPLOYEES

### Option 1 Living Away from Home Allowance

A Living Away from Home Allowance (LAFHA) can be provided to an employee who is required to live away from their usual place of residence on a temporary basis to perform the duties of employment.

This would suit someone on a probationary or trial period. In the first 12 months, the employee is entitled to packaging rental costs, as well as living expenses.

### Option 2 Relocation

If the employee is required in a different location, the relocation allowance will make the transition much smoother.

Where it is necessary for an employee to relocate to take up a position at a new location, and removal or storage costs is incurred to move from their usual place of residence, and the removal costs occur within 12 months of taking up employment at the new location, then 100% of this cost can be reimbursed to the employee via their pre-tax income.

If an employee decided to fully relocate to the new area, he or she would be entitled to continue packaging their rent and living expenses for an additional 12 months, as well as any expenses for selling their house and moving to the new area.

## CURRENT EMPLOYEES

### Option 3 Remote Area Allowance

If your employees are Northern Territory residents they may be eligible for remote area benefits. This benefit is dependent upon where they live and work. Remote areas are designated by the ATO and residents that live and work in a remote area can potentially salary package part of their rental payment or mortgage interest payment. If an employee is living in an employer owned residence, 100% of their rental payment can be salary packaged. SPA will assist employers in determining whether their employees are eligible.

## ALL EMPLOYEES

### Compassionate Travel

If any employee needs to return home due to a family members illness or death, there are a range of benefits that are 100% exempt. For example, this can be travel by an employee for the sole purpose of visiting a close relative who is seriously ill, or travel by an employee and their family members to attend the funeral of a close relative. This benefit extends to many other circumstances which can be seen on our compassionate travel fact sheet.

## EXAMPLES

### LAFHA

Fred is a project manager in Adelaide, SA and has the opportunity to relocate to Darwin, NT on an \$82,000 salary. This is quite a large step for Fred as he has a wife and two school age children. Without committing to relocating, Fred has decided to utilise the LAFHA benefit, which will save him thousands in tax every year. This will allow Fred to package pre-tax salary towards his rent and living expenses.

Fred can package his rent at \$350 per week and \$247 per week in living expenses totalling \$597 each week in pre-tax income. This comes to a total of \$31,044 per year. The tax saving would be approximately \$10,502 per annum or \$201.95 net per week.

### Relocation

Hannah is an engineer working in Adelaide, SA and after two years at her firm, she has been asked to take up a better position in the Perth office on a \$112,000 salary. Hannah decides to sell her home in Norwood before making the move. Fortunately, Hannah can utilise the Relocation allowance, where she can package her moving costs, such as selling costs. In addition to this, Hannah can package her rent for the first 12 months.

Hannah can claim back the selling costs including the advertising, legal fees, mortgage discharge fee and real-estate commissions totalling \$28,667. Additionally, she can claim the rent in Claremont, WA at \$465 per week, totalling \$24,180 for the year. The two amounts pre-tax is \$52,847.00 giving a \$18,204 advantage per annum, or \$346.61 net saving each week.

### Remote Area

Harry lives in Broome, WA and works for a machinery equipment firm in the same area. Due to the nature and location of Harry's employer and his house, Harry can use the Remote Area benefit. This could help him save tax while living and working in a remote area, as 50% of his rent becomes tax free!

Harry currently pays \$600 per week to rent his current property, and can package \$300 per week. On his current salary of \$73,000, he will save approximately \$5,174 per annum or \$99.50 net per week.

📍 107/12 Salonika St, Parap NT 0820

☎ 1300 786 664

✉ enquiries@salpacaus.com.au

ABN 53 009 643 485

[www.salpacaus.com.au](http://www.salpacaus.com.au)



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