What is a relocation benefit?
Employees are able to salary sacrifice certain costs associated with temporary or permanent relocation from their place of residence where their employer requires them to relocate in order to perform employment duties. Salary sacrificing these benefits can lead to tax savings as they are eligible for exemptions from or reductions in Fringe Benefits Tax (FBT).

How salary sacrificing relocation benefits works
Salary sacrificing means the employee uses some of their pre-tax salary to pay for benefits offered by their employer, for example relocation benefits.

It is an arrangement between the employee and employer where the employee agrees to forgo part of his or her future salary to pay for the benefit. This reduces the employee’s taxable income resulting in less income tax.

To salary package relocation benefits the employee and employer must meet the requirements outlined in the Table of Relocation Benefits (below).

The employee will initially pay the costs associated with relocation to the relevant supplier/s. At this stage the employee must retain original tax invoices/receipts. This will enable the employee to have the costs reimbursed later as a relocation benefit.

Funds are then deducted from the employee’s pre-tax salary. These funds will be used to reimburse the employee for relocation costs they have paid for. The funds deducted are not income taxed. As a result the employee will be using tax free money to pay for the benefit. The employee will save on the income tax that would have been charged on that portion of pre-tax salary.

The employer will contribute the GST portion of any items where GST is charged reducing the cost of the item.

To claim the funds deducted the employee is required to send in their tax invoices/receipts and any other documentary evidence required as per the Table of Relocation benefits along with a reimbursement claim form. Paywise will then deposit the amount within 3 working days to the employee’s elected bank account. If there are insufficient funds to cover the claim, available funds will firstly be paid with the remaining balance of the claim paid once more funds are deducted.

Please note that if the employee is receiving a relocation allowance from their employer they cannot also salary sacrifice relocation costs paid for out of this allowance.

Employees must also complete all relevant declarations required under FBT legislation and submit these to Paywise. The declarations are required to be submitted annually, prior to 31 March. Where these are not submitted, FBT will be charged on all costs reimbursed.

What benefits can be salary packaged?

**Employment interviews and selection tests**
Transport, accommodation or meals provided to an employee solely in connection with attending an employment interview or a selection test.

**Relocation consultant costs**
Relocation consultant costs incurred solely as a consequence of an employee temporarily or permanently relocating their residence to perform employment duties.

**Home purchase costs**
Incidental costs incurred by an employee purchasing a home because he or she is required to change his or her usual place of residence to perform employment duties. Costs include stamp duty, legal fees, expenses of borrowing, associate utility costs. Interest, repayment of principal, loan services fees, discharge of a mortgage where the money borrowed is not applied wholly in respect of property, insurance and rates are excluded.

**Relocation transport**
Transport, accommodation or meals provided to an employee and family members as a consequence of an employee being required to permanently or temporarily relocate his or her usual place of residence to perform employment duties.

**Removal and storage of household effects**
Removal or storage costs for household effects incurred as a consequence of an employee temporarily or permanently relocating his or her residence to perform employment duties. Costs include transport, packing, unpacking and insurance of effects.

**Home sale costs**
Incidental costs incurred by an employee selling their home because he or she is required to change his or her usual place of residence to perform employment duties. Costs include stamp duty, legal fees, advertising, agent’s commission, discharge of mortgage costs.

**Connection or reconnection of utilities**
The cost of connecting telephone, gas or electricity services as a consequence of an employee temporarily or permanently relocating his or her residence to perform employment duties.

**Leasing of household goods**
The cost of leasing household goods while occupying living away from home accommodation.
<table>
<thead>
<tr>
<th>Benefit</th>
<th>Description/Requirements</th>
<th>Documentary Evidence</th>
<th>FBT Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment interviews and selection tests</td>
<td>Transport, accommodation or meals provided to an employee solely in connection with attending an employment interview or a selection test.</td>
<td>Tax invoices/receipts</td>
<td>FBT exempt if requirements are met</td>
</tr>
<tr>
<td><strong>Requirements</strong></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>To qualify for this benefit all of the following must be met:</td>
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<tr>
<td></td>
<td>1. The benefit is provided to a current employee. Future and former employees may also qualify. The distinction is whether the person is an “employee”. For example, future employees will only be an “employee” if he or she succeeds in achieving employment. Those who fail are not employees and will not qualify.</td>
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<td></td>
<td>2. The benefit cannot be provided to associates e.g. a relative who accompanies the employee on a selection test or interview</td>
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<td>3. The travel is required solely for the employee to attend an interview or a selection test in connection with employment, promotion or job transfer.</td>
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<td></td>
<td>4. The benefit is provided under an arm’s length arrangement.</td>
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<td></td>
<td>5. The travel costs are not in respect of car expenses reimbursed on a cents per kilometre basis.</td>
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<td></td>
<td>6. Documentary evidence of the transports costs must be provided to the employer.</td>
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<tr>
<td>Relocation consultant costs</td>
<td>Relocation consultant costs incurred solely as a consequence of an employee temporarily or permanently relocating their residence to perform employment duties.</td>
<td>Tax invoices/receipts</td>
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</tr>
<tr>
<td></td>
<td>Common services provided by relocation consultants include obtaining removalist quotes, finding accommodation, housing lease negotiation, providing information about transportation to the new location and providing information about education and community services at the new location.</td>
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<td>1. Payment of expenses (e.g. electricity bill) by the relocation consultant on behalf of the employee is not allowed</td>
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<td>2. The relocation consultant costs must arise solely because the employee is required to temporarily or permanently relocate his or her place of residence in order to perform employment duties.</td>
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</tr>
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<td>3. The benefit is provided under an arm’s length arrangement.</td>
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<td>4. Documentary evidence of the relocation consultant costs must be provided to the employer.</td>
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</table>

Contact us using the following details:

CALL US ON: 1800 PAYWISE (729 947)
EMAIL US AT: info@paywise.com.au
FIND OUT MORE AT: www.paywise.com.au
## Removal and storage of household effects

Removal or storage costs for household effects incurred as a consequence of an employee temporarily or permanently relocating his or her residence to perform employment duties. Costs include transport, packing, unpacking and insurance of effects.

**Requirements**

To qualify for this benefit all of the following must be met:

1. Removal and storage costs must be for household effects of the employee. Household effects are tangible property kept for personal use.
2. The removal or storage costs must arise solely because the employee is required to temporarily or permanently relocate his or her place of residence in order to perform employment duties.
3. Where the employee is or has been living away from home the removal or storage of household effects must be required to enable the employee to live away from home or return to their usual place of residence after living away from home.
4. Where an employee changes their usual place of residence the removal or storage of household effects must be arm’s length and occur within 12 months from the day the employee commences employment at the new locality.
5. The removal or storage costs must not be in connection with business travel.
6. Documentary evidence of the removal and storage costs must be provided to the employer.

**Home sale costs**

To qualify for this benefit all of the following must be met:

1. The employee or an associate of the employee owns residential property. Residential property can be a home, land where a home is proposed to be built, a flat, home unit or a stratum unit.
2. The employee or associate sells or proposes to sell the residential property solely because the employee is required to change his or her usual place of residence to perform employment duties.
3. The employee or associate has a period of 2 years from when the employee commences work at the new location to enter into a contract to sell the residential property.

**Documentary Evidence**

- Tax invoices/receipts

**FBT Implications**

- FBT exempt if requirements are met
**Benefit** | **Description/Requirements** | **Documentary Evidence** | **FBT Implications**  
--- | --- | --- | ---  
Home sale costs (continued) | 4. The employee or associate must own the residential property at the time the employer first notifies the employee of a change to their employment location.  
5. The employee must occupy or propose to occupy the residential property as his or her usual place of residence at the time the employer first notifies the employee of a change to their employment location.  
6. Documentary evidence of the incidental costs must be provided to the employer.  
7. The benefit must be provided under an arm's length arrangement. | Tax invoices/receipts | FBT exempt if requirements are met  
Home purchase costs | Incidental costs incurred by an employee purchasing a home because he or she is required to change his or her usual place of residence to perform employment duties. Costs include stamp duty, legal fees, expenses of borrowing, associate utility costs. Interest, repayment of principal, loan services fees, discharge of a mortgage where the money borrowed is not applied wholly in respect of property, insurance and rates are excluded. | Tax invoices/receipts | FBT exempt if requirements are met  
Requirements  
To qualify for this benefit all of the following must be met:  
1. The employee or an associate of the employee must acquire a residential property. Residential property can be a home, land where a home is proposed to be built, a flat, home unit or a stratum unit.  
2. The employee or an associate purchases new residential property solely because the employee is required to change his or her usual place of residence to perform employment duties at a new location.  
3. The employee or associate has a period of 4 years from when the employee commences work at the new location to enter into a contract to purchase a new residential property.  
4. After the purchase of the new residential property the employee occupies or proposes to occupy it as his or her usual place of residence.  
5. Documentary evidence of the incidental costs must be provided to the employer.  
6. The benefit must be provided under an arm's length arrangement.
### Benefit: Connection or reconnection of utilities (continued)

The cost of connecting telephone, gas or electricity services as a consequence of an employee temporarily or permanently relocating his or her residence to perform employment duties.

#### Requirements

To qualify for this benefit the following must be met:

1. The connection or reconnection of utilities relates to a unit of accommodation.
2. The accommodation must be required solely because the employee is required to live away from or change his or her usual place of residence in order to perform employment duties.
3. Where the employee is required to change his or her usual place of residence the following applies:
   a) A telephone service must be connected within 12 months of an employee commencing employment duties at the new place of employment. A telephone service must also have been provided to the employee’s former usual place of residence immediately before the change of location.
   b) Gas or electricity services must be connected within 12 months of an employee commencing employment duties at the new place of employment.
   c) The benefit must be provided under an arm’s length arrangement.
4. Documentary evidence of the connection/reconnection costs must be provided to the employer.

### Benefit: Leasing of household goods

The cost of leasing household goods while occupying living away from home accommodation.

#### Requirements

To qualify for this benefit all of the following must be met:

1. The leased goods must be primarily for the domestic use of the employee or family members. Examples include cost of leasing furniture, electrical equipment and outdoor equipment. It does not apply to equipment held in the home but used mainly for business purposes (e.g., a personal computer)
2. The goods must be connected to accommodation supplied by the employer to the employee because he or she is required to live away from home to perform employment duties.
## Relocation Benefits

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### Requirements

To qualify for this benefit all of the following must be met:

1. The relocation transport is provided solely because the employee is required to live away from or change his or her usual place of residence in order to perform employment duties.
2. The transport is provided to enable the employee and family members to take up residence at the new location or return to a former location.
3. Where the transport is in respect of a family member, this must not coincide with a business trip of the employee.
4. The transport must not be for an employee undertaking travel in the course of performing employment duties.
5. The travel costs are not in respect of car expenses reimbursed on a cents per kilometre basis.
6. Documentary evidence of the transport costs must be provided to the employer.
7. The benefit must be provided under an arm’s length arrangement.

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**What next?**

If you would like to Salary Package Relocation Benefits, please contact Paywise Member Service Team via the contact details below.

**Contact us using the following details:**

**CALL US ON:**
1800 PAYWISE (729 947)

**EMAIL US AT:**
info@paywise.com.au

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