

Zone Tax Offset

Individuals who are classed as residents of specified remote areas within Australia are entitled to an offset of tax known as a Zone Tax Offset. These specific areas are comprised of two zones, Zone A and Zone B.

The areas covered by Zone A and Zone B are generally in the west, north and centre of Australia. Taxpayers who have served as a member of the United Nations or the Australian defence force overseas may also be eligible for the zone tax offset.

Zone A

Zone A encompasses those areas where factors of isolation, uncongenial climate and the high cost of living are more pronounced. Accordingly the rebate for ordinary zone B residents is not as high as the rebate for ordinary zone A residents. For the reason that zone B consists of areas that are less badly affected in terms of their remoteness.

Zone B

Zone B covers the islands forming part of Australia that are adjacent to the coastline of the mainland and Tasmania.

Special Areas

A special category of zone allowances is available to taxpayers residing in particularly isolated areas within either zone. These areas are known as "special areas".

To find if your area is in zone A or zone B and a special area please click the below link to access the list from the Tax Office's website <http://www.ato.gov.au/scripts/zonecheck> .

Am I Entitled to a Zone Rebate?

The following residency tests are used to assess the eligibility of the taxpayer for the entitlement of a zone rebate:

- The taxpayer resided in a designated zone area, (not necessarily continuously) for more than half the income year.
- The taxpayer resided or has actually been in a zone area for one half or less of the income year and for one half or less of the previous income year, and over the two income years concerned has resided or actually been in the zone area for more than 182 days. This test only applies where the taxpayer was not eligible for a zone rebate in that previous income year.

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- The taxpayer resided in a zone area for one half or less of the present income year and for one half or less of an earlier income year (being any of the four preceding income years other than the immediately preceding income year) provided;
 - The period in the present income year combined with that in the earlier income year exceeds 182 days;
 - The taxpayer has actually resided in a zone area, and necessarily the same zone area, from the beginning of the period in the earlier income year to the end of the period in the present income year; and
 - The taxpayer did not qualify for a zone rebate in that earlier year.

Calculating the Zone Tax Offset

In order to calculate a Zone Tax Offset, the taxpayer's relevant base amount must be first established.

'**Relevant base amount**' means the total of the tax offsets to which the taxpayer is entitled for the income year and these tax offsets include:

- Dependant Spouse
- Dependant Parent or parent-in-law
- Child-housekeeper
- Housekeeper
- Sole parent
- Child or student

1. Resident of special area Zone A or special area in Zone B

A resident of the special area in either zone A or zone B in the year of income is entitled to an offset of:-
\$1,173 + 50% of the relevant base amount

2. Resident of ordinary Zone A

A resident of zone A in the year of income resided or actually been in the area in zone A during any part of the income year is entitled to an offset of:-
\$338 + 50% of the relevant base amount

3. Resident of ordinary Zone B

A resident of zone B This area also includes overseas forces. In the year of income during any part of the income year is entitled to an offset of:-
\$57 + 50% of the relevant base amount

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Please Note - the sum of these offsets cannot exceed the tax otherwise payable for the year and is not refundable to you in cash by the Tax Office. The zone tax offset is in addition to any other offsets you are entitled to receive.

If you have any questions or require any further information please feel free to contact your Client Manager and they will be happy to assist you.

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