Australian Government
Australian Taxation Office

International tax for individuals

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/
- Last modified: 15 Aug 2018
- QC 33241

Australian residents are generally taxed on their worldwide income from all sources. Temporary residents of Australia and foreign residents are generally taxed only on their Australian-sourced income, such as money they earn working in Australia.

To understand your tax situation you first need to work out if you are an Australian or foreign resident for tax purposes. This may be different to your residency status for other purposes – for example, you could be an Australian resident for tax purposes even if you're not an Australian citizen or permanent resident.

Next step:

- Work out your tax residency

Find out about:

- Coming to Australia
- Going overseas
- Investing in Australia
- Investing overseas

See also:

- International tax for business

Work out your residency status for tax purposes

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Work-out-your-tax-residency/
- Last modified: 10 Aug 2018

- QC 33232

To understand your tax situation you first need to work out if you are an Australian or foreign resident for tax purposes.

We don't use the same rules as the Department of Immigration and Border Protection. This means you:

- can be an Australian resident for tax purposes without being an Australian citizen or permanent resident
- may have a visa to enter Australia, but are not an Australian resident for tax purposes.

Work out your residency status

If you are in Australia for:

- a working holiday, see Residency – working holiday or visit
- any other purpose, see Are you a resident? decision tool.

If you have been living in Australia and have left or intend to leave, see Determination of residency status – leaving Australia .

Common situations

We've listed some common residency and tax situations. Tax residency can also depend on whether the country you are going to or coming from has a tax treaty with Australia, so check this also.

Are you a resident for tax purposes?

If you:	you are generally:
leave Australia temporarily and do not set up a permanent home in another country	an Australian resident for tax purposes
are an overseas student enrolled in a course that is more than six months long at an Australian institution	an Australian resident for tax purposes
are visiting Australia, working and living in the one location and have taken steps to make Australia your home	an Australian resident for tax purposes
are visiting Australia and for most of that time you are travelling and working in various locations around Australia	a foreign resident for tax purposes
are either holidaying in Australia or visiting for less than six months	a foreign resident for tax purposes

migrate to Australia and intend to reside here permanently	an Australian resident for tax purposes
leave Australia permanently	treated as a foreign resident for tax purposes from the date of your departure

Residency and tax

If you're a foreign resident for tax purposes you must declare on your tax return any income earned in Australia, including:

- employment income
- rental income
- Australian pensions and annuities
- capital gains on Australian assets.

The capital gain on your Australian home may need to be included if you are a foreign resident at the time you sign the contract of sale.

If you have a Higher Education Loan Program (HELP) or Trade Support Loan (TSL) debt and you're a non-resident for tax purposes – you'll need to declare your worldwide income or lodge a non-lodgment advice. You can do this using our online services via myGov or through a registered Australian tax agent from 1 July 2017.

For more information, see HELP and TSL overseas obligations.

The Study and training loan repayment calculator will help you find out your compulsory repayment or overseas levy amounts.

To work out if you need to lodge, use our Do I need to lodge a tax return tool.

If you're an Australian resident for tax purposes, you generally have to declare all income you earned both in Australia and internationally on your Australian tax return.

However, if you have a temporary visa you're a temporary resident – this means you only declare income you derived in Australia, plus any income you earn from employment performed overseas for short periods while you are a temporary resident of Australia.

Next step:

- Coming to Australia
- Going overseas

See also:

- Residency tests
- Foreign income exemption for temporary residents
- Claiming the tax free threshold

- Foreign residents and main residence exemption
- Foreign resident capital gains withholding payments

Residency tests

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Work-out-your-tax-residency/Residency-tests/
- Last modified: 15 Aug 2018
- QC 33219

The easiest way to work out your tax residency is with our calculators:

- Determination of residency status – coming to Australia
- Determination of residency status – leaving Australia

The primary test of tax residency is called the 'resides test'. If you reside in Australia, you are considered an Australian resident for tax purposes and don't need to apply any of the other residency tests.

If you don't satisfy the resides test, you'll still be considered an Australian resident if you satisfy one of three statutory tests:

- The domicile test: You're an Australian resident if your domicile (broadly, the place that is your permanent home) is in Australia, unless we are satisfied that your permanent place of abode is outside Australia.
- The 183-day test: If you're actually present in Australia for more than half the income year, whether continuously or with breaks, you may be said to have a constructive residence in Australia, unless it can be established that your usual place of abode is outside Australia and you have no intention of taking up residence here.
- The superannuation test: This test applies to Australian government employees working at Australian posts overseas and who are members of the CSS or PSS schemes. It does not apply to members of the PSSAP scheme.

See also:

- Residency – the resides tests – further information and examples of the residency tests.

Failure to cut connection with Australia

A legal decision in 2013 shows that a person who fails to cut their connection with Australia will be treated as an Australian resident.

Coming to Australia

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Coming-to-Australia/
- Last modified: 09 Dec 2016
- QC 33213

You may come to Australia to reside permanently, study or holiday.

If you earn money here you will pay tax and need to lodge an Australian tax return. To work in Australia you need a work visa and a tax file number.

Find out about:

- Working in Australia
- Working holiday makers
- Studying in Australia
- Moving to Australia permanently
- Paying tax and lodging a tax return
- Returning to your home country

Studying in Australia

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Coming-to-Australia/Studying-in-Australia/
- Last modified: 12 Mar 2018
- QC 33222

If you're enrolled to study in Australia in a course that lasts for six months or more, you're generally regarded as an Australian resident for tax purposes. This means:

- you pay tax on your earnings at the same rate as other residents
- you're entitled to the benefits of the Australian tax system, such as
  - the tax-free threshold (or part of it, if you're here for only part of the financial year)
  - tax offsets
  - generally lower tax rates than a foreign resident.

Generally Australian residents must declare all income they've earned, both in Australia and internationally, on their Australian tax return. However, as an overseas student you probably have a temporary visa, which means that you may be a temporary resident. For more information, see Foreign income exemption for temporary residents.

If you're a temporary resident, most of your foreign income is not taxed in Australia and you don't declare it on your Australian tax return. You only declare income you derive in Australia, plus any income you earn from employment or services performed overseas while you are a temporary resident of Australia.

Next steps:

- Check your visa using the Department of Home Affair's free Visa entitlement verification online
- Paying tax and lodging a tax return
- Returning to your home country

See also:

- Working in Australia

Moving to Australia permanently

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Coming-to-Australia/Moving-to-Australia-permanently/
- Last modified: 09 Dec 2015
- QC 33203

On this page:

- How tax works in Australia
- Annuities, pensions and superannuation from your previous country
- Overseas properties you own
- Offshore bank accounts

How tax works in Australia

If you migrate to Australia and intend to reside here permanently, you are an Australian resident for tax purposes. This means:

- You must declare income you have earned from anywhere in the world in your tax return.
- You can also claim the benefits of the Australian tax system, such as:
  - the tax-free threshold
  - tax offsets
  - generally lower tax rates than a foreign resident.

Before you start working in Australia, or soon after, you may need to get a tax file number (TFN). The main tax you will pay is income tax. This is charged on income you receive, such as salary and wages, investment income and business income. At the end of the income year (30 June), most people must lodge an annual tax return.

You can get a registered tax agent to advise you on tax and prepare and lodge your tax return for you.

These agents are the only people allowed to charge a fee to prepare and lodge your tax return. They must be registered with the Tax Practitioners Board and follow strict regulations.

Next steps:

- Paying tax and lodging a tax return
- Find a registered tax agent at the Tax Practitioners Board website.

Annuities, pensions and superannuation from your previous country

Most Australian residents must pay tax on foreign pensions and annuities. This is the case even if the country that made your payment has already withheld tax from it.

You may be entitled to deduct the part of your annual pension or annuity income that represents your personal contributions being returned to you. This is called the undeducted purchase price.

You may claim a foreign income tax offset if your foreign pension or annuity is taxed both in Australia and in the country that paid it.

Pensions and annuities are usually taxable only in the country of residence of the recipient. If your payment has also been taxed in a country with which Australia has a tax treaty, you may be entitled to a refund of that tax from that country. You may also be able to arrange not to have tax withheld from future payments from that country. You can do this by supplying a tax relief form or a certificate of residency or status.

You may be able to transfer super from a foreign super fund to a complying Australian super fund or yourself. Whether you can make these transfers will depend on the rules of the super fund you are making the transfer from.

If you transfer super, you pay income tax on any earnings on your foreign super that have accrued since you became an Australian resident or terminated your foreign employment. But you don't have to pay any tax if you make the transfer within six months of either of these events.

See also:

- List of Australian tax treaties

Overseas properties you own

As an Australian resident, any income or capital gains you make from your overseas properties is generally taxable in Australia. It must be declared in your Australian tax return. If you have paid tax in another country on that income or gain, you may be entitled to a foreign income tax offset.

See also:

- Investing overseas

Offshore bank accounts

Some tax authorities in other countries don't require you to report interest earned overseas, but we do. If you hold bank accounts in other countries, you must report any interest or other income earned from these accounts in your Australian income tax return. You may have to pay additional charges if you don't do this.

> Example: Offshore bank account
>
> Javed came to Australia as an overseas student. Having completed his degree, he became a permanent resident under the skilled migration program. He visits his relatives in India every year and has left his Indian bank account open for easy access to local funds.
>
> When preparing his first tax return as a permanent resident, Javed reads on our website that bank interest from offshore accounts is taxable in Australia. He discloses the interest that has accrued in his account in India over the year.
>
> We receive information from the Indian Department of Revenue about interest payments as part of the Automatic Exchange of Information program. Javed's name appears in the data. The interest amount reported is consistent across the two sources. Javed is complying with his tax obligations, so we take no follow-up action.

See also:

- Paying tax and lodging a tax return

Paying tax and lodging a tax return

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Coming-to-Australia/Paying-tax-and-lodging-a-tax-return/
- Last modified: 30 May 2015
- QC 33209

After the end of the Australian income year (30 June), you lodge an annual tax return to tell us how much income you received and tax you paid. We then send you a notice of assessment and your tax refund if you're entitled to one.

Next steps:

- Do you need to lodge a tax return?
- What income you pay tax on
- How and when to lodge your tax return

We check information reported on tax returns against records reported by other organisations to make sure that people pay the correct amount of tax.

Do you need to lodge a tax return?

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Coming-to-Australia/Paying-tax-and-lodging-a-tax-return/Do-you-need-to-lodge-a-tax-return-/
- Last modified: 22 May 2018
- QC 33242

You can use our calculator to work out if you need to lodge a tax return.

You do not need to lodge an Australian tax return if:

- you are a foreign resident and your only Australian-sourced income was interest, dividends or royalties from which non-resident withholding tax has been correctly withheld
- you are a working holiday maker (417 or 462 visa holder) and your taxable income for the year is less than $37,001.

Aside from these exceptions, you must lodge a tax return if any of the following apply:

- Tax was deducted from any payments (such as wages) made to you during the financial year.
- You are an Australian resident and your taxable income was more than the tax-free threshold.
- You are a foreign resident and you earned more than $1 in Australia during the financial year.
- You are leaving Australia permanently or for more than one financial year.

Next step:

- How and when to lodge your tax return

See also:

- What income you pay tax on

What income you pay tax on

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Coming-to-Australia/Paying-tax-and-lodging-a-tax-return/What-income-you-pay-tax-on/
- Last modified: 24 Aug 2018
- QC 33208

On this page:

- Australian residents
- Foreign residents
- If your residency status changes during the year

To determine whether you are an Australian resident or foreign resident for tax purposes, see Work out your residency status for tax purposes.

Australian residents

As an Australian resident for tax purposes:

- you must declare all income you earned anywhere in the world on your Australian tax return
- you're entitled to the tax-free threshold – this means there is no tax on your income up to a certain amount
- you may have to pay the Medicare levy.

Australian residents (for tax purposes) with a tax file number generally pay a lower rate of tax than foreign residents.

If you are an Australian resident for tax purposes and you:

- have a temporary resident visa
  - most of your foreign income isn't taxed in Australia
  - we tax your income from actual work you do overseas while you are a temporary Australian resident (see Foreign income exemption for temporary residents – introduction)
- receive foreign income
  - income may be taxed in both Australia and the country from where you received it
  - tax paid in another country on your foreign income may entitle you to an Australian foreign income tax offset
- receive income from a country that Australia has a tax treaty with
  - you can ask the tax authorities in that country to reduce their withholding tax or to exempt you from paying tax in that country

    - done by supplying a tax relief form or a certificate of residency or status.

Foreign residents

If you are a foreign resident working in Australia:

- you declare on your Australian tax return any income you earned in Australia, including
    - employment income
    - rental income
    - Australian pensions and annuities, unless an exemption is available under Australian tax law or a tax treaty
    - capital gains on Australian assets
- you aren't entitled to the tax-free threshold so you pay tax on every dollar of income you earn in Australia
- you don't pay the Medicare levy (and you aren't entitled to Medicare health benefits) - in your Australian tax return, you can claim an exemption from paying the Medicare levy for the number of days in the income year you are a foreign resident
- you don't declare any Australian-sourced interest, dividends or royalties you derive while you are a foreign resident, provided the Australian financial institution or company that pays you has already withheld tax. They would do this if you advised them that you were a foreign resident.

Payments for the following are subject to foreign resident withholding tax:

- promoting or organising casino gaming junket arrangements
- entertainment and sports activities
- contracts for the construction, installation and upgrading of buildings, plant and fixtures and for associated activities.

Your payer will withhold this tax. You report the payments in your Australian tax return and claim the withheld amounts as a credit against the tax assessed.

If you have a Higher Education Loan Program or Trade Support Loan debt and you are a part year or full year non-resident for tax purposes, you'll need to declare your worldwide income or lodge a non-lodgment advice using our online services via myGov from 1 July 2017. Read more about Overseas obligations.

See also:

- PAYG withholding from interest, dividends, and royalties paid to foreign residents
- Foreign resident PAYG withholding – individual entities

If your residency status changes during the year

If your residency status has changed from foreign resident to Australian resident for tax purposes during the income year, answer 'Yes' to the question on your tax return 'Are you an Australian resident?'. This ensures you will be taxed at Australian resident rates for the tax year. Because you have been a foreign resident for part of the year, your tax-free threshold will be reduced.

You must include in your Australian tax return any foreign-sourced income you received while you were an Australian resident for tax purposes. Any Australian-sourced interest, dividends and royalties derived when you were not an Australian resident for tax purposes are subject to the withholding tax provisions and should not be included in your tax return - that is, your payer should withhold tax from those amounts at the time of making the payments to you.

See also:

- How and when to lodge your tax return
- Individual income tax rates for newcomers to Australia
- Tax-free threshold if you are leaving Australia permanently
- HELP and TSL debt repayments if you live overseas

How and when to lodge your tax return

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Coming-to-Australia/Paying-tax-and-lodging-a-tax-return/How-and-when-to-lodge-your-tax-return/
- Last modified: 15 Aug 2018
- QC 33240

You can lodge your tax return:

- online – this is the easiest and quickest way to lodge
- by completing a paper tax return form
- through a registered tax agent.

The Australian income year ends on 30 June. You have from 1 July to 31 October to lodge your tax return for the previous income year.

If you use a registered tax agent to prepare and lodge your tax return, you may be able to lodge later than 31 October. Contact a tax agent before 31 October to arrange this.

Returning to your home country

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Coming-to-Australia/Returning-to-your-home-country/

- Last modified: 09 Aug 2018
- QC 33235

On this page:

Lodging your tax return

If you worked in Australia, you will probably need to lodge an Australian tax return after 30 June. You can lodge your tax return online from your home country.

If you are leaving Australia permanently, you may be eligible to lodge an Australian tax return early. In this case, you must lodge a paper return, which takes longer to process.

If you still have assets in Australia

If you have been an Australian resident but are leaving Australia and keeping assets here, you should know about capital gains tax (CGT) and going overseas.

Claiming your super

Any super contributions paid by your employer must remain in your super fund account while you are in Australia.

You can claim your super if you:

- were in Australia on an eligible temporary resident visa (but not if you were on visa subclasses 405 and 410)
- had super contributions paid by an employer while you were in Australia
- have left Australia and your working visa has either expired or been cancelled.

When you meet the above conditions, you can then receive your super entitlements as a departing Australia superannuation payment (DASP).

A DASP is not taxed as a superannuation lump sum benefit but is subject to tax under a final withholding tax arrangement.

Your super fund will deduct this tax. Additionally, a DASP is neither your assessable income nor exempt income.

Apply online for a departing Australia super payment (DASP)

This is a free service and your eligibility is confirmed automatically.

New Zealand citizens and permanent residents of Australia are not eligible for the departing Australia super payment.

The Trans-Tasman Retirement Savings Portability Scheme permits transfers of retirement savings between super funds for people who emigrate from one county to the other.

Claiming GST and WET refunds

You may be able to claim a refund of the goods and services tax (GST) and wine equalisation tax (WET) included in the price of goods you bought in Australia. You do this at the airport or seaport when you actually leave.

See also:

- The tourist refund scheme

Working in Australia

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Coming-to-Australia/Working-in-Australia/
- Last modified: 29 Jun 2018
- QC 33231

On this page:

- What you need to work in Australia
- When you start a job
- When you leave a job

What you need to work in Australia

To work in Australia you need a visa that allows you to work here. You should also have a tax file number (TFN).

Visas are issued by the Department of Home Affairs. You can check if your visa allows you to work by using the department's free Visa Entitlement Verification Online (VEVO) service.

Your TFN is your personal reference number in our tax system. You can apply for a TFN online once you have your work visa and have arrived in Australia. You should apply for your TFN before you start work or soon after.

Apply for a TFN

You don't have to have a TFN, but you pay more tax if you don't have one. Getting a TFN is free.

If you think someone else has used your TFN or it has been stolen, phone us on 1800 467 033 (within Australia), between 8.00am and 6.00pm, Monday to Friday.

When you start a job

Complete a Tax file number declaration

Your employer will ask you to complete a Tax file number declaration, which tells them your TFN and whether you are an Australian or foreign resident for tax purposes.

Your employer uses the information to work out how much tax to withhold from your wages. They should also provide your TFN to your superannuation fund so it can accept your superannuation contributions and pay the correct tax on them.

You have 28 days to provide a completed Tax file number declaration to your employer. If you don't, they must deduct a higher rate of tax from your pay.

You should give your TFN to your employer only after you start work for them. Never give your TFN in a job application or over the internet.

Your employer deducts tax

Your employer will deduct tax from your pay and send it to us. This is called 'pay as you go withholding'.

You can check how much tax should be taken from your pay.

Superannuation entitlements

Superannuation (or 'super') is Australia's retirement savings system. If you are a temporary resident, your employer should pay super contributions for you just as they do for eligible Australian resident employees.

It doesn't matter whether you work full time, part time or casually.

Your employer must pay super contributions into a super fund on your behalf if you are paid A$450 (before tax) or more in a calendar month and you are either:

- 18 years or older, or
- under 18 and work more than 30 hours per week.

Your employer does not need to pay super for you if you are doing work of a private or domestic nature for 30 hours or less each week – for example, if you are employed as a nanny.

Compulsory employer super contributions are in addition to your salary. Most people can choose which Australian super fund these contributions are paid into.

You can use the Estimate my super calculator to work out if you are eligible for super payments and how much your employer should contribute.

See also:

- Super

Cash payments and 'contractor' payments

Some employers prefer to pay in cash instead of to a bank account. This is okay, provided they still:

- deduct tax from the money they pay you
- give you payslips showing how much tax has been deducted
- pay super contributions on your behalf (if you're entitled to super).

If they don't do these things, you could get less pay and super than you're entitled to.

Some employers may incorrectly treat you as a contractor or even encourage you to get an Australian business number (ABN). Having an ABN doesn't make you a contractor. Only people who carry on a business can have an ABN.

If an employer offers to pay you in cash without deducting any tax or paying contributions into your super fund, report them to us by phoning 1800 060 062 (within Australia) between 8.00am and 6.00pm, Monday to Friday. You don't have to give us your name.

When you leave a job

After the end of the income year (30 June), your employer will give you a payment summary. This shows how much you earned and how much tax was deducted from your wages. If you leave a job during the year, you can ask for your payment summary when you leave. Your employer must give it to you within 14 days.

After 30 June you lodge an annual tax return to tell us how much income you received and tax you paid. This information will be on your payment summaries. We then send you a notice of assessment and your tax refund if you are entitled to one.

If you're leaving Australia permanently you may be able to claim your super.

Next steps:

- Paying tax and lodging a tax return
- Returning to your home country

Working holiday makers

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Coming-to-Australia/Working-holiday-makers/
- Last modified: 15 Aug 2018
- QC 50742

If you work in Australia, tax will be withheld from your pay and you may need to lodge a tax return each year. The requirement to lodge a tax return will depend on how much income you have earned during the year.

The Australian income year starts on 1 July and ends on 30 June the following year.

As a working holiday maker the first $37,000 of your income is taxed at 15% and the balance is taxed at ordinary rates. You are a working holiday maker if you have a visa subclass:

- 417 (Working Holiday)
- 462 (Work and Holiday).

You can check your visa status using the Visa Entitlement Verification Online service.

As a working holiday maker, your employer also has to pay super for you if you are eligible. When you leave Australia you can apply to have your super paid to you as a Departing Australia Superannuation Payment (DASP). The tax on any DASP made to working holiday makers on or after 1 July 2017 is 65%.

Find out about:

- Australian resident or foreign resident?
- Applying for a tax file number
- Starting work – TFN declaration
- Finishing work – payment summary
- Lodging a tax return
- Departing Australia Superannuation Payments (DASP)

Australian resident or foreign resident?

Most people who come to Australia for a working holiday or to visit are foreign residents for tax purposes. This includes people on visa subclass 417 (Working Holiday) or 462 (Work and Holiday) (backpackers).

See also:

- Work out your residency status for tax purposes

Applying for a tax file number

If you plan to work in Australia you need a tax file number (TFN). Your TFN is your personal reference number in our tax system. You can apply for a TFN online once you have your work visa.

You don't have to have a TFN, but without one you pay more tax.

See also:

- [Apply for a TFN]

Starting work – TFN declaration

When you start work, you give your employer a TFN declaration. This helps the employer work out how much tax to withhold from your pay.

Your employer will check if you have a visa subclass 417 (Working Holiday) or 462 (Work and Holiday), but you should tell them anyway to ensure they tax you correctly.

Your employer is required to register with us as an employer of working holiday makers. Working holiday makers do not register.

If your employer is registered with us, they will withhold tax from your pay at 15% on the first $37,000 of income.

> Example 1
>
> Gorge is on a 417 Working Holiday visa and has started work for Paul's Pickles. As Paul is a registered employer of working holiday makers, 15% tax will be withheld from Gorge's pay.
>
> Gorge earned $500 in the first week and had $75 tax withheld.

If your employer is not registered with us as an employer of working holiday makers, they must withhold tax from your pay using foreign resident tax rates. Foreign resident tax rates start at 32.5%.

> Example 2
>
> Aleks is on a 417 Working Holiday visa and started working for Pamela's Berries. As Pamela is not registered as an employer of working holiday makers, Pamela will withhold tax at the foreign resident tax rates starting at 32.5%
>
> Aleks earned $500 in the first week and had $162.50 tax withheld.

Finishing work – payment summary

When you finish work, you will receive a payment summary showing how much you earned and how much tax was withheld from your pay. You use the information in the payment summary to determine if you need to lodge a tax return, and if so, complete your tax return.

Your employers will also report the details from the payment summary to us.

Lodging a tax return

The Australian income year ends on 30 June each year.

You do not need to lodge an income tax return or a Non-lodgment advice if both of the following apply:

- all of your income was earned while you were a working holiday maker
- the total of your taxable income for the income year was less than $37,001.

You are required to lodge an income tax return if your taxable income for the year was more than $37,000.

If you leave Australia permanently before 30 June, you can lodge your tax return early.

When you lodge a tax return, we work out how much tax you should have paid based on your actual income for the year. If too much was withheld from your pay, we will refund the difference to you. If you have not paid enough, we will send you a bill.

Example 3

Louie lives in Belgium and is planning a working holiday in Australia.

In preparation for his trip, Louie applies for a TFN, indicating that he is not an Australian resident for tax purposes. He is granted a 417 visa before his arrival in Australia.

On 10 January 2018, Louie starts work with Bob's Mango Farm in Far North Queensland. As part of the normal employment process, Louie gives Bob a TFN declaration and tells him that he is a working holiday maker on a 417 visa.

As Bob is a registered employer with us, the first $37,000 of Louie's income is taxed at 15%.

Louie is paid weekly and earns $100 a day. After five days of work, Louie receives his first pay of $500, from which $75 tax is withheld and sent to us.

Louie finishes working for Bob in April after earning a total of $6,000. Bob gives Louie a payment summary showing he earned a total of $6,000 and had $900 tax withheld.

As Louie's total taxable income for the year is below $37,001 Louie is not required to lodge a tax return for the 2018 income year.

Tax comparison

The working holiday maker tax rate is different to the tax rate for Australian residents.

The working holiday maker tax rate is 15% until you earn $37,000.

Australian resident taxpayers get the first $18,200 tax-free (known as the tax-free threshold), and then pay 19% until they earn $37,000.

Our individual income tax rate page shows the most up-to-date rates and thresholds, including those above $37,000. Australian residents, foreign residents and working holiday makers pay the same tax rates on income over $37,000.

The following examples show how this works, and the key differences between working holiday makers and Australian residents.

Example 4

Klaus is a German backpacker on a 417 visa and earned $37,000 in the 2018 income year.

Klaus will pay 15% of his income in tax.

$37,000 × 15% = $5,550

Klaus:

- does not pay the Medicare levy (he is not entitled to use the Medicare system)
- is not entitled to the low income tax offset (as a foreign resident).

In total, Klaus will pay $5,550 tax.

Example 5

Richelle is an Australian resident. She earned $37,000 in the 2018 income year.

Richelle gets the first $18,200 of her income tax free. She will pay 19% tax on the income between $18,200 and $37,000.

That works out to be:

($37,000 − $18,200) × 19% = $18,800 × 19% = $3,572

In addition, Richelle also:

- pays the Medicare levy of 2% = $37,000 × 2% = $740
- is entitled to a credit for the low income tax offset = $445

In total, Richelle pays $3,572 + $740 − $445 = $3,867 tax.

The Medicare levy

Most working holiday makers are foreign resident taxpayers. Foreign resident taxpayers do not pay the Medicare levy.

If, given your circumstances, you determine that you are an Australian resident for tax purposes then you may be liable to pay the Medicare levy.

Australia has reciprocal health agreements with the following countries:

- Belgium
- Finland
- Italy
- Malta
- Netherlands
- New Zealand
- Norway
- Republic of Ireland
- Slovenia
- Sweden
- United Kingdom.

If you come from one of these countries and are an Australian resident for tax purposes you will be liable to pay the Medicare levy.

Example 6

Ian is a working holiday maker from the UK and his circumstances mean he is an Australian resident for the whole 2017–18 income year. Ian has no dependants.

He is liable to pay the Medicare levy as Australia has a reciprocal health agreement with the UK.

Ian earned a total of $40,000 in the 2017–18 income year.

Ian will be taxed at 15% on the first $37,000 he earned as a working holiday maker. The remaining $3,000 is taxed at 32.5%.

Ian's tax and Medicare levy would be calculated as follows:

- $37,000 × 15% = $5,550
- $ 3,000 × 32.5% = $975

Total tax on taxable income

- $5,550 + $975 = $6,525

Medicare levy on taxable income

- $40,000 × 2% = $800

In total, Ian pays $6,525 + $800 = $7,325 tax

Departing Australia Superannuation Payments (DASP)

Employers are required to make super contributions on behalf of their eligible employees to fund retirement.

If you worked and earned super as a working holiday maker, your super will be taxed at 65% when it is paid to you. This DASP tax rate for working holiday makers is effective from 1 July 2017.

You can apply for the DASP after you leave Australia if you meet all requirements.

See also:

- Departing Australia superannuation payment (DASP)
- Super for temporary residents leaving Australia
- Employers of working holiday makers
- Fair Work Ombudsman
- Department of Home Affairs

Going overseas

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/
- Last modified: 26 Jun 2018
- QC 33206

If you remain an Australian resident overseas:

- You must lodge an Australian tax return and declare all your foreign employment income, including any exempt income.

- You must declare that income even if tax was taken out in the country where you earned it.
- You can lodge your return online from overseas.
- We recommend you log in to your account and turn off the myGov security code feature before you lose access to your Australian mobile number. If you have access to your number overseas, you can keep this feature turned on.

If your residency status changes, your tax situation will change in a number of ways.

Find out about:

- When you leave Australia
- Lodging your tax return
- How residency affects your tax return
- Working overseas
- myGov security code feature

Lodging your tax return

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/Lodging-your-tax-return/
- Last modified: 30 May 2015
- QC 45370

If you remain an Australian resident, you must lodge an Australian tax return and declare your worldwide income. You can lodge your return online from overseas.

Find out about:

- How residency affects your tax return
- Lodging your tax return early
- Lodging your tax return from outside Australia

How residency affects your tax return

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/Lodging-your-tax-return/How-residency-affects-your-tax-return/
- Last modified: 10 Aug 2018
- QC 33216

On this page:

- [If you remain an Australian resident]
- [If you become a foreign resident]
- [If your residency status changes]

If you remain an Australian resident

You will generally remain an Australian resident for tax purposes if:

- you're overseas temporarily and you don't set up a permanent home in another country
- you work overseas.

You must lodge an Australian tax return and declare your worldwide income – both assessable income and exempt foreign employment income – even if tax was taken out in the country where you earned the income.

To understand your tax situation, you first need to work out if you are an Australian or foreign resident for tax purposes.

Next steps:

- [Work out your residency status for tax purposes]

If you become a foreign resident

You will need to lodge a tax return if you have Australian income, including:

- employment income
- rental income
- Australian pensions and annuities, unless an exemption is available under Australian tax law or a tax treaty
- capital gains on Australian assets.

The capital gain on your Australian home may need to be included if you are a foreign resident at the time you sign the contract of sale.

You can ignore any income from which non-resident withholding tax has been deducted, such as bank interest and unfranked dividends.

If you have a Higher Education Loan Program (HELP) or Trade Support Loan (TSL) debt and you're a non-resident for tax purposes – you'll need to declare your worldwide income or lodge a non-lodgment advice. You can do this using our online services via myGov or through a registered Australian tax agent from 1 July 2017.

Note: Your worldwide income may include income that we've asked you to ignore for determining your income tax obligations.

If you are leaving Australia permanently you will become a foreign resident.

See also:

- [Foreign residents and main residence exemption]

- Foreign resident capital gains withholding payments

If your residency status changes

If your status has changed from resident to foreign resident during the income year, answer 'yes' to the question 'Are you an Australian resident?' on your tax return.

This ensures you are taxed at resident rates for the income year. You are entitled to a pro-rata tax-free threshold for the number of months you are an Australian resident.

To claim a tax offset for a dependent spouse, you must both be Australian residents for tax purposes. You will need to reduce your claim to take into account the period you were both foreign residents.

Foreign residents do not have to pay the Medicare levy. In your tax return you can claim the number of days in the income year that you are not an Australian resident as exempt days.

From the date you cease to be an Australian resident, there is no need to show your foreign-source income in your tax return. Also, all Australian-sourced interest, dividends and royalties you received after you ceased to be an Australian resident are subject to the withholding tax provisions as a final tax. They should not be included in your tax return.

If you have a HELP or TSL debt you'll need to include these amounts as they are used to work out your worldwide income and your repayment obligations against these debts.

See also:

- Tax-free threshold if you are leaving Australia permanently
- Overseas obligations
- Foreign residents and main residence exemption
- Foreign resident capital gains withholding payments

Lodging your tax return early

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/Lodging-your-tax-return/Lodging-your-tax-return-early/
- Last modified: 29 Jun 2018
- QC 33230

If you're leaving Australia before the end of the income year (30 June), you may be able to lodge your tax return early.

Eligibility to lodge an early tax return

We only accept early lodgment of tax returns for individuals before the end of the income year if you are either:

- a foreign resident for tax purposes and you
  - are leaving Australia permanently
  - will no longer derive Australian-sourced income (other than interest, dividend and royalty income).
- an Australian resident for tax purposes and you
  - are leaving Australia
  - are ceasing to be an Australian resident for tax purposes
  - will no longer derive Australian-sourced income (other than interest, dividend and royalty income).

Lodge your tax return during the normal lodgment period (1 July to 31 October) if you:

- are not leaving Australia permanently
- will receive Australian-sourced income (other than interest, dividends and royalties) after leaving Australia
- have a Higher Education Loan Program (HELP) or Trade Support Loan (TSL) debt.

See also:

- Work out your residency status for tax purposes

How to lodge an early tax return

If you meet the eligibility requirements outlined above, you will need to:

- Refer to the current Individual tax return instructions.
- Collect a payment summary from each of your employers plus details of other income you earned while in Australia. Payslips aren't sufficient as they may not contain final payment details.
- Contact us to discuss general requirements such as the payment of any outstanding debts and lodgment of tax returns for earlier years (you need your tax file number and other identifying information such as your previous year's notice of assessment to establish proof of identity).
- Consider any recent legislative changes that may impact on your circumstances when preparing your early tax return.
  - we will calculate your entitlement to the new low and middle income tax offset . You do not need to do anything to make this happen.
- Complete your Tax return for individuals and mark the relevant year in bold on the front of the tax return. For example, if you are using *Individual tax return instructions 2017* to complete your return for the 2017–18 income year, cross out the 2017 and mark the tax return 2018.
- Post your completed tax return to
  Australian Taxation Office

GPO Box 9845
IN YOUR CAPITAL CITY

Do not substitute your actual city, as we have a special arrangement with Australia Post.

Our service standard for processing early lodgments is 50 business days.

Your assessment will be sent to the postal address you write on your tax return.

If you are suffering from financial hardship, you may qualify for priority processing.

See also:

- Financial hardship
- HELP and TSL overseas obligations

Lodging your tax return from outside Australia

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/Lodging-your-tax-return/Lodging-your-tax-return-from-outside-Australia/
- Last modified: 13 Jul 2016
- QC 33246

If you'll be overseas during the lodgment period, but continue to be an Australian resident for tax purposes, you should lodge your tax return online.

Or you can:

- send your tax return by post to

  Australian Taxation Office
  GPO Box 9845
  SYDNEY NSW 2001
  AUSTRALIA

- have an Australian tax agent lodge your tax return
- have a friend or family member lodge a tax return on your behalf. You'll need to complete a power of attorney if the friend or family member signs the tax return on your behalf.

Note: You will need an Australian bank account to lodge online.

Working overseas

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/Working-overseas/
- Last modified: 30 May 2015
- QC 33247

Australian residents working overseas must declare all foreign employment income – even if tax was taken out in the country where it was earned.

Find out about:

- Reporting your foreign employment income
- Claiming a foreign income tax offset
- Allowances and lump sum payments
- Double superannuation coverage

Claiming a foreign income tax offset

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/Working-overseas/Claiming-a-foreign-income-tax-offset/
- Last modified: 30 May 2015
- QC 33244

If you've paid foreign tax on employment income or capital gains in another country, you may be entitled to an Australian foreign income tax offset.

To be entitled to an offset:

- You must have actually paid an amount of foreign income tax.
- You must include the income or gain on which you paid foreign income tax in your assessable income for Australian income tax purposes.

Differences between the Australian and foreign tax systems may mean you pay foreign income tax in a different income year from the year that the income or gain is included in your assessable income for Australian income tax purposes. But you can claim the offset only after you've paid the foreign tax.

See also:

- Guide to foreign income tax offset rules

Allowances and lump sum payments

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/Working-overseas/Allowances-and-lump-sum-payments/
- Last modified: 30 May 2015
- QC 33212

Some allowances and lump sum payments may be taxable, including living away from home allowance paid by your employer.

Some allowances are subject to fringe benefits tax (FBT). Ask your Australian employer whether it applies to your allowance.

If an allowance is:

- subject to FBT: don’t include it in your assessable income
- not subject to FBT: include it in your assessable income as foreign employment income, unless you earned the allowance from exempt foreign employment. If your salary is exempt foreign employment income, the allowance may also form part of the exempt foreign income.

If you received a lump sum payment from a foreign resident superannuation fund, the payment may be taxable. If the payment is not taxable, it may still be taken into account to work out the amount of tax you have to pay on your other income.

To check if your lump sum payment from a foreign super fund is taxable, call us on 13 10 20.

Double superannuation coverage

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/Working-overseas/Double-superannuation-coverage/
- Last modified: 30 May 2015
- QC 33229

Double superannuation coverage occurs when you are sent to work temporarily in another country and either you or your employer is required to make superannuation (or equivalent) contributions under the legislation of both countries for the same work.

We have agreements with other countries to prevent this happening. Your employer can get a 'certificate of coverage' from us before you leave Australia to give your overseas employer as proof you're covered in Australia and are therefore exempt from compulsory contributions in the other country.

See also:

- [Agreements on double superannuation]

Trustees of a self-managed super fund

If you are a trustee of a self-managed super fund (SMSF) and you intend to work overseas for an extended period, check before you leave that your fund will continue to meet the definition of an Australian super fund.

Reporting your foreign employment income

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/Working-overseas/Reporting-your-foreign-employment-income/
- Last modified: 29 Jun 2018
- QC 33210

You must report all your foreign employment income in your Australian tax return – both assessable income and exempt income. You must do this even if tax was taken out in the country where you earned the income.

Foreign employment income is income earned by an Australian resident working overseas as an employee. It includes salary, wages, commissions, bonuses and allowances. It may be paid by an overseas or an Australian employer.

Exempt income

You may be exempt from paying tax on your foreign employment income if you're: a member of an:

- Australian defence or police force
- organisation engaged in overseas aid work.

You must still report this exempt income in your tax return.

See also:

- Foreign income of Australian residents working overseas
- Exempt foreign employment income

Tax withheld

Your Australian employer must withhold tax from non-exempt foreign employment income if they continue to pay you while you’re overseas.

If your foreign employer is not registered for Australian PAYG withholding, it's unlikely that they'll withhold any amounts for Australian tax purposes from payments to you. You'll have to report your total earnings in your Australian tax return.

Reporting foreign tax

If you've paid foreign tax on your overseas income and it's not exempt foreign employment income, you add the foreign tax back to your net employment income (this is called grossing up) to determine the assessable amount.

Include the income in your tax return as 'Assessable foreign income'.

Example

Lachlan was employed in a foreign country from 15 October 2017 until 23 April 2018. He earned A$11,250 after he paid A$3,750 in foreign tax. He could claim a deduction of $A500 for work-related expenses.

After adding back the foreign taxes, Lachlan would have assessable foreign income of A$15,000. After claiming a deduction for his expenses, he would have net foreign employment income of A$14,500.

You may be able to claim a foreign income tax offset for the tax you've already paid.

In your tax return, convert all amounts into Australian dollars.

Next step:

- Claiming a foreign income tax offset

When you leave Australia

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/When-you-leave-Australia/
- Last modified: 08 Aug 2018
- QC 33234

On this page:

- Capital gains on your assets
- Cancelling private health insurance
- Higher education and trade support loans
- Your super
- Self-managed super

Capital gains on your assets

If you leave your home in Australia temporarily and rent it out, you can continue to treat it as your main residence for up to six years for capital gains tax (CGT) purposes. If you don't rent out your vacated home, you can treat it as your main residence for an unlimited period.

If you cease to be an Australian resident and decide to sell your home in Australia you may be liable to CGT.

If you cease to be an Australian resident while overseas, we deem some of your assets – generally those not considered taxable Australian property – to have been disposed of for CGT purposes. This may mean you become liable to pay CGT.

You can choose not to have this deemed disposal apply. But if you do eventually dispose of the asset, we take into account the whole period of ownership – including any period when you're not an Australian resident – when we calculate a gain or loss for CGT purposes.

See also:

- Capital gains tax (CGT) and going overseas
- Foreign residents and main residence exemption
- Foreign resident capital gains withholding payments

Cancelling private health insurance

The Medicare levy surcharge applies to Australian residents who have incomes above the surcharge thresholds and do not have an appropriate level of private patient hospital cover.

So, if you cancel your private health insurance while travelling overseas, you may be liable for the Medicare levy surcharge if your income exceeds the relevant threshold.

You should contact your health fund to work out the amount of premium you expect to save by cancelling or suspending your cover. Compare it to the surcharge you may have to pay.

Family cover

You and all your family dependants must have private patient hospital cover to avoid paying the surcharge. Cancelling or suspending cover for yourself will mean you and your spouse may each still be liable for the surcharge if your combined income for the purposes of the surcharge exceeds the family surcharge threshold.

Travel health insurance

Travel insurance is not private patient hospital cover for the purposes of the Medicare levy surcharge. Private patient hospital cover does not include cover provided by an overseas fund.

Exempt foreign employment income and the surcharge thresholds

Although your foreign employment income may be exempt from tax, we still take it into account when we determine your taxable income for the purposes of the Medicare levy surcharge.

Example:

John is single and an Australian resident. In 2017-18, he has:

- no private patient hospital cover
- exempt foreign employment income of $75,000
- taxable income of $20,000.

John's income, for the purposes of the Medicare levy surcharge, is $95,000. As this falls in the income range of $90,000 – $105,000 for a single person, he is liable for the Medicare levy surcharge of 1.0%.

The surcharge is 1% of $20,000 (his taxable income), which equals $200.

Higher education and trade support loans

From 1 January 2016, if you have moved overseas and have a Higher Education Loan Programme (HELP) or Trade Support Loan (TSL) debt, you will have the same repayment obligations as those who live in Australia. This applies if you already live or intend to move overseas for a total of more than six months in any 12-month period.

You will need to update your contact details using our online services via myGov. You will also be required to make compulsory repayments towards your debt from 1 July 2017.

See also:

- Overseas obligations
- Study and training support loans

Your super

If you are an Australian citizen or permanent resident heading overseas, your super remains subject to the same rules, even if you are leaving Australia permanently. This means you cannot access your super until you reach preservation age and retire, or satisfy another condition of release.

See also:

- Accessing your super

You should check your super regularly and combine any accounts you no longer need. You can do this through our online services, accessible via myGov. Combining multiple super accounts means you don't have to pay multiple sets of fees and charges.

See also:

- Login to myGov

If you have a small super account that you want to keep with your super fund, contact your super fund and tell them. This will prevent it from being transferred to us as unclaimed super.

See also:

- ATO-held super

If you are planning on moving permanently or indefinitely to New Zealand, you can leave your super in Australia or transfer it to a New Zealand KiwiSaver scheme from a participating Australian super fund.

See also:

- Trans-Tasman retirement savings portability scheme for individuals

Self-managed super

If you are a trustee of a self-managed super fund and you intend to travel overseas for an extended period, check before you leave that your fund will continue to meet the definition of an Australian super fund.

See also:

- Check your fund is an Australian super fund

International tax for individuals

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Going-overseas/International-tax-for-individuals/
- Last modified: 15 Aug 2018
- QC 33241

Australian residents are generally taxed on their worldwide income from all sources. Temporary residents of Australia and foreign residents are generally taxed only on their Australian-sourced income, such as money they earn working in Australia.

To understand your tax situation you first need to work out if you are an Australian or foreign resident for tax purposes. This may be different to your residency status for other purposes – for example, you could be an Australian resident for tax purposes even if you're not an Australian citizen or permanent resident.

Next step:

- [Work out your tax residency]

Find out about:

- [Coming to Australia]
- [Going overseas]
- [Investing in Australia]
- [Investing overseas]

See also:

- [International tax for business]

Investing in Australia

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Investing-in-Australia/
- Last modified: 30 May 2015
- QC 33214

Foreign residents are taxed in Australia on income earned from their Australian investments.

For interest, unfranked dividends and royalties, tax is generally withheld in Australia at the time of payment. But if you receive rental income from Australian properties or capital gains from selling Australian assets, you must declare these amounts in an Australian tax return.

Find out about:

- [Interest, unfranked dividends and royalties]
- [Owning real property in Australia]
- [Capital gains on Australian assets]

Interest, unfranked dividends and royalties

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Investing-in-

Australia/Interest,-unfranked-dividends-and-royalties/
- Last modified: 29 Jun 2018
- QC 33221

If you are a foreign resident, tax is generally withheld in Australia from interest, unfranked dividends and royalties you earn in Australia.

You advise the Australian financial institution – your payer – that you are a foreign resident and they withhold tax in Australia at the time of payment. You won't need to declare this income in an Australian tax return. Your payer should withhold tax at the following rates:

Tax rates for foreign residents

Tax rate for	Treaty countries	Non-treaty countries
Interest	Some agreements provide an exemption from withholding tax in certain circumstances.	10%
Unfranked dividends	Most agreements reduce the rate to 15%.	30%
Royalties	Most agreements reduce the rate to 15%.	30%

Note: The full list of our tax treaties is maintained by Treasury and can be found at Australian tax treaties.

Tell your Australian payer your current overseas address so they can withhold the right rate of tax. If you don't, they may withhold tax at the higher rate of 47% (from 1 July 2017).

Certificates of payment

If you need proof of payment of withholding tax to comply with the tax requirements of your own country, you can ask your payer to ask us for a certificate of payment.

See also:

- Investment income and royalties paid to foreign residents
- Withholding from dividends paid to foreign residents
- Withholding from royalties paid to foreign residents

Owning real property in Australia

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Investing-in-Australia/Owning-real-property-in-Australia/
- Last modified: 16 Feb 2016
- QC 33223

If you receive rental income from an Australian property, you must declare the income in an Australian tax return.

If you sell an Australian property, you must report the sale in an Australian tax return and pay capital gains tax in any profit.

Follow the links below to find out more about:

- Foreign Investment Review Board approval
- Residential real estate applications
- Getting a tax file number and lodging a tax return
- Renting or leasing property
- Disposing of Australian property
- Commercial premises and GST

This information is for foreign residents. If you're not sure whether you're a foreign or Australian resident, you should:

- check your residency – individuals
- check your residency – business.

Foreign Investment Review Board approval

If you are a foreign resident you cannot buy an established residential dwelling in Australia, either directly in your name or through a trust relationship or company structure. Penalties apply for breaching this rule.

You can buy other types of Australian residential property, such as new dwellings, vacant land and property that is to be redeveloped, but you must first get approval from the Foreign Investment Review Board.

If you are a temporary resident you can buy an established dwelling if you use it as your residence in Australia and get approval from the Foreign Investment Review Board.

See also:

- Foreign Investment Review Board (Residential real estate)

Residential real estate applications

To apply to purchase residential real estate you will need to complete the application form on the Foreign Investment Review Board website. However, the ATO will assess your residential real estate applications.

Residential real estate includes:

- vacant land
- an existing house
- a new house.

To apply you will need to pay a fee. The fees apply for each application and the amount is determined by the value of the property.

There are limited circumstances where a fee waiver or remittance will be granted and each will be determined on a case-by-case basis. Fees will generally not be waived or remitted following an unsuccessful attempt to purchase property or if there has been a change of mind to invest in the targeted property.

Fee waivers will not be considered before an application has been submitted.

If you wish to apply for a fee waiver, email FIRBResidential@ato.gov.au with 'fee waiver request' in the subject line and the following details:

- foreign investment application number
- reason for application
- details of request.

See also:

- Foreign investment in real estate fees.

Getting a tax file number and lodging a tax return

If you are a foreign resident and acquire an interest in Australian real property:

- you should obtain an Australian tax file number (TFN) as soon as possible so you can meet your Australian tax obligations
- you must report any income from renting or selling the property in an Australian tax return, and pay any tax owing.

Next steps:

- Apply for a TFN
- Lodge a tax return

Renting or leasing property

Any rental or lease payments for your Australian property must be declared as income in an Australian tax return, whether or not the payments are actually paid to you.

See also:

- Rental income

Disposing of Australian property

If you sell (or otherwise dispose of) an interest in taxable Australian property, you must report it in an Australian tax return and pay capital gains tax on any profit.

'Taxable Australian property' includes houses, apartments and commercial buildings.

Your interest in the property may be:

- a direct interest – that is, complete or partial ownership of the property
- an option or right – such as a contract to purchase property 'off the plan'
- an indirect interest – that is, ownership of at least 10% of an entity whose value is mainly attributable to Australian real property.

In the year you dispose of your interest in a property, you need to work out your net capital gain or capital loss and report it in an Australian tax return. If you have made a capital gain you will pay tax on the gain.

The ATO undertakes compliance action, including data matching with overseas and Australian financial institutions and property records, to identify foreign residents that have not declared income and paid their tax obligations.

See also:

- Property
- Capital gains tax

Off-the-plan properties

An off-the-plan purchase occurs when you enter into a contract to purchase new residential taxable Australian property before the construction is completed. At this stage you are purchasing a contractual right to have the premises built.

If you dispose of this contractual right before the construction is completed, you will have a capital gains tax obligation.

Property developers

If you build new residential premises for sale, you will be liable for GST on the sale and entitled to claim GST credits for related purchases. GST does not apply to the sale of existing residential premises.

See also:

- Property development, building and renovating
- GST and property

Commercial premises and GST

Commercial premises are things like shops, factories and offices.

If you buy, sell, lease or rent commercial premises, you may be liable to pay goods and services tax (GST) and entitled to claim GST credits for related purchases.

Most residential accommodation is exempt from GST.

See also:

- Property used in running a business
- GST and property

Capital gains on Australian assets

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Investing-in-Australia/Capital-gains-on-Australian-assets/
- Last modified: 30 May 2015
- QC 33227

A capital gain is the difference between what it cost you to get an asset and what you got when you sold or otherwise disposed of it.

If you're a foreign or temporary resident and you make a capital gain when you dispose of 'taxable Australian property', you may have to pay capital gains tax (CGT).

Taxable Australian property includes:

- a direct interest in real property, or a mining, quarrying or prospecting right to minerals, petroleum or quarry materials
- a CGT asset that you have used at any time in carrying on a business through a permanent establishment in Australia
- an indirect Australian real property interest. This is an interest in an entity, including a foreign entity, where:
  - you and your associates hold 10% or more of it
  - the value of your interest is principally attributable to Australian real property.

Taxable Australian property also includes an option or right over one of the above.

See also:

- CGT on foreign residents, temporary residents and changing residency

Investing overseas

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Investing-

overseas/
- Last modified: 30 May 2015
- QC 33239

As an Australian resident, you are taxed on your worldwide income, including your income from:

- offshore bank accounts
- interests in foreign entities
- rental income from overseas property
- capital gains on overseas assets.

You must declare income from these sources in your Australian tax return. If you have paid tax on any of this income in another country, you can claim a foreign income tax offset in Australia.

See also:

- Guide to foreign income tax offset rules
- Converting foreign income to Australian dollars for your tax return

Interests in foreign entities

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Investing-overseas/Interests-in-foreign-entities/
- Last modified: 30 May 2015
- QC 17031

If you have interests in a foreign company, trust or life insurance policy, include income you receive from them in your tax return. This income can be attributed to you even if it hasn't yet been distributed.

Example: Investing overseas

Jenny is an Australian executive in a large corporation that is based in Hong Kong but also operates in Australia. She buys shares in the parent company because she's confident about the company's prospects.

Jenny regularly travels to Hong Kong for work and, after making the investment, she opens a bank account there. She intends to use any future dividends as additional spending money during her trips to the country.

In her next tax return, Jenny fails to include a HKD $6460 (AUD $1000) dividend she received. It is her first overseas investment and she is not familiar with the reporting obligations.

Later that year, Jenny discovers that she must declare all dividends and interest from overseas. She calls the ATO and asks for her tax return to be amended to include the income amount she left out. After she explains that she didn't intentionally omit the overseas income, we decide to waive the penalty amount. But she still must pay interest charges.

See also:

- Attributed foreign income

Capital gains on overseas assets

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Investing-overseas/Capital-gains-on-overseas-assets/
- Last modified: 30 May 2015
- QC 33243

As an Australian resident, you are generally taxed on any capital gains you make on overseas assets – for example, when you sell an overseas property. You must report the gain in your tax return.

If the gain is taxable in Australia and you've paid foreign tax on it, you may be entitled to a foreign income tax offset.

See also:

- Capital gains tax (CGT)
- Guide to foreign income tax offset rules

Rental income from overseas property

- https://www.ato.gov.au/Individuals/International-tax-for-individuals/Investing-overseas/Rental-income-from-overseas-property/
- Last modified: 29 Jun 2018
- QC 33237

You must include rental income from overseas properties in your Australian tax return.

This income is the full amount of rent and associated payments you receive or become entitled to when you rent out your property. It doesn't matter whether it's paid to you or your agent.

If you receive associated payments in the form of goods and services, you'll need to work out their monetary value for your Australian tax return.

Your rental income includes any assessable amounts you receive relating to limited recourse debt arrangements involving your rental property.

If you have paid tax in another country on your rental income, you can claim a foreign income tax offset in your Australian tax return.

Example: Moving to Australia

Feng and his family will move from Singapore to Australia permanently under an employer-sponsored arrangement. Feng and his wife Min have a joint bank account in Singapore which they have decided not to close. They will also rent out their apartment in Singapore. The rental income is deposited into the locally held account.

Feng and Min visit a tax agent – Sandra – before the end of the financial year. Sandra asks them about their earnings and assets. Feng tells her about the rental property and offshore bank account. When preparing the couple's tax returns Sandra includes the rental income they received from the apartment in Singapore under the foreign source income label. She also lists each spouse's share of bank interest (that is, 50%) from the joint account.

Feng and Min already paid tax on the rental income in Singapore. There is a double taxation agreement in place between Singapore and Australia, and they are able to claim a tax offset on the tax already paid in Singapore.

Note:

For your property located overseas, special rules apply to the deductibility of rental property expenses that can be claimed against your foreign rental income.

For more information on foreign source income, see Question 20 in the Individuals Supplementary tax return instructions. If you are unsure of your obligations, contact your recognised tax adviser or us.

See also:

- Foreign source income and foreign assets or property
- Capital gains on overseas assets
- Property
- Guide to foreign income tax offset rules

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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