

COMING TO AUSTRALIA
AN EMPLOYEE'S
TAX GUIDE
JULY 2023

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We are guided by our values that are the foundation of what we deliver – **IDEAS | PEOPLE | TRUST**.

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Introduction

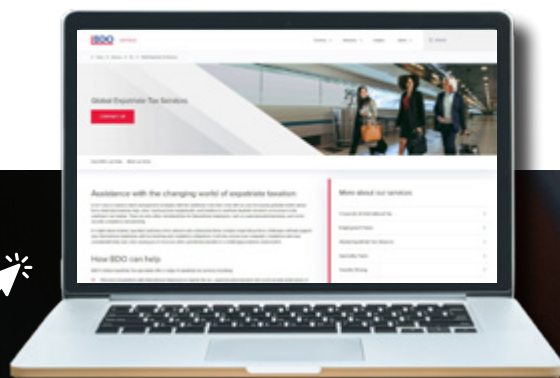
This guide is intended for individuals moving to Australia for employment purposes.

It aims to provide an overview of the main Australian tax considerations and issues that affect employees working in Australia and is current as at July 2023.

BDO Australia's Global Expatriate Services practice offers a full range of services to employees moving to Australia – whether on a temporary or permanent basis. We would be pleased to discuss any aspect of this guide and provide you with further information.

This guide is general in nature and you should not act upon information contained in it without seeking professional advice based upon your personal circumstances.

Details of our specialist contacts throughout Australia are listed at the end of this guide and details of our offices in your home country can be found at www.bdo.com.au.



Visa Requirements

All non-citizens must hold a visa that permits entry and stay in Australia. A visa can permit a limited or unlimited period of stay and may be granted subject to certain conditions including the right to work. There are numerous visa subclasses including:

- Visitor visas
- Temporary visas.

New Zealand citizens are generally granted a Special Category Visa on arrival to Australia and the right to work.

VISITORS

There are a number of visitor visas. These include:

- The Visitor Subclass 600 visa (which is a visa for people travelling to Australia as a tourist, for business visitor activities, to see family or on tour with a registered travel agent from the People's Republic of China)
- The Electronic Travel Authority (Subclass 601) visa (which is a visa for people travelling to Australia as a tourist or business visitor activities)
- The eVisitor (Subclass 651) visa, which is a free visa for certain people travelling to Australia as a tourist or for business visitor activities.

Visitor visas prohibit work. Business Visitor visas allow limited work if, for example, it relates to the making of a general business enquiry or negotiating a business contract.

TEMPORARY VISAS

A temporary visa generally entitles you to live and work in Australia for a specified period of time.

Given the complexity of Australia's visas, the following is a summary of the visas that may entitle you to work in Australia:

- Temporary Work (Skilled) visa (Subclass 482) and Skilled Employer Sponsored Regional (Provisional) visa (subclass 494) which enables Australian and overseas businesses to sponsor skilled overseas workers to fill prescribed positions on a temporary basis for up to five years
 - The visa allows you to bring members of your family unit to work or study in Australia and to travel in and out of Australia
- Temporary Work (Short Stay Specialist) visa (Subclass 400)
 - This visa is for people who want to travel to Australia to do short-term, highly specialised, non-ongoing work or in limited circumstances, participate in an activity or work relating to Australia's interests
 - Generally, the stay period is up to three months but six months may be considered in limited circumstances if supported by a strong business case
- Temporary Activity visa (Subclass 408)
 - This visa allows you to come to Australia on a temporary basis to:
 - Participate in Australian Government endorsed events
 - Work in the entertainment industry
 - Participate in activities at the invitation of an Australian organisation
 - Participate or observe in an Australian research project
 - Work in a skilled position under a staff exchange arrangement
 - Participate in high-level sports competitions or sports training programs
 - Participate in a special programme approved by the Department of Home Affairs (the Department) that provides opportunities for youth exchange, cultural enrichment or community benefits
 - Do full-time religious work
 - Be employed as a superyacht crew member
 - Do full-time domestic work in the household of certain senior foreign executives.



PERMANENT VISAS

There are a range of visas that allow Visa holders to remain permanently in Australia. Given the complexity of Australia's visas, the following is a summary of the visas that may entitle you to work in Australia on a permanent basis:

The Employer Nomination Scheme (Subclass 186) enables businesses operating in Australia to recruit skilled workers on permanent visas to fill specified highly skilled positions that cannot be filled from the Australian labour force.

The business skilled stream, which is called the Business Innovation and Investment Program, aims to attract successful business persons, investors and entrepreneurs to invest or undertake business in Australia so as to contribute to Australia's economy.

There are two visa subclasses under this program:

1. Business innovation and investment (provisional) (Subclass 188) visa
 - A provisional visa for four years designed to lead to permanent residency; and
2. Business innovation and investment (permanent) (Subclass 888) visa
 - The permanent visa that Subclass 188 holders may be eligible to apply for after demonstrating a certain level of business or investment activity.

APEC BUSINESS TRAVEL CARD

Business visitors from Brunei, China, Chinese Taipei, Chile, Hong Kong (SAR China), Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, the Russian Federation, Singapore, Thailand and Vietnam are eligible to apply for the Asia-Pacific Economic Cooperation (APEC) Business Travel Card. Eligible passport holders can apply online and upon grant this allows temporary entry to nearly all APEC economies including Australia.



Tax Compliance

As an employee working in Australia, you will be required to lodge an annual income tax return. To lodge an Australian income tax return, you must have a Tax File Number (TFN).

A TFN is issued by Australia's revenue authority, the Australian Taxation Office (ATO), and can be applied for online if in Australia, or by downloading a form from www.ato.gov.au to be submitted manually together with supporting documentation.

When you start work in Australia, your employer should ask you for your TFN, and other details, by asking you to complete a TFN Declaration Form. This will enable your employer to make the correct tax withholdings from your earnings. If you do not provide your employer with your TFN Declaration Form within 28 days of commencing employment, your employer will withhold taxes at the highest combined income tax and Medicare levy rate of 47% (regardless of your average tax rate).

You may also be asked for your TFN by your bank. Whilst you do not have to provide it, if you do not, tax will be withheld from any interest paid to you at the top marginal tax rate.

TAX WITHHOLDING – PAY AS YOU GO

Employers are required to withhold tax under Australia's Pay-As-You-Go (PAYG) system each time salary or wages are paid to you unless they have a variation agreement in place with the ATO. The PAYG taxes are then remitted to the ATO on your behalf.

At the end of the tax year, or upon leaving employment, your employer will provide you with an Individual Income Statement showing wages paid to you and the PAYG withheld. This is similar to a P60 in the UK or a W-2 in the US.

If you receive income that is taxable in Australia but has not been subject to withholding (e.g. rental income), you may be asked to pay instalments towards your expected tax liability to the ATO. These are known as PAYG instalments.

You will be notified by the ATO if you are required to pay PAYG instalments. PAYG instalments are credited towards your final tax liability.

LODGEMENT OF TAX RETURNS

Spouses file separate tax returns and are independently taxed, with no provision for joint filing of tax returns.

Your spouse may also be required to lodge an income tax return even if he/she is not working for a number of reasons. The most common ones are:

- Their taxable income exceeds the relevant tax free threshold
- They had tax withheld from payments they received
- They made an income loss or can claim a loss made in a prior tax year.

The Australian tax year runs from 1 July to 30 June, with the tax return filing deadline being 31 October following the tax year end. If you use a tax agent to prepare and file your tax return, you may be granted an extension to file your tax return. The length of the extension will be advised by your tax agent and is based on your personal circumstances. Extensions can be granted to a date between March and May following the end of the tax year.

You are generally not required to make a payment on filing your tax return. The ATO will calculate your tax liability based on your tax return and issue a Notice of Assessment showing any tax payable or refundable. The Notice of Assessment will advise the due date of any tax due.

Residence

Broadly, there are three categories of residence for individual taxpayers in Australia with scopes of liability to tax as follows:

RESIDENTS

For income tax purposes, you will be regarded as a resident if you 'reside' in Australia, within the ordinary meaning of the word. For individuals arriving in Australia, the ATO will usually consider that you reside in Australia if you arrive with the intention of living in Australia in a routine manner for six months or more.

If you do not reside in Australia you may still be regarded as a resident if you meet one of the following tests:

- You are domiciled in Australia, unless the ATO is satisfied that your permanent place of abode is outside Australia
- You have been in Australia continuously or intermittently for more than half the income year, unless the ATO is satisfied that your usual place of abode is outside Australia and that you do not intend to take up residence in Australia
- You are a member of certain Australian government superannuation (pension) schemes.

If you are a resident of Australia, you will be taxed on your worldwide income and gains, unless an exemption applies.

RESIDENTS AND TEMPORARY RESIDENTS

If you are a resident as defined above, you may also be regarded as a temporary tax resident if you:

- Hold a temporary visa granted under the Migration Act, and
- Do not have a spouse, either married or de-facto (includes same sex partners), who is an Australian citizen or a permanent resident.

Temporary residents include New Zealanders who hold special category Visas (SCV). New Zealand citizens who hold 'Protected' SCV cannot qualify as temporary residents. It is recommended that all New Zealand citizens seek advice to confirm their Australian tax residency status.

A temporary residency status can be held for as long as these conditions are met.

Temporary residents are subject to tax on earnings relating to worldwide employment services performed whilst a temporary resident, ordinarily at resident tax rates, but are exempt from tax in Australia on:

- Foreign sourced personal and investment income
- Capital gains (and losses) other than those arising from the disposal of 'Taxable Australian Property' (Australian real property and an indirect interest in Australian real property).

In addition, whilst most residents are usually required to deduct withholding tax from interest paid to foreign lenders, temporary residents are not.

NON-RESIDENTS

You will be treated as a non-resident if you are not a resident.

As a general rule, foreigners who are present in Australia for less than six months are considered to remain non-residents (though this must be assessed on a case by case basis). As a non-resident, you will only be taxed in Australia on:

- Australian sourced income (subject to withholding tax)
- Gains arising from the disposal of Taxable Australian Property (Australian real property and an indirect interest in Australian real property).

Categories of Income

EMPLOYMENT INCOME

Salary or wages, including bonuses, commissions and allowances earned by you is usually considered to be sourced in the country where you perform the relevant employment duties, irrespective of where you are paid. As such, salary and wages earned by you while working in Australia is taxable in Australia, regardless of whether you are paid from an Australian or foreign payroll.

Fringe benefits (non cash benefits) are not subject to income tax but to Fringe Benefits Tax (FBT), which is payable in the hands of the employer. Please refer to section 6 for further details.

AUSTRALIAN RESIDENTS AND TEMPORARY RESIDENTS

As a tax resident or a temporary tax resident, you are subject to Australian income tax on your worldwide employment income.

Salary and wages earned before your arrival in Australia but paid to you after your arrival when you are a resident, is taxable in Australia subject to claiming a Foreign Income Tax Offset (FITO). This income may be exempt if you are a temporary resident in some cases.

NON-RESIDENTS

To the extent that you do not qualify for an exemption in terms of a Double Taxation Agreement (DTA) between Australia and your home country, your salary and wages relating to Australian employment services is taxable in Australia. However, income relating to foreign workdays will be exempt from Australian income tax if you are a non-resident.

DTA RELIEF

As a non-resident of Australia you may be granted an exemption from income tax in Australia, provided the qualifying conditions under the 'Dependent personal services' or 'Employment' article of Australia's DTAs are met.

The Australian interpretation of the qualifying conditions is highly complex and may lead to DTA relief being denied in many short term assignment cases. Further advice should be taken on this topic as a detailed analysis is required for each employee's case.

EMPLOYEE SHARE SCHEMES

The taxation of Employee Share Scheme (ESS) interests is complex and your exposure to Australian income tax and possibly Capital Gains Tax (CGT) will depend on several factors once you have acquired an 'interest' in an ESS. This may be an interest in shares directly, rights to acquire shares or options over shares.

The factors to consider are:

- Your residence status when you first acquire the interest and any changes in residence until the taxing point
- Whether the ESS interest qualifies for a reduction in the taxable amount
- The taxing point of your ESS interest which may be at:
 - Grant
 - Vesting
 - Exercise
 - Disposal
- The taxable value of the ESS interest.

AUSTRALIAN RESIDENTS

If you are an Australian tax resident at the taxing point of the ESS interest, you are subject to tax on the discount received in respect to the interest. However, if a portion of the taxable value of the ESS interest relates to a period of employment outside Australia, you may be able to claim a FITO in respect of any related tax that has been paid in the foreign country.

TEMPORARY RESIDENTS

If you are a temporary tax resident at the taxing point of the ESS interest, you are subject to income tax on the Australian sourced portion of your ESS discount.

NON-RESIDENTS

If you are a non-resident at the taxing point of the ESS interest, you are subject to Australian income tax on the Australian portion of the discount.

INTEREST INCOME

Interest income is generally sourced in the country where a requirement to pay the interest arises.

AUSTRALIAN RESIDENTS

As an Australian resident, you are subject to Australian income tax on interest income from worldwide sources. You may be able to claim a FITO for foreign taxes paid on foreign sourced interest income.

TEMPORARY RESIDENTS

If you are a temporary tax resident, you will only be subject to tax on interest income from Australian sources.

NON-RESIDENTS

If you are a non-resident, you will only be subject to tax on interest income from Australian sources. Australian sourced interest should have tax withheld from your financial institution before payment to you. Generally, the withholding tax rate is 10%. However, this may vary depending on whether Australia has entered into a Double Taxation Agreement (DTA) with your home country and the rate stipulated within the relevant DTA. Withholding tax is a final tax.

You should notify your financial institutions of your residency status so that they withhold tax from your interest income. Where your financial institution does not withhold tax on your interest income, you will be required to pay the withholding tax at the time your tax return is completed.

DIVIDEND INCOME

Dividends are generally sourced in the country where the profits of the paying company are sourced. This can be very difficult to determine and it is usual to source the dividends in the country where the paying company is listed.

There are two types of Australian dividend payments:

1. Franked – these are payments made from profits from which the company has already paid tax on. An imputation or franking credit is distributed to shareholders to recognise the underlying corporate tax paid up to 30%. The 30% franking credit may be offset against your liability on the 'grossed up' dividend, other taxable income or any excess may be repaid to you.
2. Unfranked – these are payments made from profits which have not already been subject to Australian corporate income tax and do not carry an imputation credit.

AUSTRALIAN RESIDENTS

You will be subject to income tax on dividend income from worldwide sources if you are a tax resident of Australia. You may be able to claim a credit for foreign taxes paid on foreign sourced dividend income. If you earn Australian sourced dividend income, you need to declare the net dividend plus the 'franking credit' as assessable income in your tax return.

TEMPORARY RESIDENTS

If you are a temporary tax resident, you will only be subject to tax on Australian sourced dividend income. If you earn Australian sourced dividend income, you need to declare the net dividend plus the 'franking credit' as assessable income in your tax return.

NON-RESIDENTS

If you remain a non-resident whilst on assignment to Australia, you will be subject to Australian tax on Australian sourced dividend income only.

If you receive franked dividend income from Australian sources, no further tax is due. Any unfranked dividends should have 30% tax withheld before payment to you. This is a final tax, so you will not need to declare this dividend in your tax return if you need to lodge an Australian tax return for any other reason (unless tax has not been withheld from the dividend).

The withholding tax rate may be reduced if you are a resident in a country with which Australia has a Double Taxation Agreement (DTA) that allows for this.

RENTAL INCOME

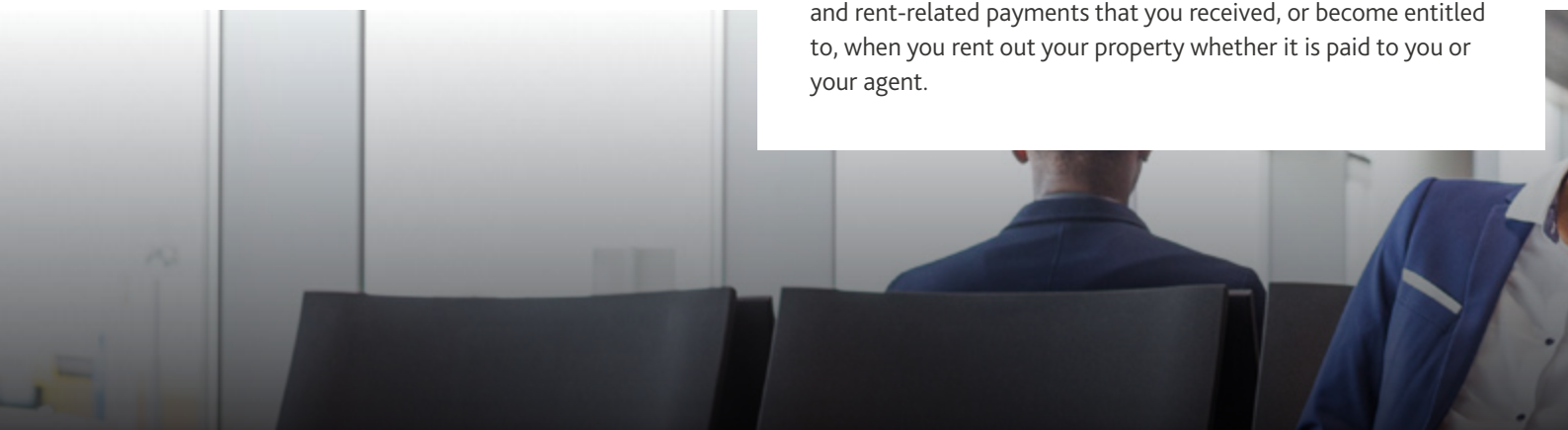
AUSTRALIAN RESIDENTS

As an Australian resident, you are subject to Australian income tax on rental income derived from properties owned worldwide. You can claim a deduction for certain expenses you incur for the period your property is rented or is available for rent. You may not claim expenses of a capital nature or private nature. Expenses of a capital nature may be depreciated over a period of years.

Travel costs incurred to inspect rental properties as well as depreciation calculated on previously used/second hand assets are not allowed as a deduction against rental income.

TEMPORARY AND NON-RESIDENTS

If you are a temporary or non-resident of Australia, you are only subject to income tax on rental income derived from Australian rental properties. You must declare the full amount of any rent and rent-related payments that you received, or become entitled to, when you rent out your property whether it is paid to you or your agent.



CAPITAL GAINS TAX

Capital Gains Tax (CGT) applies to assets acquired after 19 September 1985 but not to winnings from betting, lottery, other forms of gambling or games with prizes. There are also exemptions from gains or losses made from the disposal of your family home (main residence) and the sale of most motor vehicles.

If the asset being disposed of was held for at least 12 months, a reduction in the taxable value is determined using one of two methods:

- If the asset was purchased after 21 September 1999, the gain is reduced or 'discounted' by 50% with restrictions for certain temporary residents and non-residents as set out below.
- If the asset was purchased before 21 September 1999, you have a choice to use either the discount method, or claim 'indexation' which increases the cost base of the asset for inflation for periods of ownership up to 30 September 1999.

Capital losses that arise on the disposal of assets may be used to reduce taxable capital gains made on other assets or carried forward indefinitely to offset future gains. Capital losses cannot be used to reduce other assessable income. Losses on personal use items are not allowed, except for certain specified exceptions

AUSTRALIAN RESIDENTS

On becoming a tax resident of Australia, the cost base of your asset for CGT purposes, is deemed to be their market value at the date you become a resident, where the assets were acquired while you were a non-resident. This 'deemed acquisition' rule does not apply to 'Taxable Australian Property', which includes Australian real property among other items. This means that effectively, you will only be subject to CGT based on the increase in value of your assets (other than Taxable Australian Property) from the date that you become a tax resident.

If you leave Australia and become a non-resident, you are deemed to have disposed of all of your assets at their market value at the date you cease Australian tax residency (i.e. the day after your departure date). Please refer to BDO's 'Leaving Australia' publication for further details.

TEMPORARY RESIDENTS

If you are a temporary resident, you are only subject to CGT on the disposal of 'Taxable Australian Property' (i.e. real property, amongst other items).

NON-RESIDENTS

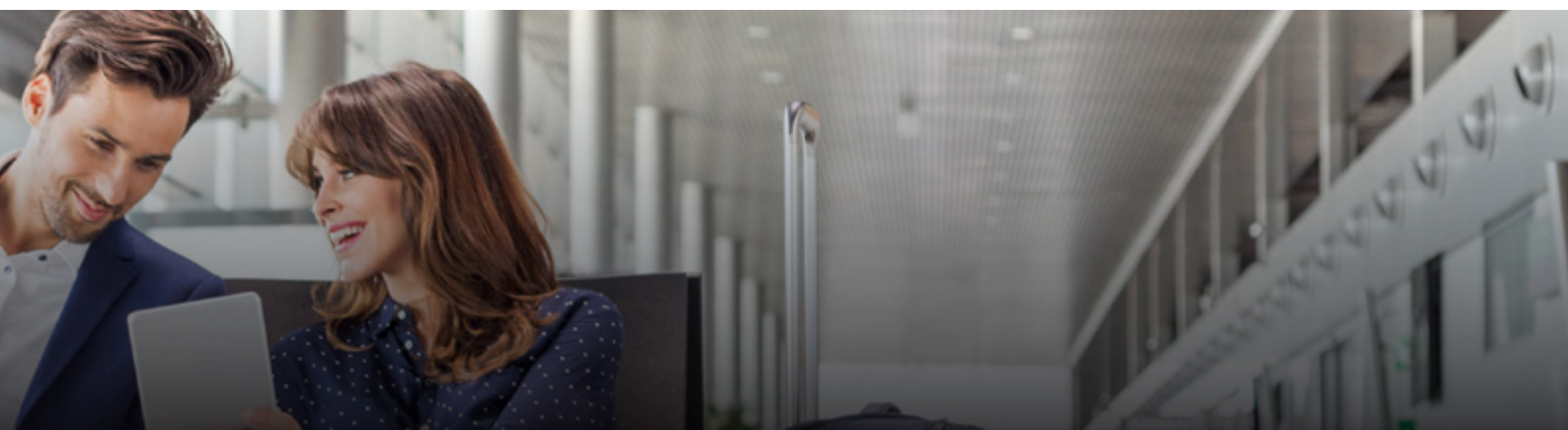
If you are a non-resident of Australia, you are only subject to CGT on the disposal of 'Taxable Australian Property' (i.e. real property amongst other items).

The 50% CGT discount does not apply for foreign and temporary residents who dispose of 'Taxable Australian Property' or assets they have elected to treat as 'Taxable Australian Property' on or after 8 May 2012.

You can only apply the discount to part of your capital gain if either of the following happened:

- You acquired the asset on or before 8 May 2012
- You had a period of Australian residency after 8 May 2012.

The main residence exemption is not available to non-residents unless they satisfy the requirements of the life events test.



Taxes and Levies

INCOME TAX

RESIDENT TAX RATES

The following rates apply from 1 July 2023:

TAXABLE INCOME	TAX RATE	TAX ON INCOME BELOW THIS BRACKET
0 – \$18,200*	Nil	\$0
\$18,201 – \$45,000	19%	\$0
\$45,001 – \$120,000	32.5%	\$5,092
\$120,001 – \$180,000	37%	\$29,467
\$180,001 and over	45%	\$51,667

*The tax free threshold level is prorated for part year residents.

The rates above do not include the Medicare levy of 2% (see the following paragraph for more information).

NON-RESIDENT RATES

The following rates apply from 1 July 2023:

TAXABLE INCOME	TAX RATE	TAX ON INCOME BELOW THIS BRACKET
0 – \$120,000	32.5%	\$0
\$120,001 – \$180,000	37%	\$39,000
\$180,001 and over	45%	\$61,200

Non-residents are not required to pay the Medicare levy.

MEDICARE LEVY

Medicare is a government scheme that gives Australian residents and certain non-residents access to public health care. In addition to income tax, if you are a resident and entitled to access Medicare, you need to pay the Medicare levy at a rate of 2% on taxable income, subject to exemptions for low-income earners.

MEDICARE LEVY SURCHARGE

A further Medicare levy surcharge may be charged if your adjusted taxable income for surcharge purposes (which includes taxable income, reportable fringe benefits, net investment losses and reportable superannuation contributions) exceeds \$93,000 (singles) or \$186,000 (couples) and you do not hold qualifying private medical insurance. The income threshold increases by \$1,500 for each dependent child after the first. The Medicare levy surcharge is income tested against the following income tier thresholds:

	TIER 1	TIER 2	TIER 3
Singles	\$93,001 - \$108,000	\$108,001 - \$144,000	\$144,001 or more
Couples	\$186,001 - \$216,000	\$216,001 - \$288,000	\$288,001 or more
Rates	1.0%	1.25%	1.5%

The surcharge is only calculated on a taxpayer's taxable income and reportable fringe benefits.

To be entitled to Medicare benefits and services, you must fall into one of the following categories:

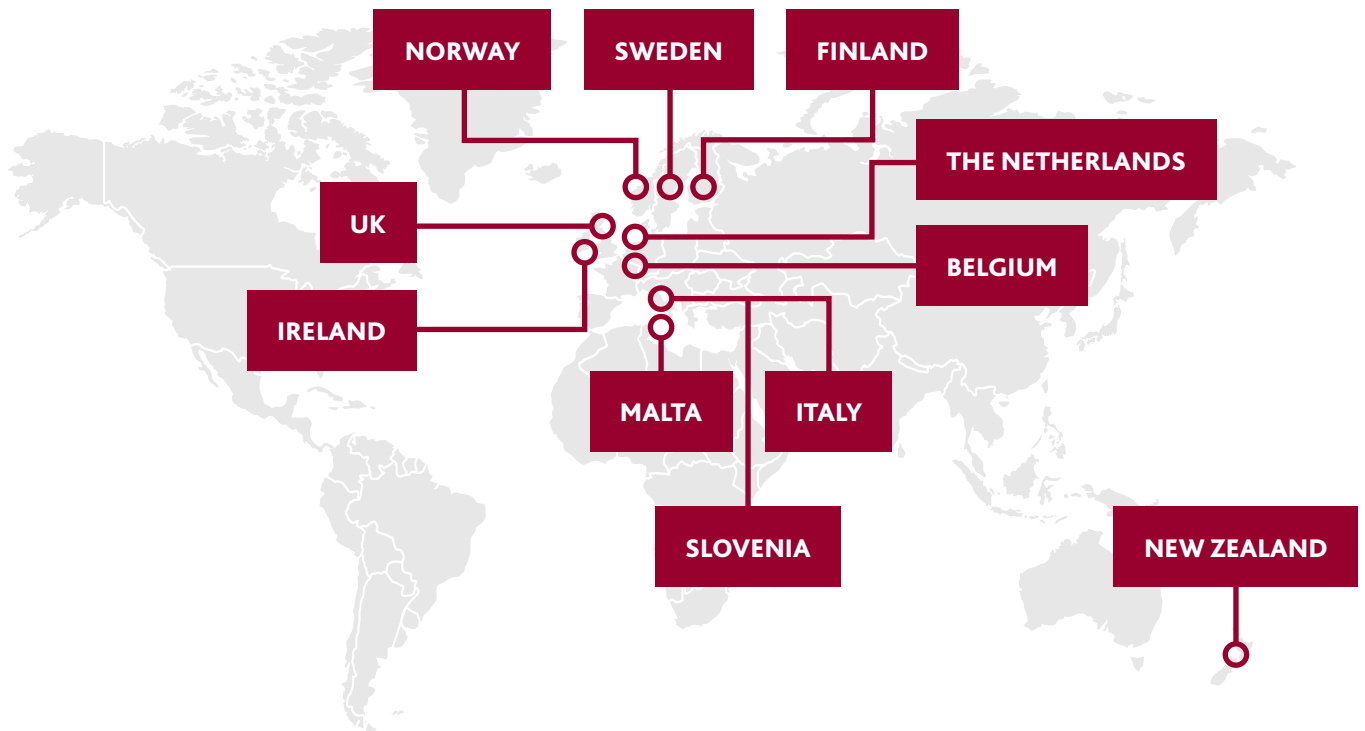
1. A citizen of Australia,
2. Have been issued with or applied for a permanent visa or
3. Qualify under one of Australia's reciprocal healthcare agreements.

If you and your dependents are not eligible for Medicare you are exempt from the Medicare levy and surcharge.

RECIPROCAL HEALTHCARE AGREEMENTS

Individuals who arrive in Australia from a country with which Australia has a reciprocal health agreement may also be entitled to Medicare benefits and services. These agreements are designed to provide overseas visitors with broadly the same level of healthcare benefits that would be received by an Australian who visited the particular overseas country.

AUSTRALIA HAS SIGNED RECIPROCAL HEALTHCARE AGREEMENTS WITH THE FOLLOWING COUNTRIES:



To be covered by these agreements, you must generally have resided in one of these countries immediately prior to moving to Australia, or be a citizen in the case of Ireland and New Zealand. The level of benefits and services granted under these agreements are generally restricted to 'immediately necessary care only'.

As such, private medical insurance may still be required in order to obtain full coverage.

Visitors from Italy and Malta will only be covered for a period of six months from the date of arrival in Australia and thereafter, will not be eligible for Medicare.

SUPERANNUATION

Employers of most employees working in Australia are required to pay contributions for their employees into an Australian complying superannuation fund at the rate of 11% (rising by small increments each year until it reaches 12% on 1 July 2025) up to the 'Maximum Contributions Base' (currently \$62,270 per quarter for the year ending 30 June 2024).

Contributions are not required in respect of exempt employees, which include:

- Non-resident employees in relation to work performed outside Australia
- Resident employees in relation to work performed outside Australia and employed by a non-resident employer
- Foreign executive employees who hold particular subclasses of visas (subject to additional requirements)
- Employees exempt under a Bilateral Social Security Agreement with another country.

If you hold a temporary visa you may withdraw the funds in your superannuation account after you have left Australia permanently, subject to a 35% withholding tax. Please note, New Zealand citizens cannot withdraw the funds until they reach retirement.

CONCESSIONAL SUPERANNUATION CONTRIBUTIONS

Concessional contributions include employer contributions (including contributions made under a salary sacrifice arrangement) and personal contributions claimed as a tax deduction by a self-employed person.

Concessional superannuation contributions into a superannuation fund are usually taxed at a rate of 15% on payment into the fund. Contributions up to \$27,500 per annum can be contributed into Australian superannuation and count towards an individual's concessional contributions cap as long as the sum of their total income and concessional contributions is less than \$250,000.

Concessional superannuation contributions over the \$27,500 cap are included in the individual's assessable income and taxed at their marginal tax rate up to a maximum of 47%.

You are eligible to bring forward unused concessional cap amounts from previous years, if you satisfy the following:

- Have a total super balance of less than \$500,000 at 30 June of the previous financial year, and
- Have unused concessional contributions cap amounts from up to five previous years but not before 2018-19 financial year

Your bring forward amount depends on the amount you have contributed in the previous years and it is available for five years once you exceed the concessional cap in any year.

NON-CONCESSIONAL SUPERANNUATION CONTRIBUTIONS

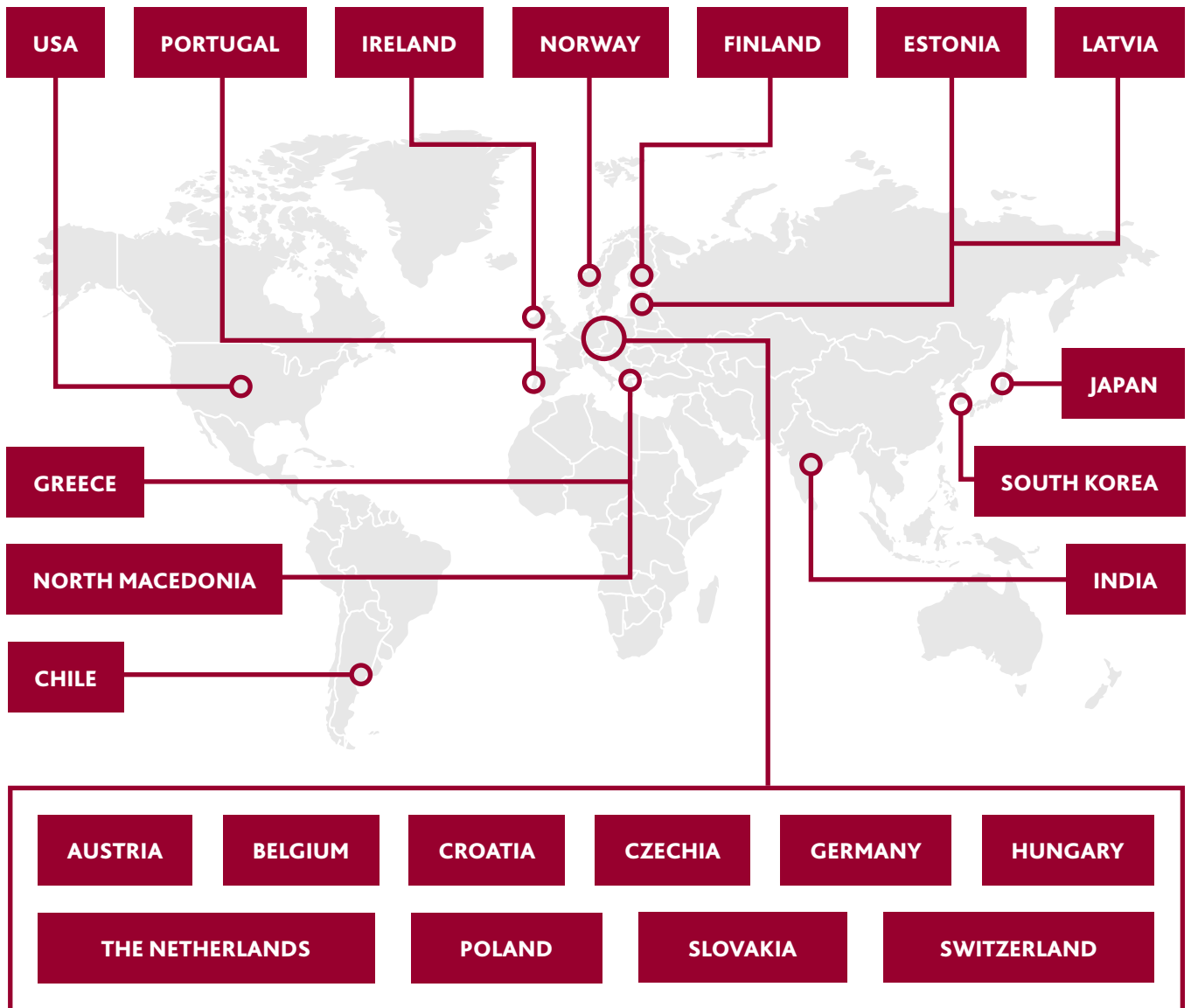
Non-concessional contributions include personal contributions for which you do not claim an income tax deduction (i.e. post tax contributions). Non-concessional superannuation contributions are not taxed upon contribution up to a cap of \$110,000 per annum (or \$330,000 per annum where the cap is brought forward for two years). Contributions above this cap are taxed at an individual's marginal tax rate up to a maximum of 47%.



DIVISION 293 TAX

An individual is generally liable to pay 'Division 293 tax' if the sum of their income and concessional superannuation contributions is greater than \$250,000. Division 293 tax is charged at 15% of an individual's taxable concessional contributions above the \$250,000 sum.

AUSTRALIA CURRENTLY HAS BILATERAL SOCIAL SECURITY AGREEMENTS WITH THE FOLLOWING COUNTRIES:



BILATERAL SOCIAL SECURITY AGREEMENTS

Australia has entered into agreements with a number of countries, which address the problem of international assignees being required to make social security contributions in both their home and host countries at the same time. Superannuation is treated as social security for this purpose.

If Australia has an agreement in place with your home country, you may obtain a certificate of coverage from your home country authority which will exempt your employer in Australia from having to make superannuation contributions on your behalf.



FRINGE BENEFITS TAX

As an employee you are not liable to income tax on non-cash remuneration, known as fringe benefits. Instead your employer is liable to FBT on fringe benefits at a rate of 47% on the grossed up value of the benefit. Unless specifically excluded or subject to a concession under the FBT Act, all fringe benefits are taxable.

LIVING AWAY FROM HOME

Various concessions exist in relation to benefits provided to employees who are required to live away from their usual place of residence for work purposes.

In order to qualify as living away from home (LAFH) you would need to have an intention to return to your normal place of residence at the end of your employment or assignment.

If you are LAFH for work purposes, your employer may provide you with tax free housing and a tax free food allowance for reimbursement of actual costs.

Qualifying Criteria

Given the first of the qualifying criteria set out below, very few employees coming to Australia will qualify for the LAFH tax concessions.

In order to qualify for tax free food and accommodation allowances or benefits, you would need to meet the following three criteria:

- The duties of your employment require you to live away from a home in Australia where you usually reside and it is reasonable to conclude that you intend to return to that property.
- You have an ownership interest (this includes a lease) in the place you are living away from.
- The home you are living away from must continue to be available for your use throughout the LAFH period. It cannot be let or sublet to a third party.

If you qualify, the LAFH tax concessions will be available for the first 12 months that you are required to live away from home to perform the duties in a particular location.

CHILDREN'S EDUCATION COSTS

If you are living away from a home that is in another country to where you are working, your employer can pay the costs of your children's education FBT free if your child is under 25 years of age and subject to this being 'industry custom'. The exemption applies to full-time education only, whether in Australia or abroad. This covers the costs of fees, books, uniforms, excursions and any other education costs.

You do not need to be living away from a home in Australia to access this concession.

HOME LEAVE

If you are living away from a home that is in another country to where you are working, a 50% reduction may apply to the FBT taxable value of travel expenses paid by your employer for one holiday trip back to your home country, or to another country, per year for yourself and your family.

You do not need to be living away from a home in Australia to access this concession.

RELOCATION COSTS

Relocation travel and shipping costs in connection with relocation are generally exempt from FBT. In addition, if you are relocating permanently, temporary accommodation costs and the incidental costs of disposal of your residence in your home country and, potentially, incidental costs on purchasing a home in Australia are potentially FBT exempt.

Other Taxes and Levies

GIFT AND ESTATE TAXES

There are no gift, estate or death duty taxes in Australia. However, the disposal of an asset by gift is an event that may have CGT implications.

GOODS AND SERVICES TAX

An indirect, value added tax known as the Goods and Services Tax (GST) is levied at the rate of 10% on the purchase of most goods and services.

PAYROLL TAX

Payroll Tax is levied by each state and territory government on the gross payrolls of employers operating in that state or territory.

The tax is paid by the employer, not the employee.

WORKCOVER

WorkCover is a compulsory insurance scheme that employers are required to pay premiums towards and that provides support in the case of employee injury or sickness at work.

PROPERTY RATES

Property rates are levied by local authorities on properties to cover local services. If you are renting your property in Australia this is usually paid by the landlord.

LAND TAX

Land Tax is levied by each state and territory government on the unimproved value of land. Exceptions apply for your main residence.

STAMP DUTY

Stamp duty is levied by each state and territory government on documents and contracts for the purchase of real estate and cars.

Tax Planning for Employees

Opportunities to reduce your (and your employer's) Australian tax liabilities arise by:

- Provision of FBT exempt benefits if you are LAFH and qualify
- Provision of FBT exempt benefits on permanent relocation to Australia
- Maintaining investments outside of Australia if you are a temporary resident
- Considering the superannuation exemption rules for senior executives and assignees from countries with bilateral social security agreements with Australia
- Ensuring that remuneration in respect of foreign and non-taxable duties is delivered to you before you arrive in Australia
- Claiming exemption from the Medicare levy if appropriate
- Ensuring that qualifying private health insurance is taken out to avoid the Medicare levy surcharge on your adjusted taxable income.

Double Taxation Agreements

Australia has entered into a Double Tax Agreement (DTA) with a number of countries, for the purpose of:

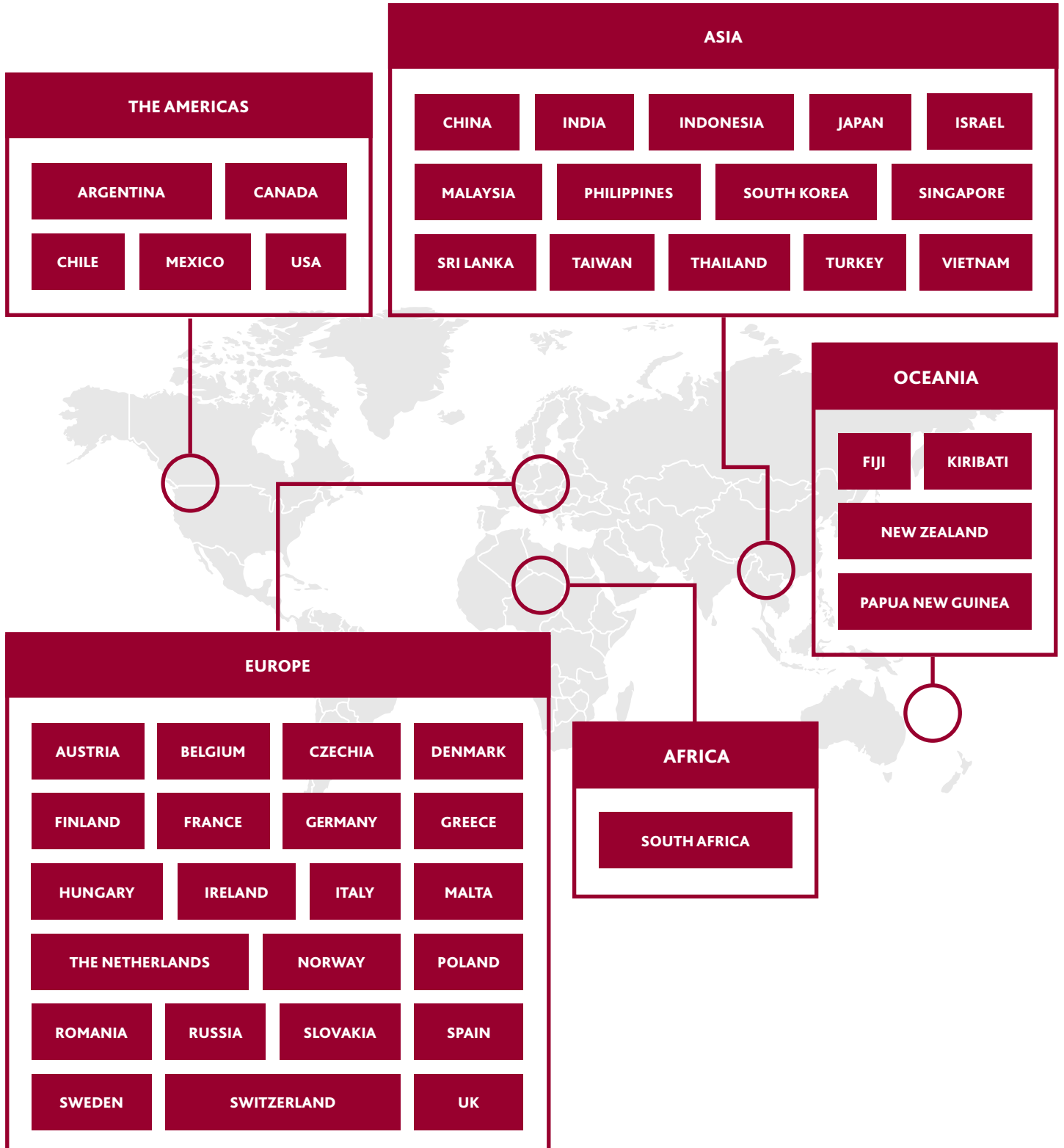
- Minimising double taxation by exempting certain income types from tax in one country, or allowing a country to credit tax paid in the other country against its own tax liability
- Determining which country has the right to tax income types or gains
- Restricting withholding tax applicable in one country when certain types of income are paid to residents of the other country
- Determining which country an individual is a tax resident of when both countries claim that the individual is a resident of their countries.

DTAs generally prevail over domestic law in both countries in respect of income subject to the DTA.

TAX INFORMATION EXCHANGE AGREEMENTS

Australia has entered into a number of Tax Information Exchange Agreements with various countries that allow for Australia and the other country to exchange information that may be relevant to the administration and enforcement of tax laws.

AUSTRALIA CURRENTLY HAS DTAS WITH THE FOLLOWING COUNTRIES:



1300 138 991

www.bdo.com.au

NEW SOUTH WALES

NORTHERN TERRITORY

QUEENSLAND

SOUTH AUSTRALIA

TASMANIA

VICTORIA

WESTERN AUSTRALIA

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