Tax FAQs

Australia

Contents

The content of this document is current as of 1 December 2024. The content is next expected to be updated by 1 February 2026.

General Australia tax queries

1. How is the Australian tax system administered?

The Australian tax year commences on 1 July and concludes on 30 June. Income tax returns for the year ended 30 June are generally due by 31 October, although extensions may be granted. There are no specific filing requirements imposed on individuals for their arrival or departure year.

Income tax is calculated on an individual's taxable income. Depending on your tax residency status, either resident or non-resident tax rates apply. Tax is levied at the individual level and charged at progressive tax rates. Taxable income is your assessable income less any deductible expenses.

Assessable income includes most cash employment remuneration including salary, wages, allowances, bonuses, and commissions. It also includes business and investment income including capital gains.

Fringe benefits tax (FBT) is calculated on non-salary benefits provided to employees by their employers. It is levied on the employer providing the benefits.

2. What is a Tax File Number?

Each taxpayer needs a Tax File Number (TFN) in order to file an income tax return. Once obtained, individuals should provide their TFN details to their employer to ensure correct Pay As You Go (PAYG) taxes are deducted from salary. In the absence of TFN details, the employer is required to withhold tax at 47%. Individuals should also provide their TFN details to their Australian banks if they hold bank accounts and to Australian share registries if they own Australian shares. TFN withholding tax of 47% may apply in the absence of TFN details.

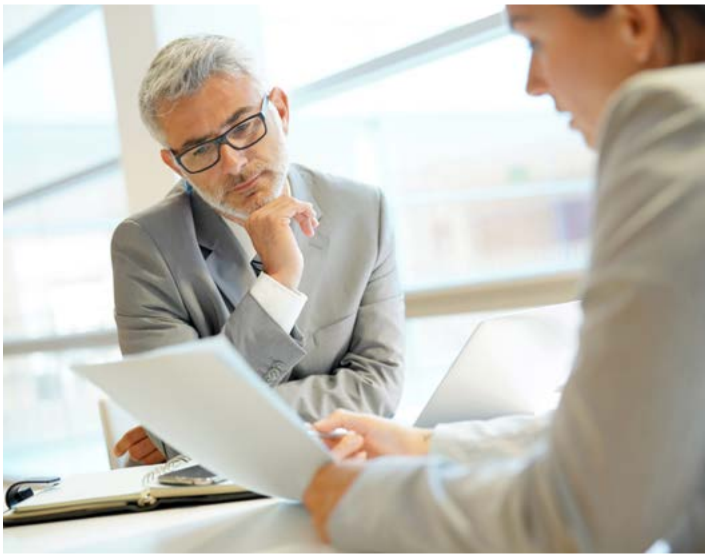
3. What is Pay As You Go withholding?

Employers are required to withhold Pay As You Go (PAYG) tax from an employee's salary and remit the tax to the Australian Taxation Office. The PAYG tax withheld is credited against the employee's tax liability on their annual income tax return.

4. What are Pay As You Go instalments?

Individuals who earn investment income exceeding certain thresholds may be required to pay PAYG income tax instalments. These instalments count towards your expected tax liability on your business and investment income for the current income year. Your actual tax liability is calculated when your annual income tax return is assessed. Your PAYG instalments for the year are then credited against your assessed tax to determine if you owe additional tax or if you are entitled to a refund.

PAYG instalments are generally paid quarterly (although in some instances may need to be paid monthly). Some taxpayers are eligible to pay two instalments per year or to make a single payment using an annual instalment option.



Tax residency

5. How do the tax residency rules work in Australia?

As a general rule, an Australian tax resident (but not temporary resident) is liable to pay tax on their worldwide income.

A non-resident of Australia is generally liable to pay Australian tax on their income from Australian sources only. Special rules apply to individuals who qualify as temporary residents — refer below.

Tax Resident

An Australian tax resident includes a person who:

- "Resides" in Australia, according to the ordinary meaning of the word;
- Is domiciled in Australia, unless their "permanent place of abode" is outside Australia;
- Is physically present in Australia for more than one half of the income year, unless their usual place of abode is outside Australia; or
- Is an active member of a Commonwealth Superannuation Scheme or Public Sector Superannuation Scheme.

Whether a person "resides" in Australia will depend on their behaviour in Australia and relevant considerations including their:

- Habits and 'mode of life'
- Frequency, regularity and durations of visits to Australia
- Purpose of visits to or absences from Australia
- Family and business ties with Australia compared to those with a foreign country
- Maintenance of a place of abode

The weight given to each factor varies depending on the situation and no one factor may be conclusive.

As a general rule, individuals who enter Australia with the intention of being here for more than six months will be regarded as Australian tax residents from the day of their arrival. However, individuals who enter Australia with the intention of being here for less than six months may also be considered a tax resident from the day of their arrival if their behaviour is consistent with residing in Australia. This determination depends on the individual's facts and circumstances.

Tax Non-Resident

A person is considered a non-resident for Australian purposes if they are not a resident.

Tax Temporary Resident

Most foreign nationals who are temporarily living and working in Australia will be regarded as temporary residents for Australian tax purposes. An individual who qualifies as a temporary resident is eligible for certain concessions and exemptions from Australian tax. You may qualify as a temporary resident if:

- You hold a temporary visa granted under the Migration Act 1958 (including subclass 400, Temporary Skill Shortage visa or a visitor visa)
- You are not an Australian resident for the purpose of the Social Security Act 1991 (this includes Australian citizens, permanent residents, and certain New Zealand citizens)
- Your spouse is not an Australian resident for the purposes of the Social Security Act 1991

An individual can be regarded as a temporary resident indefinitely provided the above conditions continue to be met. An individual who is granted Australian permanent residency will generally cease to be regarded as a temporary resident for tax purposes from the date the permanent residency is granted. From that date, the individual will be taxed as an Australian tax resident.

Employment income

6. How is my employment income taxed?

The taxation of employment income is dependent on the tax residency of an individual as summarised below:

Temporary residents

Temporary residents are generally subject to Australian income tax on employment income earned whilst a temporary resident, irrespective of the source of that income. No Australian tax is payable on foreign employment income, including bonuses, earned prior to becoming a temporary resident of Australia, even if the income is received whilst a temporary resident. Double Tax Agreements should also be reviewed for treatment of certain employment income.

Australian Residents

Australian tax residents are generally subject to Australian income tax on employment income earned from working both within Australia as well as overseas. Where the employment income relates to services rendered in a foreign country and is also subject to tax in the foreign country, a foreign income tax offset (FITO) may be allowed for the foreign tax paid. The amount of the offset is generally limited to the lower of the foreign tax paid or the Australian income tax payable on the same income. In limited circumstances, Australian residents and temporary residents may be eligible for an exemption (the "foreign earnings exemption") from Australian tax when certain conditions are satisfied. Double Tax Agreements should also be reviewed for treatment of certain employment income.

Non-residents

Non-residents of Australia may be liable to pay Australian income tax on employment income derived from Australian sources only. Employment income is generally sourced to the location where the services were performed. As such, an individual may be taxed in Australia on salary and wages paid to them after becoming a non-resident where the salary and wages are attributable to Australian workdays (for example, bonus or leave payments accrued for services rendered in Australia).

Living Away From Home benefits

Limited tax concessions are available to employees who are required to live away from home for employment purposes and who maintain a home for their use in the home location in Australia. In addition, if the concessional treatment is available, it is generally limited to a maximum period of 12 months. A limited number of other benefits may be provided on a concessionally taxed basis to employees who are permanently relocating to Australia.

7. How is employee share plan income taxed?

The Australian rules dealing with employee share plans are complex and the following commentary is a brief overview only. The discount on shares or options to acquire shares granted under an employee share plan is normally included in an individual's assessable income and taxed at their marginal rate of tax. The assessable discount is generally the market value of the shares or options less any consideration paid by to acquire the shares or options.

Grants after 1 July 2015

The assessable discount is generally included in an individual's assessable income at the earliest of the following dates:

- The point at which there is no longer a real risk of forfeiting the shares (e.g., vesting) and no disposal restrictions exist;
- The point at which the individual exercises the right or option;
- 15 years from the date of grant; or
- Where cessation of employment occurred before 1 July 2022, the point at which the employee ceased employment.

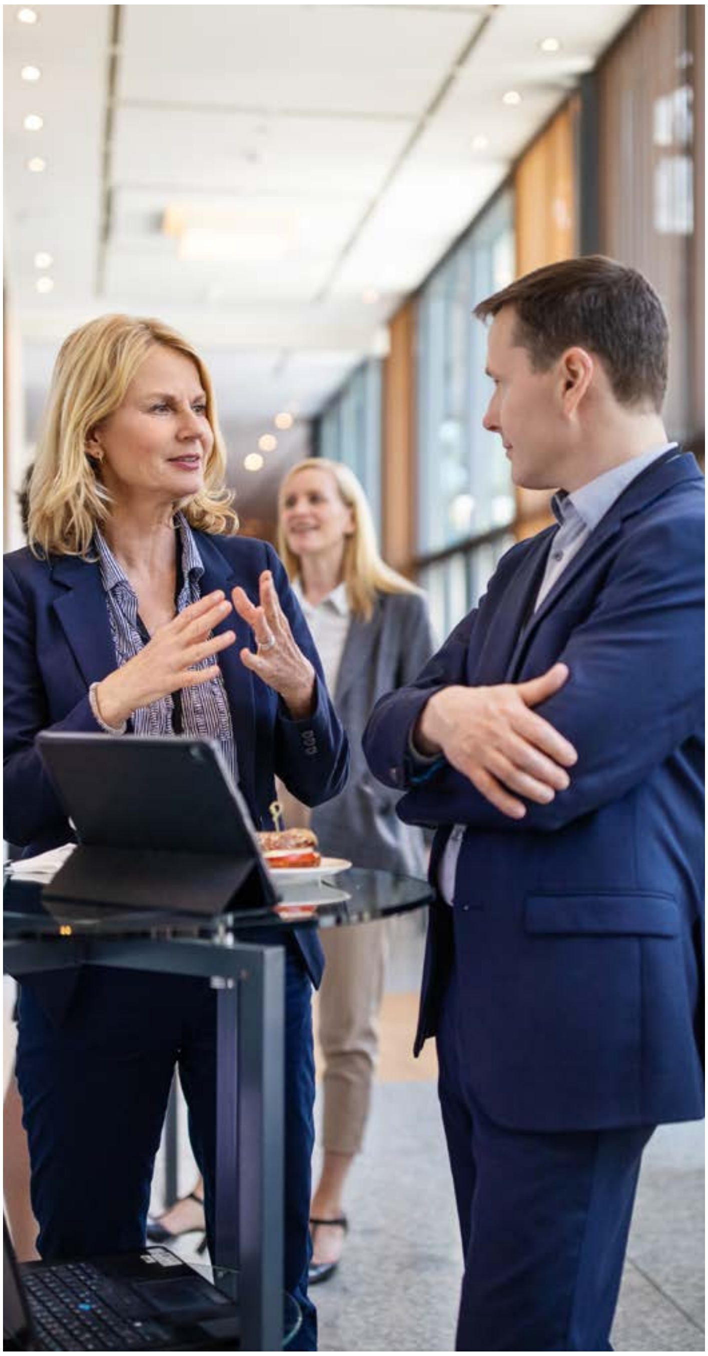
There are special rules dealing with shares or options granted to individuals who work in more than one country and/or change tax residence whilst holding the shares or options. These rules are summarised below:

Residents

- The discount is assessable income regardless of whether the shares or options relate to employment services rendered outside Australia. However, to the extent the discount is also subject to tax in a foreign country, the individual may be able to claim a FITO for the foreign taxes paid.
- Capital gains tax (CGT) may apply upon disposal of the shares.

Temporary residents and non-residents

- The discount is only assessable income to the extent the shares or options relate to employment services performed in Australia even if vesting.



Investment income

8. How is investment income treated?

The taxation of investment income is based on the tax residency of an individual, as summarised below:

Temporary residents

Temporary residents are required to pay Australian tax on investment income derived from Australian sources only. Foreign sourced investment income is exempt from Australian tax.

Residents

Australian residents (but not temporary residents) are required to pay Australian income tax on worldwide investment income. To the extent that foreign investment income is also taxed in a foreign country, a FITO may be available.

Non-residents

Non-residents are required to pay Australian income tax on investment income derived from Australian sources only. Australian sourced interest, dividends and royalty payments are generally subject to a final withholding tax where these payments are made from an Australian resident to a non-resident taxpayer.

Interest income is subject to 10% withholding tax, unfranked dividends and royalty payments are generally subject to 30% withholding tax (although the relevant double tax agreement may reduce the withholding rate), and fully franked dividends are exempt from Australian tax for non-residents. Refer to the Tax Treaties table for a list of countries with which Australia has a double tax treaty.

Tax treaties

The following is a list of countries with which Australia has a double tax treaty, including the maximum withholding tax rates agreed between Australia and the foreign country.

<table>
<tr><th colspan="2">Country</th><th>Dividend withholding tax (%)</th><th>Interest withholding tax (%)</th></tr>
<tr><td>Argentina</td><td></td><td>15</td><td>12</td></tr>
<tr><td>Austria</td><td>Norway</td><td rowspan="17">15</td><td rowspan="17">10</td></tr>
<tr><td>Belgium</td><td>Poland</td></tr>
<tr><td>Chile</td><td>Romania</td></tr>
<tr><td>China</td><td>Russia</td></tr>
<tr><td>Czech Republic</td><td>Singapore</td></tr>
<tr><td>Denmark</td><td>Slovakia</td></tr>
<tr><td>Finland</td><td>South Africa</td></tr>
<tr><td>France</td><td>Spain</td></tr>
<tr><td>Germany</td><td>Sri Lanka</td></tr>
<tr><td>Hungary</td><td>Sweden</td></tr>
<tr><td>Iceland</td><td>Switzerland</td></tr>
<tr><td>Indonesia</td><td>Taiwan</td></tr>
<tr><td>Ireland</td><td>Turkey</td></tr>
<tr><td>Israel</td><td>UK</td></tr>
<tr><td>Italy</td><td>US</td></tr>
<tr><td>Netherlands</td><td>Vietnam</td></tr>
<tr><td>New Zealand</td><td></td></tr>
<tr><td colspan="2">Fiji, Kiribati, Papua New Guinea</td><td>20</td><td>10</td></tr>
<tr><td colspan="2">Canada, India, Korea, Malaysia, Malta, Mexico</td><td>15</td><td>15</td></tr>
<tr><td colspan="2">Japan</td><td>10</td><td>10</td></tr>
<tr><td colspan="2">Philippines</td><td>25</td><td>25</td></tr>
<tr><td colspan="2">Thailand</td><td>20</td><td>25</td></tr>
</table>

Rental income

9. How is my rental income taxed in Australia?

Income derived from renting out a property is assessable income in Australia, regardless of the location of the property. Certain expenses incurred in connection with renting the property, for example, mortgage interest expense, repairs and maintenance, and real estate agent fees may be deducted for tax purposes. Where the deductible expenses exceed the gross rental income, the investment loss may generally be used to offset other assessable income. State land tax may also be incurred in relation to Australian real estate holdings. Land tax is generally tax deductible where the property is available for rent.

Any land tax exemption available in respect of an individual's main residence may be forgone where an individual rents out their home whilst travelling. You should contact the relevant state revenue authority to confirm the authority's assessment of your holdings.

Residents

Australian residents will need to include in their assessable income rental income derived from properties held both within Australia and outside of Australia. A net rental loss can be used to offset other assessable income earned during the income year.

Non-residents

Non-residents of Australia will need to include in their assessable Australian income rental income derived from properties held in Australia only. A net rental loss can be used to offset other assessable income earned during the income year.

10. What is Land Tax?

Land tax may be payable where the unimproved land value of Australian based property exceeds the appropriate State-based tax-free threshold. Where land tax has been levied and paid in relation to Australian rental property, a tax deduction may be claimed in the Australian tax return.

Foreign persons who own residential property in Australia may also be liable to a land tax surcharge. This is in addition to, and independent of, a liability to land tax. Additional rules exist in relation to properties that are vacant in certain states in Australia.

11. What property expenses can I claim?

The following are examples of typical expenses that can be claimed as tax deductions for rental property investments:

- Advertising for tenants
- Bank charges
- Body corporate fees
- Borrowing expenses (i.e., interest on loans)
- Council rates
- Utility charges e.g. water
- Decline in value of depreciating assets/capital works
- Gardening and lawnmowing
- Insurance
- Land tax
- Pest control
- Property agent fees or agent commission fees
- Stationery

12. Can I claim for the decline in value of depreciating assets?

A tax deduction may be available for the depreciation of items in a rental property while it is being used to produce assessable income. Examples include:

- Carpets
- Curtains and drapes
- Floor coverings
- Stove, microwave ovens
- Washing machine, dryer
- Dishwasher
- Swimming pool, spa
- Heaters, hot water services
- Roller doors
- Furniture and fittings, such as lounge, chairs, tables, lights, TVs and electrical equipment

*Please note that for properties bought after 7:30 p.m. AEST on 9 May 2017 plant and equipment depreciation deductions will be limited to only those incurred directly by investors.

13. What is the building allowance?

The "building allowance"/ capital works deduction may be available to claim as a tax deduction based on the cost of construction of buildings or certain capital improvements where construction commenced after August 1979. You should keep details of expenditure incurred. If this is not available, you can engage a quantity surveyor to provide you with a professional estimate of the construction costs and building allowance claim.

14. What about foreign owners of residential property?

The Australian Government has introduced an annual vacancy fee on non-resident owners of Australian residential property where the property is not occupied or genuinely available on the rental market for at least six months each year.

Capital gains tax

15. How are capital gains treated?

The taxation of capital gains is based on the tax residency of an individual, as summarised below:

Residents

A resident (but not a temporary resident) is liable for Australian tax on capital gains realised on the disposal of assets acquired on or after 19 September 1985, irrespective of the location of the asset.

The taxable capital gain (or loss) is broadly the difference between the sale proceeds received and the cost base of the asset. Where the asset was held by an individual for more than 12 months before disposal then only 50% of the capital gain is taxable (referred to as the '50% CGT discount'). The full discount may not be available where you were a non-resident or temporary resident for part of the ownership period after 8 May 2012.

Capital losses can only be offset against capital gains, and not against non-capital income. To the extent that there are excess capital losses, those losses may be carried forward to offset future capital gains.

Temporary residents and non-residents

Australia seeks to assess temporary tax residents and non-residents on capital gains realised on assets that are Taxable Australian Property (TAP), which includes:

- Australian real estate and mineral rights
- Shareholdings of greater than 10% in public and private Australian entities where more than 50% of the market value of the entity's total assets is attributable to Australian real property
- Assets used in the carrying on of a business through a permanent establishment in Australia
- An option or right to acquire any of these assets
- Assets covered by an election by an individual to opt out of the deeded disposal rules applicable to non-TAP assets on the date of becoming a non-resident (refer below).

A general exemption exists for assets acquired or deemed to have been acquired before 19 September 1985.

The taxable capital gain (or loss) is broadly the difference between the sale proceeds received and the cost base of the asset. Where you were a tax resident for a portion of the ownership period, you may be eligible for an apportionment of the 50% CGT discount.

Deemed acquisition

Taxpayers entering Australia who become tax residents at the date of their arrival are deemed to acquire all non-TAP assets at the asset's market value on the date of arrival. Any future capital gain relative to these assets will be calculated with reference to this market value as the cost base of the asset. Please note that this does not apply to assets held by individuals returning to Australia who had previously chosen to disregard the "deemed gain" on the same asset at the time of their departure.

Deemed disposal

Taxpayers (excluding temporary residents) who become non-residents of Australia are deemed to have disposed of all non-TAP assets acquired on or after 19 September 1985 for the market value of the asset on the date of becoming a non-resident.

This means you will be liable for Australian CGT on the value of the gain accruing to you whilst you were a tax resident. However, you can choose to defer a deemed capital gain or loss by making an election to treat the assets as TAP assets. If the Australian capital gain is also taxed in a foreign country upon disposal, double taxation may be alleviated through application of a double tax agreement.

Where the asset was held by you for more than 12 months before disposal or deemed disposal, only 50% of the capital gain is taxable (subject to the condition of non-residency applicable from May 2012 as previously discussed).

If you later become a tax resident again and had made an election for the deemed disposal on becoming a non-resident to not apply, the assets will revert to their original status. Otherwise, you would be deemed to acquire the assets at market value when you become a resident (see above).

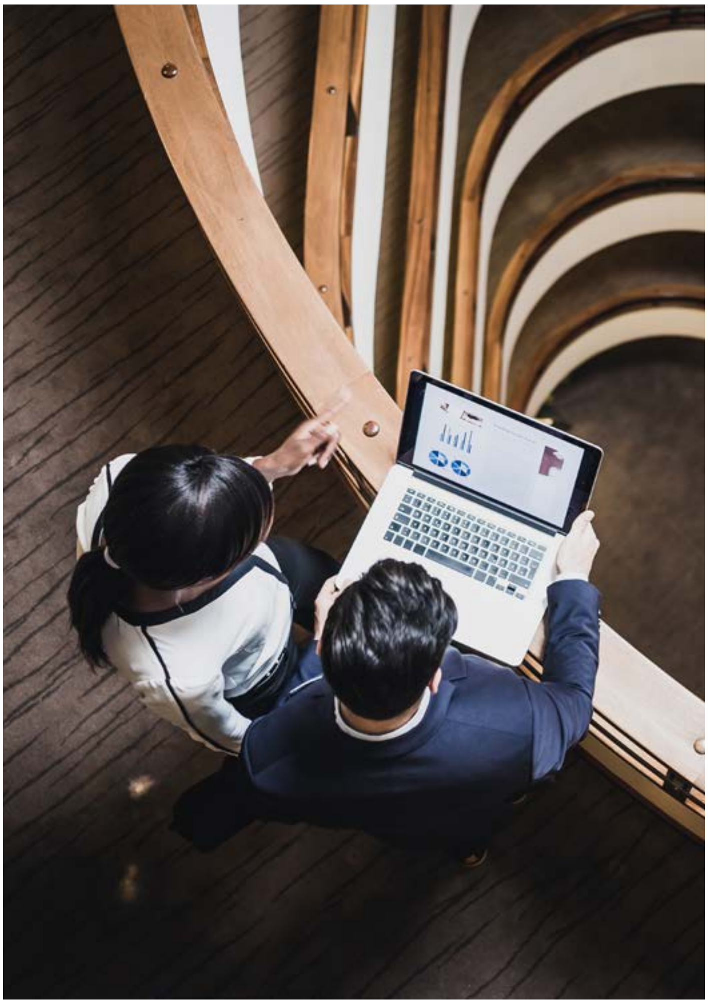
16. What are Non-resident CGT withholding payments?

Generally, where a foreign resident disposes of certain taxable Australian property, the purchaser is required to withhold an amount from the purchase price and pay that amount to the Australian Taxation Office. The CGT withholding rate for foreign tax residents will increase for contracts entered into on or after 1 January 2025 from 12.5% to 15% and will apply to all property sales (previously applied to real property disposals with a contract price of $750,000 and above).

17. What is main residence exemption?

For Australian residents, any gain or loss realised on the sale of your main residence (home) is generally exempt from Australian CGT. Generally, this exemption can continue to apply provided you do not rent the property for more than six years and you do not treat another property as your main residence.

With effect from 1 July 2020, any sale of a main residence by a temporary resident or non-resident will not be eligible for the main residence exemption and will be liable to CGT.



Other income

18. What if I have foreign currency gains or losses?

The Australian rules dealing with foreign currency gains and losses are complex and the following commentary is a brief overview only. We strongly recommend you seek advice from your EY advisor to confirm the tax implications for your specific facts and circumstances.

Residents may be assessable on gains and losses arising from movements in foreign exchange rates, subject to certain concessions and exemptions. The rules are summarised below:

- These rules will generally apply to foreign currency accounts (e.g., foreign bank accounts/credit cards) and foreign currency liabilities (e.g., foreign currency loans).
- Where part of the account balance is withdrawn or any loan repayments are made whilst an Australian resident, any gain or loss arising on the foreign currency movement may be included in assessable income.
- In certain circumstances, you may reduce your compliance costs by choosing an alternate treatment for calculating gains and losses (such as the retranslation election).
- In certain circumstances, you may choose to ignore gains and losses arising on foreign currency denominated bank and credit card accounts (not including term deposits or foreign loans) that have a combined balance up to A$250,000 (limited balance election).

Special rules apply to the acquisition and disposal of capital assets.

19. How will my interest expenses on my share portfolio be treated?

Residents

Australian residents are able to claim a deduction for interest expenses incurred on a loan to purchase investments such as shares where the shares are expected to generate assessable income (for example, dividends). Where the deductible expenses incurred in connection with a share portfolio exceed the assessable income, the loss may generally offset other assessable income.

Non-residents

Non-residents cannot generally claim a deduction for interest expense as any dividends paid to a non-resident are subject to a final withholding tax i.e., the dividends are not considered assessable income.

20. Does Australia have inheritance tax?

Australia currently does not impose inheritance tax.

Deductions, tax offsets and Medicare levy

21. What expenses and offsets can be claimed?

Expenses incurred are generally tax deductible to the extent they are incurred in producing assessable income or in the course of carrying on a business for the purpose of producing assessable income. Common deductible expenses include:

- Work-related expenses, unless the expense is reimbursed by the employer, or the expense relates to exempt foreign earnings
- Australian tax agent fees
- Charitable donations to approved deductible gift recipients
- Interest repayments on a loan used to purchase a rental property and/or purchase dividend paying shares

Expenses that are private or domestic in nature, or expenses that are not incurred in the course of producing assessable income, are not generally deductible.

Various tax offsets or rebates, including the private health insurance rebate, low income tax offset, dependent invalid carer tax offset, are only available to residents.

22. What is the Medicare levy?

Permanent and temporary residents who are eligible to access Medicare health benefits are liable for the 2% Medicare levy on their taxable income.

An additional Medicare levy surcharge applies where taxable income exceeds annual income thresholds and you or your dependents do not have adequate private health insurance. Non-residents are not liable to the Medicare levy or Medicare levy surcharge.

Medicare levy exemption

Temporary residents who are not eligible to Medicare benefits may be exempt from paying Medicare levy. If entitled to this exemption, an Application for Medicare Entitlement Statement (MES) must be submitted annually with Services Australia.

Income Thresholds and Rates

A private health insurance offset may be available for health insurance premiums paid. The private health insurance rebate and the Medicare levy surcharge is income tested against the following income thresholds:

2024-2025 Income thresholds				
Family status	**Base tier**	**Tier 1**	**Tier 2**	**Tier 3**
Single	$97,000 or less	$97,001-$113,000	113,001-$151,000	$151,001 or more
Family	$194,000 or less	$194,001-$226,000	$226,001-$302,000	$302,001 or more

2023-2024 Rebate rates				
Age*	**Base tier**	**Tier 1**	**Tier 2**	**Tier 3**
Under 65	24.608%	16.405%	8.202%	0.000%
65-69	28.710%	20.507%	12.303%	0.000%
70 or over	32.812%	24.608%	16.405%	0.000%

*Age of the oldest person covered on your policy.

Medicare levy surcharge rate 2024-2025				
	Base tier	**Tier 1**	**Tier 2**	**Tier 3**
Rate	0.00%	1.00%	1.25%	1.50%

Please note that single parents and couples (including de facto couples) are subject to family tiers. For families with children, the thresholds are increased by $1,500 for each child after the first.

Superannuation

23. How does superannuation work in Australia?

Australian citizens and permanent residents cannot generally access their Australian accumulated superannuation benefits until they have satisfied a condition of release (e.g., turning 65 years old, retirement or reaching relevant preservation age — there are also other conditions of release).

24. What are my Superannuation Guarantee obligations?

Superannuation Guarantee contributions are often not required in respect of foreign services performed by an individual working outside Australia. Specifically, an employer does not have to make Superannuation Guarantee contributions in respect of:

- An employee who is not a resident of Australia performing work outside Australia; or
- An employee who is a resident of Australia performing work outside Australia (where the employer is not a resident of Australia)

The required superannuation guarantee percentage is proposed to progressively increase up to 12% as follows:

- From 1 July 2022: 10.5%
- From 1 July 2023: 11%
- From 1 July 2024: 11.5%
- From 1 July 2025: 12%

25. Does Australia have social security agreements?

If you are departing Australia to work temporarily in another country, you and/or your employer may be liable to make superannuation or equivalent contributions under the social security law of the host country. In some instances, your employer may still be obligated to make superannuation contributions for the same employment.

As a result, Australia has entered into social security agreements with a number of countries to exempt employers from making superannuation (or equivalent) contributions in the foreign country, where a Certificate of Coverage has been successfully applied for. This certificate will exempt you and your employer from social security liabilities in the host country on the basis that Australian superannuation contributions will continue. Please note that Australian superannuation obligations are mandatory once a Certificate of Coverage has been issued.

The countries with which Australia has a reciprocal social security agreement with double coverage provisions included are:

- Austria (effective 1 December 2012)
- Belgium (effective 1 July 2005)
- Canada (effective 1 January 2003)
- Chile (effective 1 July 2004)
- Croatia (effective 1 July 2004)
- Cyprus (effective 1 January 1993)
- Czech Republic (effective 1 July 2011)
- Denmark (effective 1 January 2001)
- Estonia (effective 1 January 2018)
- Finland (effective 1 July 2009)
- Germany (effective 1 October 2008)
- Greece (effective 1 January 2008)
- Hungary (effective 1 October 2012)
- India (effective 1 January 2016)
- Ireland (effective 1 January 2006)

- Italy (effective 1 October 2000)
- Japan (effective 1 January 2009)
- Korea (effective 1 October 2008)
- Latvia (effective 1 January 2013)
- Malta (effective 1 July 2005)
- Netherlands (effective 1 April 2003)
- New Zealand (effective 1 July 2017)
- North Macedonia (effective 1 April 2011)
- Norway (effective 1 January 2007)
- Poland (effective 1 October 2010)
- Portugal (effective 1 October 2002)
- Serbia (effective 1 February 2024)
- Slovak Republic (effective 1 January 2012)
- Slovenia (effective 1 January 2004)
- Spain (effective 1 January 2003)
- Switzerland (effective 1 January 2008)
- United States (effective 1 October 2002)

Each agreement is different, however most provide up to four or five years of protection from double coverage where all the relevant conditions are met. The exemption will apply from the effective date of the relevant social security agreement.

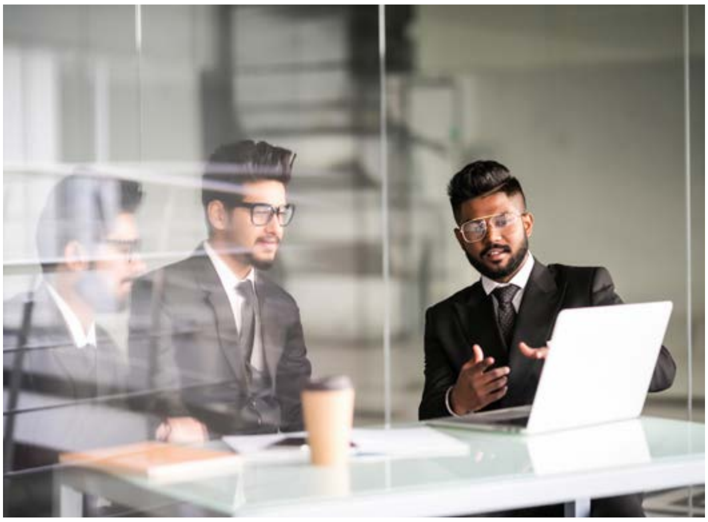
26. What if I have a self managed superannuation fund?

If you have a self-managed superannuation fund you should seek tax advice regarding the fund prior to departing Australia.

27. What if I am departing Australia?

Australian citizens and permanent residents cannot generally access their accumulated superannuation benefits until they have satisfied a condition of release (e.g., retirement and reaching your relevant preservation age). However, individuals permanently departing Australia that do not meet either of these conditions can withdraw their accumulated superannuation benefits as a departing Australia superannuation payment (DASP). This payment is generally subject to a final withholding tax of 35% on taxed elements and 45% on untaxed elements.

If the individual qualifies as a working holiday maker, the DASP will be subject to a final withholding tax of 65%. Where superannuation benefits are unclaimed for more than six months after the individual permanently departed Australia, the benefits are mandatorily transferred to the Government, however these funds may still be recovered by the Individual.



Income tax rates

28. How is a resident of Australia taxed?

The way in which resident taxpayers are taxed in Australia is summarised as follows:

Type of income	How a resdent is taxed on that income
Employment income	Taxable on worldwide employment income with an offset allowed for foreign taxes paid, unless an exemption for foreign earnings is available (in limited circumstances only).
Investment income	Taxable on worldwide investment income including rent, interest and dividends, with an offset allowed for foreign taxes paid.
Capital gains income	Taxable on worldwide capital gains with an offset allowed for foreign taxes paid.

From 1 July 2024, the income tax rates for a resident taxpayer are:

Taxable income	Tax payable
0-$18,200	Nil
$18,201-$45,000	16c for each $1 over $18,200
$45,001-$135,000	$4,288 plus 30c for each $1 over $45,000
$135,001-$190,000	$31,288 plus 37c for each $1 over $135,000
$190,001 and over	$51,638 plus 45c for each $1 over $190,000

The above rates do not include the 2% Medicare Levy. The levy is applied pro-rata for part year residents. The tax-free threshold is also subject to a pro-rata apportionment for part year residents.

29. How is a non-resident of Australia taxed?

The way in which non-resident taxpayers are taxed in Australia is summarised as follows:

Type of income	How a non-resident is taxed on that income
Employment income	Taxable on Australian sourced employment income only, unless an exemption under a double tax agreement is available.
Investment income	Taxable on Australian sourced investment income only. Interest and unfranked dividend income is subject to withholding tax.
Capital gains income	Generally only taxable on "taxable Australian property" gains.

From 1 July 2024, the income tax rates for a non-resident taxpayer are:

Taxable income	Tax payable
Nil to $135,000	30c for each $1
$135,001-$190,000	$40,500 plus 37c for each $1 over $135,000
$190,001 and over	$60,850 plus 45c for each $1 over $190,000

Non-residents are not required to pay the 2% Medicare levy.

30. How is a temporary resident of Australia taxed?

The way in which temporary resident taxpayers are taxed in Australia is summarised as follows:

Type of income	How a temporary resident is taxed on that income
Employment income	Taxable on worldwide employment income earned whilst a temporary resident with an offset allowed for foreign taxes paid, unless an exemption for foreign earnings is available (in limited circumstances only).
Investment income	Taxable on Australian sourced investment income only.
Capital gains income	Generally only taxable on "taxable Australian property" gains (although special rules can apply to capital gains on employee share and right plans).

The income tax rates for temporary resident taxpayers are the same as for resident taxpayers. Medicare levy is applicable unless eligible to claim Medicare levy exemption.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EYG No. XX0000
ED None

UKC-037835.indd (UK) 02/25.
Artwork by Creative UK.

ey.com