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If you're an Australian resident for tax purposes for a full year, find out about the tax-free threshold.

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This information will help you work out if you are a resident while on a working holiday in Australia.

## **Taxation of Australian resident WHMs from NDA countries**



Check when working holiday makers who are Australian residents for tax purposes are taxed as Australian residents.

QC 33213

# **Working holiday makers**


Check about tax, working and lodging a tax return in Australia if you're a working holiday maker (417 or 462 visa).

**Last updated** 26 June 2025

## Types of visa subclass

You're a working holiday maker (WHM) if you have a visa subclass of either:

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

You can check your visa status using the [Visa Entitlement Verification Online system](#) .

## Your residency for tax purposes

For tax purposes in Australia, individuals will be either:

- an Australian resident
- a foreign resident.

For most WHMs, whether you're an Australian or a foreign resident for tax purposes doesn't affect the rate of tax you pay.

The only exception to this is if you're both:

- an Australian resident for tax purposes
- from a non-discrimination article (NDA) country.

For more information, see [Taxation of Australian resident WHMs from NDA countries](#).

Most people who come to Australia for a working holiday or to visit are **foreign residents** for tax purposes.

To work out your residency as a WHM, see [Australian residency if you're on a working holiday or visit](#).

## Australian resident WHM from NDA country

Some WHMs may be eligible to be taxed on the same basis as a resident Australian national.

To be eligible, you must be:

- an Australian resident for tax purposes **and**
- from an NDA country.

A resident Australian national is someone who meets **both** of the following:

- the person is a resident of Australia for tax purposes
- the person is a permanent resident of Australia or an Australian citizen.

Australia's tax treaties with NDA countries contain non-discrimination articles that affect how much tax is payable.

For more information, see [Taxation of Australian resident WHMs from NDA countries](#).

## Tax withheld by your employer

If you're a WHM, and your employer is registered with us as a WHM employer, they will withhold tax at a rate of 15% for the first:

- \$37,000 you earn during 2019–20 and earlier income years
- \$45,000 you earn during 2020–21 and later income years.

Higher rates of withholding will apply above these thresholds. For more information, see [Tax rates – working holiday maker](#).

### Example: income below \$45,001 for 2020–21 and later income years

On 10 January 2025, Louie starts work with Bob's Mango Farm in Far North Queensland, a registered WHM employer. As part of the normal employment process, Louie gives Bob his completed tax file number declaration and tells him that he is a WHM on a 417 Working Holiday visa.

As Bob is a registered employer with us, the first \$45,000 of Louie's income is taxed at 15%.

Louie is paid weekly and earns \$200 a day. After 5 days of work, Louie receives his first pay of \$1,000, from which \$150 tax is withheld and sent to us.

Louie's total tax withheld is calculated as follows:

$(\text{Days worked} \times \text{wage per day}) \times \text{tax withholding rate} = \text{total tax withheld}$

$$5 \text{ days} \times 200 \times 15\% = \$150.$$

If your employer is not registered as a WHM employer, they must withhold tax from your pay using [foreign resident tax rates](#).

### **Example: tax withheld when working for an employer that isn't a registered WHM employer**

Aleks is on a 417 Working Holiday visa and starts working for Pamela's Berries. As Pamela is not registered as an employer of WHMs, Pamela withholds tax at the foreign resident tax rates starting at 30%.

Aleks is paid weekly and earns \$200 a day. After 5 days of work, Aleks receives his first pay of \$1,000, from which \$300 tax is withheld and sent to us.

Aleks' tax withheld is calculated as follows:

$$\text{Aleks's pay} \times \text{tax withholding rate} = \text{tax withheld}$$

$$\$1,000 \times 30\% = \$300$$

## **Starting work in Australia**

If you work in Australia as a WHM, your employer will withhold tax from your pay and you may need to lodge a tax return each year.

Before you start work in Australia, you should:

- [Apply for a tax file number](#)
- [Complete a TFN declaration for your employer](#)
- [Know your workplace rights as a WHM.](#)

### **Apply 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.

## Complete a TFN declaration for your employer

When you start work, you give your employer a [Tax file number 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 WHMs. WHMs don't need to register themselves with us.



As a WHM, your employer has to also pay superannuation for you if you're [entitled to super](#).

## Know your workplace rights as a WHM

Everyone working in Australia has the same workplace rights under the National Employment Standards (NES). This includes WHMs.

The national minimum wage and NES make up the minimum employment entitlements that must be provided to all employees.

For more information, see:

- [National Employment Standards \(NES\)](#) 
- [Fair work ombudsman – visa holders and migrants](#) 

## End of income year or finishing work

At the end of the income year or when you finish working in Australia, consider if you need to:

- [Access your income statement](#)
- [Lodge a tax return](#)
- [Apply for a departing Australia superannuation payment \(DASP\)](#).

## Access your income statement

When you finish work in Australia or at the end of the income year, you may choose to or need to lodge a tax return. The information on your income statement or payment summary will help you work out if you need to lodge a tax return.

Your employer will usually provide an income statement through Single Touch Payroll (STP). It will show the amount you earned, tax withheld and superannuation that's been paid. You'll be able to [access and see your year-to-date tax and super information \(income statement\)](#) in ATO online services through your myGov from within Australia or otherwise [contact us](#).

If your employer is not yet using STP they'll provide you with a payment summary.

## Lodge a tax return

The Australian income year starts on 1 July and ends on 30 June the following year. Depending on your circumstance you may want to lodge a return.

You **don't** need to lodge a tax return or a non-lodgment advice if both of the following apply:

- All of your income was earned as salary or wages while you were a WHM.
- The total of your taxable income for the income year was less than
  - \$37,001 for 2019–20 and earlier income years
  - \$45,001 for 2020–21 and later income years.

### **Example: income below \$45,001 for 2020–21 and later income years**

Marjorie lives in Slovakia and has come to Australia for a working holiday. She was in Australia for the whole of the 2024–25 income year.

Marjorie is not a resident for tax purposes in Australia.

Marjorie works for a number of employers during the income year earning \$25,000. Her employers withheld \$3,750 tax from her salary or wages.

As Marjorie's total taxable income for the year is below \$45,001, she isn't required to lodge a tax return for the 2024–25 income year.

You'll need to lodge a tax return if you want to claim any [deductions](#).

You may also want to lodge a tax return if you think you were, or became, an [Australian resident WHM from a non-discrimination article \(NDA\) country](#) during an income year. For more information, see [Taxation of Australian resident WHMs from NDA countries](#).

If you leave Australia permanently before 30 June, you can [lodge your tax return early](#).

## Apply for a departing Australia superannuation payment (DASP)

When you leave Australia and return to your home country, you can apply to have your super paid to you as a [departing Australia superannuation payment \(DASP\)](#). The tax on any DASP made to WHMs on or after 1 July 2017 is 65%.

You can apply after you leave Australia if you meet all [DASP requirements](#).

QC 50742

## Studying in Australia

If you come to Australia to study, check what you need to consider if you start working.

Last updated 26 June 2025


## Overseas students

If you're an overseas student and enrolled to study in Australia in a course that lasts for 6 months or more, you may be an Australian resident for tax purposes. Generally, if you are an Australian resident you need to declare all income you've earned both in Australia and overseas on your Australian tax return. 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.

## Temporary residents

As an overseas student you probably have a temporary [visa](#) , which means that you may be a temporary resident as well as an Australian resident or foreign resident. For more information, see [foreign and temporary resident income](#).

If you're a temporary resident and an Australian 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 some income you earn from employment or services performed overseas while you are a temporary resident of Australia.

To read examples about residency, see [Australian and foreign resident examples](#).

For more information about what to do when leaving Australia after [working](#) in Australia, see [Returning to your home country](#).

QC 33222

## Returning to your home country

What to do when you leave Australia if you worked here, including lodging your tax return and claiming super.

**Last updated** 26 June 2025

## Lodging your tax return when leaving Australia

If you worked in Australia, you'll 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.

## Your income statement or payment summary

After the end of the income year (30 June):

- you can [access your income statement information](#) in ATO online services through myGov – if your employer is reporting through Single Touch Payroll (STP)
- your employer will give you a payment summary – if your employer is not reporting through STP.

If you leave a job during the year, you can ask your employer for your payment summary. When you leave, your employer must give it to you within 14 days. However, if your employer reports your tax and super information to us through STP, they will need to complete a finalisation declaration through their reporting software.

If your income statement is finalised part way through the income year, these details will not be available in your tax return pre-fill until the end of the income year. You will need to follow the current process for lodging a part-year tax return.

## 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 [How changing residency affects CGT](#).

## 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 country 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.

To find out more, see the [Tourist refund scheme](#) [↗](#).

QC 33235

## Seasonal Worker Programme and Pacific Labour Scheme

If you work in the SWP or the PLS your employer will withhold tax from your pay and you may need to lodge a tax return.

**Last updated** 26 June 2025

## **Pacific Australia Labour Mobility scheme for new workers**

From July 2023, the Seasonal Worker Programme (SWP) and the Pacific Labour Scheme (PLS) have been consolidated under the [Pacific Australia Labour Mobility \(PALM\) scheme](#). This scheme applies to new workers employed from that date and is administered by the Department of Employment and Workplace Relations and the Department of Foreign Affairs and Trade.

The arrangements for existing workers employed under the SWP or the PLS will continue to apply. If you are on an SWP or PLS placement with a PALM scheme approved employer, use the information on this page.

## **Working under the SWP and the PLS**

If you have a Temporary Work (International Relations) subclass 403 visa to work in Australia under the SWP or the PLS your employer will withhold tax from your pay. You may also need to lodge an income tax return in Australia each year.

You or your employer can check your visa status using the [Visa Entitlement Verification Online system](#) [↗](#).

## **Your residency for tax purposes**

For tax purposes in Australia, individuals will be either:

- an [Australian resident](#)
- a foreign resident.

Most people who come to Australia under the SWP are foreign residents for tax purposes. This is because workers in the SWP, consistent with their visa requirements, don't intend to stay in Australia. They only intend to work here for a short time and return home.

Most people who come to Australia under the PLS are Australian residents for tax purposes for the duration of their employment in Australia.

Whether you are a resident for tax purposes will depend upon your circumstances.

## Tax and withholding in Australia

Before you receive your pay, your employer will withhold tax.

### Foreign residents in the SWP

If you are a foreign resident worker under the SWP, your employer will withhold tax at the rate of 15% for each dollar you earn. You're not required to lodge a tax return if you don't earn income from any other sources in Australia.

Your SWP income is non-assessable, non-exempt income and you can't claim any deductions against this income.

#### Example: Foreign resident in the SWP

Malakai comes to Australia for 6 months on a 403 visa issued prior to 4 April 2022 under the SWP to pick walnuts in rural and regional locations. Malakai is a foreign resident for tax purposes in Australia.

Malakai takes up employment at a walnut farm in Moree in northern NSW. He is paid \$28.26 per hour and guaranteed 8 hours for 5 days each week. As Malakai is a foreign resident working for a PALM scheme approved employer under the SWP, his employer will withhold 15% final tax from his salary and wages. Malakai's weekly salary is calculated as:

- $\$28.26 \text{ per hour} \times 8 \text{ hours} \times 5 \text{ days} = \$1,130.40 \text{ per week}$

His employer withholds 15% = \$169.56

Malakai's take home pay each week is \$960.84

Because Malakai is a foreign resident working under a 403 visa in the SWP and he does not earn income from any other sources in Australia, he is not required to lodge a tax return in Australia.

## Australian residents in the PLS

You pay tax at the rate set out in the [tables for residents](#) of Australia if you are a resident of Australia for tax purposes. Your employer is required to withhold tax when they pay you. You are required to lodge a tax return.

### Example: Australian resident in the PLS

Kane comes to Australia for 4 years on a 403 visa issued prior to 4 April 2022 under the PLS to pick fruit and nuts in rural and regional locations. Kane is an Australian resident for tax purposes in Australia.

Kane works at a cherry farm in Wangaratta, Victoria. He is paid \$28.26 per hour and guaranteed 8 hours for 5 days each week. As Kane is an Australian resident, his PALM scheme approved employer will withhold tax from his salary and wages based on the resident tax rates. Kane's weekly salary is calculated as:

$\$28.26 \text{ per hour} \times 8 \text{ hours} \times 5 \text{ days} = \$1,130.40 \text{ per week}$

His employer withholds tax and an amount for the Medicare levy  
= \$207 per week

Kane's take home pay each week is \$923.40


Kane is required to lodge a tax return at the end of the tax year.

## Starting work in Australia


Before you start work in Australia, you should:

- apply for a tax file number
- complete a TFN declaration for your employer
- know your workplace rights.

## Know your workplace rights

Everyone working in Australia has the same workplace rights under the [National Employment Standards](#)  (NES).

The national minimum wage and NES make up the minimum employment entitlements that must be provided to all employees.

The Fair Work Ombudsman provides information on [workplace rights and entitlements for visa holders and migrant workers](#) .

## End of income year or finishing work

At the end of the income year or when you finish working in Australia, consider if you need to:

- access your income statement
- lodge a tax return
- apply for a departing Australia superannuation payment (DASP).

### Access your income statement

Your employer will usually provide an income statement through Single Touch Payroll (STP). It will show the amount you earned, tax withheld and superannuation that has been paid. You will be able to [access and see your year-to-date tax and super information \(income statement\)](#) in ATO online services through your myGov account from within Australia. If not, you can [contact us](#).

If your employer is not yet using STP they will provide you with a payment summary showing the payments you received and tax amounts withheld for the income year.

### Lodge a tax return

The Australian income year starts on 1 July and ends on 30 June the following year. Most individuals who earn income and had tax withheld during the income year need to lodge an income tax return.

You don't need to lodge a tax return or a non-lodgment advice if you're a foreign resident for tax purposes working in the SWP.

If you leave Australia permanently before 30 June, you can [lodge your tax return early](#).

### Apply for a departing Australia superannuation payment (DASP)

When you leave Australia and return to your home country, you can apply to have your super paid to you as a [departing Australia superannuation payment \(DASP\)](#).

You can apply after you leave Australia if you meet all [DASP requirements](#).

QC 69193

## Pacific Australia Labour Mobility scheme


Find out about working in Australia under the PALM scheme, including residency, starting work and paying tax.

**Last updated** 17 October 2025

### How the scheme works


Under the Pacific Australia Labour Mobility (PALM) scheme, workers from Pacific Island countries and Timor-Leste can work in Australia for either:

- short-term placements of up to 9 months
- long-term placements of between one and 4 years.

The PALM scheme is managed by the Department of Employment and Workplace Relations and the Department of Foreign Affairs and Trade (DFAT). For more information visit the [PALM scheme website](#) .

How you're taxed in Australia depends on your residency for tax purposes.

### Vietnam Labour Mobility Arrangement

The Vietnam Labour Mobility Arrangement (VLMA) helps recruit Vietnamese nationals for short and long-term agricultural work in Australia. The work can be unskilled, low-skilled, or semi-skilled, and can last up to 4 years. For more information on this arrangement visit [Vietnam Labour Mobility Arrangement](#) .

The VLMA is part of the PALM scheme. Workers under the VLMA will be taxed on the same basis as PALM scheme workers.

## Your residency for tax purposes

For tax purposes in Australia, individuals will be either:

- an [Australian resident](#)
- a foreign resident.


Whether you're a resident for tax purposes will depend on your individual circumstances. We accept PALM scheme workers as:

- foreign residents for tax purposes if they are short-term PALM scheme workers for up to 9 months
- Australian residents for tax purposes if they are long-term PALM scheme workers for one to 4 years.

## Tax and withholding in Australia

If you have a Temporary Work (International Relations) (subclass 403) visa under the PALM scheme, your employer will withhold tax from your pay.

The amount they withhold depends on your residency for tax purposes and how much you earn.

You, or your employer, can check your visa status using the [Visa Entitlement Verification Online system](#) .

## Foreign resident workers

Your employer will withhold tax at a flat rate of 15% on all payments made to you if all the following apply:

- you are a foreign resident for tax purposes
- you work under the PALM scheme
- your employer is a PALM scheme approved employer.

This tax is paid to us by your employer and you are not required to lodge a tax return if you either:

- don't earn income from any other sources in Australia


- only earn other income in Australia that has already had a [final withholding tax applied](#) such as bank interest.

Income you earn under the PALM scheme is non-assessable, non-exempt income and you can't claim any deductions against this income. You are exempt from the Medicare Levy as a [foreign resident](#).

If your employer is not approved to hire under the PALM scheme, they will withhold tax at [foreign resident rates](#) and you will need to lodge a tax return.

### **Example: foreign resident worker in the PALM scheme**

Langi comes to Australia for 8 months on a 403 visa under the PALM scheme to pick citrus. Langi is a foreign resident for tax purposes.

Langi works at an orange farm in Griffith, New South Wales for a [PALM scheme](#)  approved employer. She is paid \$28.26 per hour and guaranteed 8 hours for 5 days each week.

As Langi is working for a PALM scheme approved employer, her employer will withhold 15% tax from her salary and wages. Her weekly salary is calculated as:

- $\$28.26 \text{ per hour} \times 8 \text{ hours} \times 5 \text{ days} = \$1,130.40 \text{ per week}$

Her employer withholds 15% tax:  $(\$1,130.40 \times 15\%) = \$169.56$

Langi's take home pay each week is \$960.84.

Because Langi is a foreign resident working for a PALM scheme approved employer under a 403 visa in the PALM scheme and she does not earn income from other sources in Australia, Langi is not required to lodge a tax return in Australia.

## **Australian resident workers**

If you're an Australian resident for tax purposes, you will pay tax at the rate set out in the [individual income tax rates](#). Your employer is required to withhold tax when they pay you. You are required to lodge a tax return.

PALM scheme workers who come to Australia are, in most circumstances, also [temporary residents](#). Temporary residents are not entitled to Medicare benefits and therefore are entitled to be exempt from the Medicare levy. To claim a full exemption from the Medicare levy, you must have a [Medicare Entitlement Statement](#) [↗](#) showing you are [not entitled to Medicare benefits](#). If you don't obtain this statement, then you may have to pay the Medicare Levy.

You can claim certain expenses as deductions against your PALM income. However, there are some expenses you can't claim as deductions as they are private expenses, such as:

- rent paid for accommodation that you live in
- flights to and from your home country.

For more information on what you can claim, see our [occupation and industry specific guides](#). For example, we offered tailored guides for workers in the agriculture and meat industries.

### **Example: Australian resident worker in the PALM scheme**

Aberto comes to Australia for 4 years on a 403 visa under the PALM scheme. Aberto is an Australian resident for tax purposes. Aberto has a Medicare Entitlement Statement from Services Australia to show he is not eligible for Medicare in Australia.

Aberto works at a vineyard in the Coonawarra region in South Australia, earning \$37,000 per annum.

As Aberto is an Australian tax resident, his employer will withhold tax from his salary and wages based on the resident tax rates.

At the end of the income year, Aberto must lodge an income tax return. Assuming Aberto has no other income and no deductions, his tax liability for the income year is calculated as:

- $(\$37,000 \text{ salary} - \$18,200 \text{ tax free threshold}) \times 19\% \text{ tax rate} = \$3,572$
- Less a credit for the low income tax offset (LITO), being \$700.

The amount of tax Aberto will pay for the income year is  $\$3,572 - \$700 = \$2,872$ . Aberto's income after tax is \$34,128.

## Changing residency during the year

If your situation changes during the year, then your taxation obligations may also change.

If you arrive in Australia as a foreign resident on a short-term placement but later accept a long-term contract within the same income year, your residency status may change. You might become an Australian resident for part of the year, requiring you to lodge a tax return. If you change residency, then you will need to complete a [withholding declaration](#) to advise your employer you have become an Australian resident.

### Example: PALM worker changes from short term placement to long term placement

On 1 July 2024, Koa comes to Australia on a 403 visa for 9 months on a short-term placement to work in a meat processing factory. Koa only intend to be in Australia for the length of their contract before returning to their home country.

On 1 November 2024, Koa changes their mind and enters a contract for a long-term placement so that they can now stay for up to 4 years. Koa continues to only earn income from the PALM scheme during the long-term placement.

Koa earned the following PALM income during the 2024–25 income year:

- from 1 July 2024 to 31 October 2024: \$16,700
- from 1 November 2024 to 30 June 2025: \$33,300

For the period from 1 July 2024 to 31 October 2024, Koa is a foreign resident as their intention was to be in Australia for a short time on a short-term PALM placement and then return to their home country. During this time the PALM scheme approved employer was withholding 15% tax from Koa's salary and wages.

When Koa changes to being on a long-term placement, their residency status changes to being an Australian resident. This is because Koa's intention has changed. They are now staying in Australia for a long-term period and reside here in a permanent way. When Koa's residency status changes they submit a new

[withholding variation](#) to authorise the employer to adjust the amount of tax withheld from their payments. Their employer will then start to withhold amounts from Koa's tax at resident rates.

Since Koa was an Australian resident for part of the income year and earned over the tax-free threshold, they will need to lodge a tax return at the end of the income year. Koa will only include the \$33,000 PALM income for the period 1 November 2024 to 30 June 2025 in their tax return. They can claim deductions incurred to earn this income for the same period.

The \$16,700 PALM income from the period Koa was a foreign resident remains non-exempt, non-assessable. Koa does not include this amount in their tax return. Koa cannot claim any deductions incurred in earning this income for the period 1 July 2024 to 31 October 2024.

## Family accompaniment pilot

The family accompaniment pilot is an initiative to allow long-term PALM workers to bring their families to Australia. This pilot aims to reduce the negative social impacts of long periods of family separation and strengthen ties with the Pacific and Timor-Leste.

Generally, members of long-term PALM workers' families who are part of the pilot would be Australian residents while they are in Australia. If they work or earn other income they will pay tax at the rate set out in the [individual income tax rates](#). They may have to lodge a tax return depending on their circumstances.

Participants in this pilot are entitled to enrol for Medicare. If they do so, they may need to pay the Medicare Levy. If they do not enrol, they will be exempt from the Medicare Levy if they are temporary residents and obtain a Medicare Entitlements Statement stating they are [not entitled to Medicare benefits](#).

## Starting work in Australia

Before you start work in Australia, you should:

- apply for a tax file number
- complete a TFN declaration for your employer
- know your workplace rights.

## Apply 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 may pay more tax.

## Complete a TFN declaration for your employer


When you start work, you give your employer a [Tax file number declaration](#). This helps the employer work out how much tax to withhold from your pay.

Your employer has to also pay super for you if you are an [eligible employee](#). They may also be required to pay fringe benefits tax if they provide you with any benefits in addition to your pay.

## Know your workplace rights

Everyone working in Australia has the same workplace rights under the [National Employment Standards](#)  (NES).

The national minimum wage and NES make up the minimum employment entitlements that must be provided to all employees.

The Fair Work Ombudsman provides information on [workplace rights and entitlements for visa holders and migrant workers](#) .

## End of income year or finishing work

At the end of the income year or when you finish working in Australia, consider if you need to:

- access your income statement

- lodge a tax return
- apply for a departing Australia superannuation payment (DASP).

## Access your income statement

Your employer will usually provide you with an income statement. It will show the amount you earned, tax withheld and super that has been paid. You can [access and see your year-to-date tax and super information \(income statement\)](#) in ATO online services through your myGov account from within Australia. If you can't access your information, you can [contact us](#).

## Lodge a tax return

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

You don't need to lodge a tax return or a non-lodgment advice if:

- you are a foreign resident for tax purposes for the whole income year

all your income was earned from your employment in the PALM scheme and your other Australian income has had a final withholding tax applied. You will need to lodge a tax return if you are either:

- a foreign resident for tax purposes and you earn income from sources in Australia in addition to the PALM scheme that have not had a final withholding tax applied
- an Australian tax resident for either the whole income year or part of it.

If you leave Australia permanently before 30 June, you can [lodge your tax return early](#).

## Apply for a departing Australia superannuation payment (DASP)

When you leave Australia and return to your home country, you can apply to have your super paid to you as a [departing Australia superannuation payment \(DASP\)](#).

You can claim when you leave Australia if you meet all [DASP requirements](#).

## Refund of excess withholding tax

If you are a foreign resident PALM scheme worker with no other income and your employer took out more than 15% of your income for taxes, you might be eligible to receive back the extra money.

You will need to send us a letter asking for a refund and provide documents to prove your claim.

Your letter must include the following information:

- your TFN
- your full name
- date of birth
- your postal address
- your country of residence
- email
- daytime phone number or mobile number
- your gross PALM scheme income for the year (the amount you were paid before tax was withheld)
- total amount of tax withheld
- your signature.

You should also include the following, if available:

- evidence that you were a foreign resident PALM scheme worker – for example, copy of visa stamp
- a letter from your employer, confirming details of the withholding
- a copy of your payslips.

You need to send your request, including all supporting documents, by post to:

**AUSTRALIAN TAXATION OFFICE  
PO BOX 1032  
ALBURY NSW 2640**

QC 69194


# Tax in Australia: what you need to know

Find out about tax, working and lodging a tax return in Australia. This information may be in your chosen language.

**Last updated** 26 June 2025

## Information in other languages

If you're new to Australia or English is your second language, this overview will help answer some questions about tax in Australia. This information may also be available in your preferred language, go to [other languages](#).

You can also download a copy of this overview in portable document format [Tax in Australia: what you need to know \(PDF, 400KB\)](#) 

## Why we pay tax

As Australians we enjoy access to a good health system, quality education and a variety of community facilities (for example, parks and playgrounds) that are supported through tax collections.

The Australian Taxation Office (ATO) collects these taxes for the Australian Government to provide services, including:

- healthcare
- education
- defence
- roads and railways


- payments for welfare, disaster relief and pensions.

## Before you start working

There are some things you should consider before you start working in Australia, such as:

- [Permission to work in Australia](#)
- [Get a tax file number](#)
- [Australian business numbers \(ABN\) are for business](#)

## Permission to work in Australia

Before you start working in Australia you must get permission from the [Department of Home Affairs](#)  if you're a foreign resident. Home Affairs can provide you with useful information including which visas allow you to work in Australia.

## Get a tax file number

Your tax file number (TFN) is your personal reference number. It is **free** to get a TFN.

You should get a TFN before starting work, or soon after starting work, otherwise you'll pay more tax. We issue TFNs to individuals, businesses and other organisations for identification and record keeping purposes.

How you [apply for your TFN](#) will depend on your circumstances.

When completing your application, you'll need documents that prove your identity.

It can take up to 28 days to process your TFN application and send your TFN to your address.

When you receive your TFN it is important to [keep this safe](#) and not let anyone else use it.

## Australian business number (ABN) are for business

Not everyone is entitled to or needs an ABN to work in Australia. Having an ABN means you:

- are running your own business

- have to pay your own tax to us
- may need to pay for your own super
- may not be insured if you're injured.

To apply for an ABN, see [Australian Business Register \(ABR\)](#) .

## When you start working

When you start working in Australia find out about:

- [Complete a tax file number declaration](#)
- [Paying tax](#)
- [Superannuation](#)

### Complete a tax file number declaration


When you start working, your employer will ask you to fill out a [Tax file number declaration](#) to tell them your TFN and personal information.

They use this declaration to work out how much tax you need to pay. You have 28 days to complete the declaration and give it to your employer. If you don't, they must take tax from your pay at the highest rate.

If you're an Australian resident for tax purposes, you can claim the [tax-free threshold](#) when you complete your declaration. This means the first \$18,200 of your yearly income isn't taxed.

You can generally only claim the tax-free threshold from one employer. If you have more than one employer, you should claim the tax-free threshold from the employer that pays the highest salary or wage.

### Paying tax

When your employer pays your salary or wage they take out tax and send it to us. Your payslip will show how much tax you've paid. At the end of the financial year your income statement or payment summary will show your total income from your employer and how much tax they have taken. Your income statement is available in ATO online services through [myGov](#) .

The amount of tax you pay depends on:

- [your tax residency](#)
- how much income you earn
- whether you have [more than one job](#)
- whether you have a TFN – this is a personal reference number, which you should tell your employer after you start working for them.

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 you begin work before you have a TFN, you have 28 days to get one and give it to your employer. If you don't, your employer must take tax from your pay at the highest rate.

For more information on tax rates, see [Individual income tax rates](#).

## Superannuation

Superannuation (super) is money set aside during your working life to provide for your retirement. When starting a new job, it's important for you to understand [how super works](#) and to know your rights and entitlements.

Super money is paid in addition to your salary. If you're eligible for super, your employer must pay super contributions into a super fund account. Most people can choose the super fund these contributions are paid into.

It's important that you [check your super regularly](#) to ensure the correct super payments are made into your super account.

## Your tax return

Information you need to know about your tax return includes:

- [Who needs to prepare a tax return?](#)
- [Information you need to lodge](#)

- [Record keeping](#)

## Who needs to prepare a tax return?

As an individual you must [lodge a tax return](#) if:

- you had tax taken out of your pay during the tax year (1 July to 30 June)
- your taxable income (including some [Australian Government payments](#)) was over certain thresholds for residents
- you're a foreign resident and earned \$1 or more in Australia during the tax year (excluding income that had non-resident withholding tax withheld)
- you're leaving Australia permanently or for more than one tax year.

We use information from your tax return, such as your income and the amount of tax you've paid, to work out if you need to pay extra tax or if you'll get money back (a tax refund).

## Information you need to lodge

To lodge a tax return, you need to know:

- how much [income](#) you've earned from working (including any cash payments), from interest on bank accounts or investments
- how much tax has been withheld from your income (how much money is taken out of your pay by your employer and sent to us)
- about any [deductions](#) and tax offsets you're claiming.

Deductions are expenses you can claim to reduce your tax. Most deductions are work-related expenses. That is money you've spent on something to help you earn your income. You must be able to show that:

- you spent the money yourself and weren't reimbursed
- the expenses must directly relate to earning your income
- you must have a [record](#) to prove it (usually a receipt).

Your employer needs to provide you with an [income statement or payment summary](#). This shows how much income you earned and how much tax you paid.

## Record keeping

When you lodge your tax return, we process it and work out whether you've paid the right amount of tax. We let you know the result by sending you a notice of assessment.

You must [keep records](#), such as receipts, for any deductions you claim. You need to keep these records for at least five years from the date you lodge your tax return. We may ask you to show us these records.

myDeductions is a convenient way to keep your expense and income records in one place. Download the [ATO app](#) to your smart device and select the [myDeductions](#) icon.

## Complete and lodge your tax return

Check what options you have to lodge your tax return yourself or with help from someone else such as:

- [When to lodge](#)
- [Lodge online using myTax](#)
- [Lodge using a registered tax agent](#)
- [Help and support to lodge](#)

## When to lodge

You can lodge online using myTax, through a registered tax agent or complete a paper tax return. Your tax return covers the income year from 1 July to 30 June. Your tax return must be lodged or you must engage a tax agent by **31 October**.

When you lodge online with myTax or use a tax agent, we pre-fill your tax return with information we already have. For example, employment income and bank interest. For most people, this will be ready by the end of July. Waiting for us to pre-fill your information can make doing your tax return easier and more accurate.

We will pre-fill this information as we receive it, so you need to check the details are correct and add in anything that is missing.

For more information on lodging a tax return, see [How to lodge your tax return](#).

## Lodge online using myTax

You can lodge your tax return online using myTax. It is the quick, easy, safe and secure way to lodge online.

To use myTax, you first need to [create a myGov account](#), and link your account to ATO online services. We recommend you link before tax time (1 July) to ensure you receive all communications and there are no delays in lodging your tax return.

Once you've linked to ATO online services, you can access myTax to [lodge your tax return](#).

## Lodge using a registered tax agent

You can use a [registered tax agent](#) to prepare and lodge your tax return. You need to contact them before 31 October.

## Help and support to lodge

At tax time you can get free help with your tax. Our [Tax Help](#) service is for people on incomes around \$70,000 or less a year. If you need help completing your tax return, our trained volunteers may be able to help you. They provide a free and confidential service to help people complete their tax returns online using myTax.

Tax Help is in all capital cities and many other places in Australia from July to October each year.

## Protect your information

It's important to protect your personal information.

Your TFN is with you for life, so keep it secure. You keep the same TFN even if you change your name or address, change jobs, move interstate, or go overseas.

Don't let anyone else use your TFN, not even friends or relatives. Allowing someone else to use it, giving it away or selling it is a crime.

Only give your TFN to:

- us when discussing your tax records
- your employer after you begin work, but don't provide it on job applications
- your bank or other financial institutions

- Services Australia
- your registered tax agent
- your superannuation (super) fund
- your higher education provider or university to access a student loan such as the Higher Education Loan Program (HELP).

If you think your [TFN is lost, stolen or misused](#), report it to us immediately.

Make sure you keep personal identity details secure to help prevent [identity crime](#). Identity crime happens when people's identity details are used to commit crimes. Remember:

- don't share your myGov or other online passwords with anyone – not even your tax agent (if you use one) needs these
- don't include your TFN, passwords or other sensitive information in emails.

[Scam](#) emails, faxes, SMS and phone calls can look and sound very convincing. Be aware and if you're unsure who a communication is from, [contact us](#) or visit [Verify or report a scam](#). To find out more information about scam and alerts, see [Scamwatch](#) [🔗](#) (links to an external website).

For more information on how to protect yourself and keep your information secure, see [How to protect yourself](#).

QC 57521

## Tax-free threshold for newcomers to Australia

If you're an Australian resident for tax purposes for a full year, find out about the tax-free threshold.

Last updated 26 June 2025

### What is the tax-free threshold

If you're an [Australian resident for tax purposes](#) for a full year, you pay no tax on the first \$18,200 of your income. This is called the tax-free threshold.

## Adjusted tax-free threshold

If you became a resident of Australia for tax purposes during the income year, your tax-free threshold will be adjusted. Your tax-free threshold will be lower than the full year's threshold available to most resident taxpayers.

Your adjusted tax-free threshold has 2 components:

- a flat amount of \$13,464
- an additional \$4,736 – apportioned for the number of months you were in Australia during the income year, including the month you arrived.

The Australian income year runs from 1 July to 30 June the following year. You need to calculate the number of months including the month you became a resident until 30 June, the end of the income year.

### Example: tax-free threshold for part-year resident

John became an Australian resident on 17 April this year. This means his tax-free threshold is apportioned for 3 of the 12 months in the income year.

His tax-free threshold is:

$$\begin{aligned} &= \$13,464 + ((\$4,736 \times 3) \div 12) \\ &= \$13,464 + \$1,184 \\ &= \$14,648 \end{aligned}$$

This means John won't pay tax on the first \$14,648 of his taxable income for the income year. For any taxable income over \$14,648, he will start to pay tax at the rate of 16%. The thresholds for the other tax rates will not change.

As John had a lower tax-free threshold than a resident for a full year, he will pay more tax on the same income if his taxable

income exceeds \$14,648. For subsequent years, John is a resident for the full year and is entitled to the full tax-free threshold.

QC 17287

## Australian residency if you're on a working holiday or visit

This information will help you work out if you are a resident while on a working holiday in Australia.

**Last updated** 26 June 2025

### Working holiday makers

Most people who come to Australia for a working holiday or visit are not Australian residents for tax purposes. This includes people on subclass 417 or 462 visas (working holiday makers or backpackers).

This is because most working holiday makers (WHMs), consistent with their visa requirements, don't intend to stay in Australia. They only intend to have a holiday while working some of the time.

### Working out residency for tax purposes

Working out [residency for tax purposes](#) involves looking at your purpose for being in Australia, your way of life in Australia and whether you have a home in another country.

When you prepare your Australian tax return, you must indicate whether you're an Australian resident for tax purposes or a foreign resident for tax purposes.

To be an Australian resident for tax purposes you must meet one of the following:

- You're able to show that your living and working arrangements are consistent with making Australia your home – see the [resides test](#).

- You live in Australia for more than 183 days in an Australian income tax year, can prove that you intend to remain in Australia long-term or permanently, or don't usually live outside of Australia – see the [183-day test](#).

See [Factors to consider](#) for what we look at when determining residency status for tax purposes.

## Tax residency scenarios

The Commissioner's longstanding view is that WHMs are foreign residents.

Most people who hold working and holiday visas, consistent with their visa requirements, don't intend to stay in Australia. They only intend to have a holiday in Australia and work some of the time before returning home once they have finished travelling. They are visitors and therefore not residents. See [examples 1, 2 and 3](#).

You may be an Australian resident if your purpose for being in Australia changes and your behaviour is consistent with no longer being a visitor. For example, you may apply for a permanent visa, decide to purchase a home or take up a long term lease and develop routines associated with your work and social arrangements. If this occurs, you may become an Australian resident for tax purposes at the time your behaviour changes. See [examples 4 and 5](#).

## Examples – working holiday makers not residents of Australia

### Example 1: Typical single working holiday maker

Roberto lives in Italy with his parents and comes to Australia on a 417 Working Holiday visa for 12 months. Roberto intends to work while on holiday in Australia. While Roberto travels to Australia, his possessions remain at his parents' home in Italy. He also prepays his subscription to a soccer club in Italy to retain his membership for the next 12 months. He intends to return to his parents' place when he returns from his holiday.

Roberto initially works for 4 weeks in his uncle's cafe in Docklands and stays with him in North Carlton rent free. On his days off Roberto spends his time seeing the tourist spots in

Victoria. Roberto then travels around Australia on holiday for the next 2 months.

For the next 3 months, Roberto works in Regional Victoria and stays in shared accommodation. Roberto returns to live and work with his uncle for a further 3 months and seeks an extension of his 12-month visa to continue his holiday around Australia and buys a car for this purpose.

He stays in Sydney for approximately 2 months and works as a waiter. During this time, he stays with friends in share accommodation. For the next 2 months, he travels by car around New South Wales and Queensland and stays in various hostels.

He then sells his car and leaves Australia to travel to Fiji and New Zealand for a month. He returns to Melbourne to stay with his uncle for several weeks and then departs Australia to return to his parents' home in Italy.

#### **Decision: Foreign resident**

While Roberto stayed in Australia for 17 months, his behaviour showed he was a visitor. His main purpose was to have a holiday in Australia and fund that through casual and intermittent work. While he was in Australia, he didn't treat any place as if it were his 'home', or as distinct from any other place where someone might stay while on holiday.

His return home to Italy where he lived before his visit, keeping possessions at his parents' home and prepaying his soccer membership also show his home is outside of Australia.

#### **Example 2: Typical working holiday maker travelling to Australia with friends**

Erin, a social worker, and her boyfriend, Sean, who has just completed his law degree, come to Australia from the Republic of Ireland on a 417 Working Holiday visa for 12 months. Erin and Sean met in Dublin while they were studying at University College Dublin.

Sean comes from Limerick, while Erin is Dublin born. Sean, while studying, stayed on campus and regularly returned to his home in Limerick during the breaks. Erin lived at her parents' home in Dublin while attending university. While Erin and Sean travel to Australia their possessions remain at their respective parents' homes in Ireland.

Erin and Sean are enjoying a gap year before they commence work in Ireland, and they intend to travel and work around Australia. They arrive in Brisbane to stay at a hostel and join a group of backpackers that work around Queensland. During this time, they work in several remote areas to pick fruit, staying in connected share accommodation.

They decide to stay longer and qualify for the 12-month extension on their visa. For the next 12 months, they decide to spend more time in Sydney, Brisbane and Cairns to extend their Australian adventure.

For the first 6 months, they stay in Sydney, renting an apartment for 6 months and working casually in a bar. During this time, they enjoy the beach lifestyle in Sydney and take trips up and down the coast with the aim of seeing as many of the NSW beaches as possible.

For the next 6 months, they stay in hostels in Brisbane and Cairns as well as camp in National Parks. During this time, they work casually in bars for a few weeks at a time to fund their travels.

Erin and Sean return to their parents' homes in Ireland.

### **Decision: Foreign resident**

Erin and Sean in the first year are travelling and working in Australia. In the second year, they take out a 6-month lease and work for the same employer for 6 months (both factors which some people consider is all that is required to be an Australian resident). However, residency for tax purposes also depends on other factors and their behaviour during this time is still consistent with being a visitor.

### **Example 3: Working holiday maker who decides to extend stay**

Yangsook lives in the Republic of Korea and comes to Australia on a 417 Working Holiday visa for 12 months. Yangsook intends to work while on holiday in Australia.

While Yangsook travels to Australia her possessions remain at her father's home in the Republic of Korea. Before her visit to Australia, she enrolls at Korea University and defers her start by 12 months.

For the first 3 months, Yangsook stays in 14 different hostels as she travels around New South Wales and Queensland.

For the next 6 months in Australia, she works in far north Queensland fruit picking on several different farms and lives in the shared accommodation provided by the farms. During this time, she has a few dates with John, the son of a farmer and they agree to keep in contact after she continues on with her travels.

She leaves Queensland to spend 14 days in Fiji and returns to Sydney to stay with a friend in shared accommodation, but soon returns to John's place.

Yangsook and John fall in love and want to keep seeing each other. Yangsook applies to extend her 417 Working Holiday visa for another 12 months and live with John's family. Yangsook obtains work as a waitress in a local cafe. On her days off she does chores around the farm and spends time with John.

#### **Decision: Foreign resident**

Yangsook's behaviour is consistent with that of a visitor.

Although Yangsook has changed her behaviour to develop strong family ties in Australia, as well as habits and routines consistent with making Australia her home. Yangsook still has a place deferred in a foreign university, which indicates she intends to leave Australia. Also, she has not applied for any alternative visa to allow her to stay long-term.

### **Examples – resident of Australia from change of behaviour**

#### **Example 4: Working holiday maker who gets sponsored to stay**

Bjorn, a computer programmer from Sweden, comes to Australia on a 12-month 417 Working Holiday visa. Upon arrival Bjorn finds shared accommodation for a period of 2 months (61 days). During that 61-day period, Bjorn works as a barista at a local cafe.

Bjorn decides to travel to Perth to explore the city and spends 19 days there. Bjorn then arranges a 21-day holiday to Fiji and returns to Australia. On his return, Bjorn finds shared accommodation and recommences working in a different cafe for 2 months (61 days). Bjorn then goes on a 30-day holiday in New Zealand.

After that holiday, Bjorn returns to Australia, goes back to the shared accommodation and gets a job as a computer programmer, still intending to return to Sweden.

He enjoys Australia and the new job. His employer is short-staffed and desperate to keep Bjorn, so he asks Bjorn if he will stay if he gets approval to sponsor him under the Employer Nomination Scheme. His employer gets approval and Bjorn is advised his visa is approved and he signs a contract for 12 months.

#### **Decision:**

#### **Foreign resident**

Bjorn is a foreign resident from the time he arrives in Australia until when he commits to stay under the Employer Nomination Scheme. During this period, Bjorn is on holiday and his behaviour is consistent with that of a visitor.

#### **Resident**

He is a resident from when he commits to stay under the Employer Nomination Scheme.

#### **Example 5: New Zealander who decides to stay indefinitely**

Matt arrives in Australia from New Zealand on a special category visa that allows him to remain indefinitely in Australia and to work in Australia. Matt is unsure whether he will settle in Australia permanently. Matt maintains his home and other assets in New Zealand.

Once Matt arrives in Australia, he decides he will holiday around Australia to determine where he may live and takes up various short-term work opportunities.

Matt rents shared accommodation while exploring Australia and permanent work opportunities. Matt finds permanent employment in Brisbane.

As a result, Matt sells his home and other physical assets in New Zealand and transfers his financial assets to Australia. He rents a house in Brisbane and has his furniture and personal items shipped across from New Zealand.

**Decision:**

**Foreign resident**

Matt is a foreign resident from the time he arrives in Australia until he makes a decision to relocate to Australia. During this period, Matt is on holiday and his behaviour is consistent with that of a visitor.

**Resident**

Matt is a resident from when his intention and behaviours changed to live in Australia.

At the time Matt makes a decision to relocate to Australia his intention changes and he became a resident. From this time, he intended to live in Australia and his behaviour (selling his home and setting up a home in Brisbane) is consistent with residing in Australia.

## Factors to consider

If you're here for a working holiday or visiting and working during your stay, there are 2 main factors we use to work out if you're an Australian resident:

- your purpose for being in Australia
  - you will not be a resident if you're in Australia for a holiday even if you work while here to support that holiday
  - you may be a resident if your purpose was to stay on a more permanent basis (for example, you used the WHM visa as a pathway to a spouse visa or skilled working visa)
- how you actually live – for example
  - your living arrangements – have you purchased or leased a place to live in Australia? (This is different from leasing a place while you're on holiday and working as you need.)
  - your connections in the Australian community – have you joined a local club or group to be part of the local community, such as a sports team where you're expected to be regularly involved? (This is different to joining a local club or group to meet locals and other travellers or to access cheap meals or gym facilities.)
  - where your personal assets are located – do you have personal assets such as an investment or term deposit account, a car and household items (not just a car to use for travelling around Australia or cheap furniture to furnish temporary accommodation), or any other asset that is needed for long term residence in Australia?
  - whether you have strong family ties in Australia – do you have a close relationship with a person who lives in Australia and are you in Australia to support or live with them? (This is different from visiting family in Australia or travelling around Australia with your girlfriend or boyfriend on holiday.)

No one factor will determine whether you're an Australian resident. All of your circumstances are taken into account.

## **Factors consistent with being an Australian resident**


- You have physically been in Australia for an extended period, usually longer than 6 months.
- You have established a home in Australia.
- You don't have a home overseas.
- You've established close community or family ties.

- You've invested in long term assets in Australia.
- You have an intention to stay in Australia.
- Your behaviour and connection to Australia support your intention to stay in Australia.
- You're not a tourist or a visitor.

## **Factors consistent with being a foreign resident**

- Your primary purpose for being in Australia is to have a holiday, to experience and see Australia.
- You have no fixed intention to stay in Australia beyond your holiday and have taken no steps to permit you to stay in Australia beyond your holiday.
- You have arrangements in place so that you can return to the location you were living when you leave Australia – for example, your assets are in storage in your home location.
- You have study or employment to return to when you leave Australia or your plans are to return to study or take up employment on your return.
- You continue to maintain connections to the following in your home location whilst in Australia
  - family and friends
  - clubs, sports or community associations
  - professional qualifications, association memberships and registrations
  - social connections.

For more information on residency, see:

- [Your tax residency](#)
- [TR 2023/1](#)  *Income tax: residency tests for individuals.*

# Taxation of Australian resident WHMs from NDA countries

Check when working holiday makers who are Australian residents for tax purposes are taxed as Australian residents.

**Last updated** 26 June 2025

## Who this applies to

[Working holiday makers](#) (WHMs) may be taxed on the same basis as a [resident Australian national](#) if they are **both**:



- from a non-discrimination article (NDA) country whose NDA does not exclude WHM tax treatment
- an Australian resident for tax purposes.

This is due to the 3 November 2021 [Court decision](#).

Most WHMs are foreign residents for tax purposes. If you come to Australia for a working holiday or visit, you can [work out your residency for tax purposes](#).

## Criteria for same tax rate

You may be taxed on the same basis as a resident Australian national if you satisfy **all the following** – you are:

- the holder of a [Working Holiday](#)  (subclass 417) visa or [Work and Holiday](#)  (subclass 462) visa
- a [resident of Australia for tax purposes](#) for the whole or part of the income year
- a national of one of the following eligible NDA countries
  - Chile
  - Finland
  - Germany
  - Israel (for 2020–21 and future income years)

- Japan
- Norway
- Turkey
- United Kingdom.

A resident Australian national is a person who is **both**:

- a resident of Australia for tax purposes
- a permanent resident of Australia or an Australian citizen.

Ineligible NDA countries which exclude WHM tax rates from the non-discrimination article are:

Currently only the Iceland treaty excludes the WHM tax rate from the non-discrimination article.

## Court decision

On 3 November 2021, the High Court handed down its decision in [Addy v Commissioner of Taxation](#) in favour of the taxpayer. The High Court decided that a British citizen who held a working holiday visa and was found to be an Australian resident was entitled to be taxed on the same basis as a resident Australian national and not at the working holiday maker (WHM) rates that normally apply. The circumstances in which the taxpayer was an Australian resident were unique to her case.

## Who this decision applies to

Most of Australia's tax treaties don't contain a non-discrimination article. This court decision is only relevant to [eligible WHMs from an eligible NDA country](#).

Most holders of working holiday visas will not be Australian residents for tax purposes. That is because people who come to Australia for the purpose of a holiday, even if they work while here, generally don't become residents of Australia.

The decision may apply to you if **all** of the following are met:

- you held a working holiday visa
- you became an Australian resident for tax purposes

- you are a citizen or national of an eligible NDA country.

We may consider you to be an Australian resident for tax purposes if:

- you change your purpose for being in Australia
- this is supported by you obtaining a different visa that allows you to stay in Australia and work for a purpose other than having a holiday.

To work out your residency as a WHM, see [Australian residency if you're on a working holiday or visit](#).

## What this decision means for you

How this court decision will affect you as a WHM will depend on your situation, and if you are a:

- [WHM from a non-NDA country or a non-eligible NDA country or a non-resident from an eligible NDA country](#)
- [WHM from an eligible NDA country and an Australian resident](#)

### **WHM from a non-NDA country or a non-eligible NDA country or a non-resident from an eligible NDA country**

If you are a WHM from an NDA country who is **not** an Australian resident, or a WHM from a non-NDA country, or from a country whose NDA excludes WHM tax rates, this court decision does not apply to you. Therefore:

- tax rates will continue to apply at the 15% rate
- your employer will continue to withhold tax at the 15% rate
- you don't need to lodge a tax return if all your income was salary or wages while you were a WHM and your total taxable income for the income year was less than
  - \$45,001 from 2020–21 and future income years.
  - \$37,001 in 2019–20 and earlier income years.

### **WHM from an eligible NDA country and an Australian resident**

If you are a WHM from an eligible NDA country **and** an Australian resident for tax purposes:

- tax will be withheld from your pay by your employers at the 15% rate

- you will pay the lower amount of tax that results from you being assessed
  - on the same basis as a resident Australian national earning the same income in the same circumstances
  - as a WHM
- you can
  - [lodge a tax return](#)
  - ask to [vary your pay as you go withholding for the current or the next tax year](#)
  - ask to [amend if you have already lodged a tax return](#).

If you lodge or amend your tax return and describe yourself as a resident, it does not mean we will accept you are a resident. We may review the information you have provided. If we do not accept you are a resident, the [WHM tax rates](#) will apply.

If you have chosen to lodge, and we disagree that you are a resident, you may need to pay more tax to us if not enough tax has been withheld by your employer (if less than 15% was withheld). You should be sure that you are an [Australian resident](#) before deciding to lodge as one. If you are unsure, you can [contact us](#).

## Calculating how much tax to pay

If you are a WHM from an eligible NDA country **and** an Australian resident for tax purposes, the amount of tax you will pay depends on whether you have either:

- only Australian-sourced income
- both Australian and foreign-sourced income.

### Only Australian-sourced income

If all the income you earned while you were a WHM had an Australian source, you only need to include that income in your tax return. In that situation:

- the individual [tax rates for Australian residents](#) apply (which result in less tax payable than if WHM rates applied)
- you may be eligible for the [low income earner tax offset](#)

- you may have to pay the Medicare levy.

**Example: resident WHM from an eligible NDA country who only has Australian-sourced income**

Stefan is a WHM who is a citizen of Germany in Australia on a 417 Working Holiday visa. For the entire 2024–25 income year, Stefan is an Australian resident for tax purposes.

He earns only Australian-sourced WHM income of \$25,000 and no foreign-sourced income.

Stefan is from an eligible NDA country, an Australian resident for tax purposes and he has no foreign-sourced income. Therefore, being taxed on the same basis as a resident Australian national deriving the same income in the same circumstances, results in Stefan paying a lower amount of tax.

A resident Australian national's tax liability on the same income is calculated as:

- $(\text{Taxable income} - \text{tax-free threshold}) \times \text{tax rate} = \text{tax on taxable income}$ , which is  $(\$25,000 - \$18,200) \times 16\% = \$1,088$ .
- In addition, they also:
  - pay the Medicare levy of 2% of taxable income, being  $\$25,000 \times 2\% = \$500$
  - are entitled to a credit for the low income tax offset, being \$700.

In total, the resident Australian national earning the same income in the same circumstances as Stefan must pay tax of  $\$1,088 + \$500 - \$700 = \$888$ .

Therefore, Stefan must pay tax of \$888.

**Both Australian and foreign-sourced income**

If you earned foreign-sourced income while you were a WHM (that is, while you held a WHM visa), you may need to include that foreign-sourced income as well as your Australian-sourced income in your tax return.

This is because the effect of the eligible NDA applying is that if you paid more tax than the tax of a resident Australian national who earns the same income and in the same circumstances would have paid, you will pay tax on the same basis as that resident Australian national.

If you earned both Australian and foreign-sourced income as a WHM:

- include your Australian-sourced income in your tax return
- include your foreign-sourced income in your tax return, to the extent that Australia has taxing rights
- the individual [tax rates for Australian residents](#) apply
- you may be eligible for the [low income earner tax offsets](#)
- you may have to pay the Medicare levy.

Generally, under double tax agreements, Australia has taxing rights to foreign-sourced income if you are:

- a resident of Australia for taxation purposes only (meaning you're not also a resident for taxation purposes of the NDA country under its domestic law)
- both a resident of Australia and the NDA country for taxation purposes and you are deemed to be a resident solely of Australia under the double tax agreement.

[Tax treaties](#) can vary and you will need to check the treaty applying to you. For more information or to help you work out whether you need to include foreign-sourced income, you can [contact us](#).

**Example: resident WHM from an eligible NDA country who has both Australian and foreign-sourced income**

Richelle is a WHM who is a citizen of the United Kingdom in Australia on a 417 Working Holiday visa. For the entire 2024–25 income year, Richelle is:

- an Australian resident for tax purposes
- not a tax resident of the United Kingdom.

She earned the following income:

- Australian-sourced WHM income of \$28,000

- interest income on funds in a United Kingdom bank account of \$1,500 (converted into Australian dollars)
- dividend income on shares she owns in United Kingdom companies of \$500 (converted into Australian dollars).

As Richelle is from an eligible NDA country and an Australian resident for tax purposes, she will pay the lower amount of tax that results from being assessed either on the same basis as a resident Australian national earning the same income in the same circumstances, or as a WHM.

As a resident WHM, the amount of tax Richelle will pay is calculated using the following amounts:

- $\$28,000$  WHM income  $\times$  15% tax rate =  $\$4,200$
- a Medicare levy 2% of taxable income, being  $\$28,000 \times 2\% = \$560$
- a credit for the low income tax offset, being  $\$700$ .

As Richelle is a temporary resident, her foreign interest and dividend income is not included in the calculation for working out how much tax she pays.

Therefore, as a resident WHM Richelle pays:

- $\$4,200 + \$560 - \$700 = \$4,060$ .

A resident Australian national who is solely a resident of Australia for the purposes of the treaty would include in their assessable income the foreign interest and dividend income. The tax a resident Australian national will pay on the same income is calculated using the following amounts:

- (Taxable income **minus** tax-free threshold) **multiplied by** tax rate **equals** tax on taxable income, which is  $((\$28,000 + \$1,500 + \$500) - \$18,200) \times 16\% = \$1,888$
- a Medicare levy of 2% of taxable income, being  $\$30,000 \times 2\% = \$600$
- a credit for the low income tax offset, being  $\$700$ .

In total, the resident Australian national earning the same income in the same circumstances as Richelle has to pay tax of  $\$2,242 + \$600 - \$700 = \$1,988$ .

Therefore, Richelle has to pay tax of \$1,988 as this is the lower of the 2 amounts.


Richelle will include her foreign interest and dividend income in her tax return to ensure the correct amount of tax payable is worked out.

## How to lodge or amend a tax return

If you are from an eligible non-discrimination article (NDA) country, you can lodge or amend a tax return if, during an income year, you were both:

- in Australia at any time (on and after 1 January 2017)
- an Australian resident for tax purposes.

## Using a tax agent

A registered tax agent may be able to help you lodge or amend your return. You can find a list of registered Australian tax agents by visiting [tpb.gov.au](http://tpb.gov.au) 

Registered tax agents are the only people allowed to charge a fee to prepare and lodge your tax return. If you use a registered tax agent, they will need to have a current authorisation from you to act on your behalf and they will need to have a way to pay you any refund you may be due.

## 2021–22 and future year tax return lodgments

If you choose to [lodge an individual tax return](#), you should include:

- your residency status at the **Are you an Australian resident** label
- all your income, including your foreign-sourced income such as bank interest and dividends (**in** the income section of the tax return)
- if applicable, the number of months you were an Australian resident (in the Adjustments section at the **question** about the part-year tax-free threshold)
- your WHM income (in the Income section of the tax return and in the Adjustments section at the **question** about WHM net income)

- your nationality (in the Adjustments section at the question about WHM net income).

## 2020–21 and prior income years

How you report your residency status and income for prior income years will depend if you have:

- [not previously lodged a tax return](#)
- [previously lodged a tax return](#)

### Not previously lodged a tax return

If you need to lodge a tax return for a prior income year as a resident Australian, you can still lodge one. You can [lodge a prior year tax return](#) yourself or speak to a tax agent about lodging a return on your behalf whether you are in Australia or not. For each relevant income year attach further information telling us your nationality.

When lodging a tax return for a prior income year, you will need to provide the following additional information, telling us about your nationality. On a separate sheet of paper write:

- the words '**Schedule of additional information – question A4**'
- the word **Addy** (to help identify this lodgment)
- your name, tax file number and addresses (both your current address and former address used whilst you were in Australia)
- your nationality.

The nationality field is not included in prior year return forms and we cannot capture the additional information with an electronic lodgment.

Tax agents lodging returns on behalf of WHMs in this circumstance may [contact us](#).

### Previously lodged a tax return

If you have lodged a tax return for a prior year and are eligible to be assessed on the same basis as a resident Australian national, you can either:

- [amend your tax return](#)

- [lodge an objection](#) – only if you are outside of the amendment [time limits](#).

### **Time limit for amendment or objection**

A prior income year will be outside the amendment [time limits](#) if more than the following time has passed since the notice of assessment was issued to you:

- 2 years if you don't have any foreign-sourced income to include
- 4 years if you do have foreign-sourced income to include.

If the time limit has passed and you lodge an objection it must include an extension of time request as outlined below.

### **Amendment – information to provide**

You will need to [lodge a paper return](#) for each relevant income year and attach further information telling us your nationality. As part of your amendment request or objection you should include:

- the word '**Addy**' (to assist in identifying the amendment request)
- your nationality
- information that you are a resident for taxation purposes in Australia, including that you:
  - have been present in Australia for at least 6 months
  - intend to stay in Australia long term.

Without this information your request may be finalised based on the information we have available.

### **Objection – information to provide**

If the time limit has passed you will need to [lodge an objection](#) and an extension of time request setting out why the objection was not lodged within the time limit.

As part of your request, you should include:

- details of any foreign-sourced income that was not declared on your original income tax return
- the word '**Addy**' (to assist in identifying the amendment request)
- your nationality

- [information showing you are an Australian resident for tax purposes](#) – including
  - that you have been present in Australia for at least 6 months
  - that you intend to stay in Australia long term
  - evidence that you are staying in Australia other than for a purpose of having a holiday or a visit
  - any further relevant information.

To find out more about additional information you can provide, see this [list of documents and information](#) to assist you in providing all relevant detail about whether you are a resident of Australia for tax purposes.

Without this information, it is unlikely you can show you are a resident, and your request may be finalised based on the information we have available.

For more information, see:

- [Australian residency if you're on a working holiday or visit](#)
- [TR 2023/1](#) *Income tax: residency tests for individuals*.

## Vary pay as you go withholding

Your employer will continue to withhold tax from your salary or wages at the rate of 15%. To change this, you can lodge a [tax return](#) or [PAYG withholding variation](#).

### Tax return

You can lodge a tax return to get a refund if the amount of tax you owe is less than the amount of tax they have withheld.

### PAYG withholding variation

You can [vary your PAYG withholding](#) (the rate or amount your employer withholds from your salary or wages) if **both** of the following apply:

- you are an Australian resident for tax purposes
- you are from an eligible non-discrimination article (NDA) country.

You do this by completing a [PAYG withholding variation](#) application.

However, we can only consider a variation if you have been previously treated by the Commissioner as being a resident of Australia in one of the following ways:

- by being assessed on the same basis as an Australian resident for one of the 2 immediately preceding income years
- in a [private ruling](#) by quoting the authorisation number of that ruling.

For us to process your PAYG withholding variation application, you must include the following when you apply:

- Select reason code **12A2** 'Other reasons – excess withholding'.
- In the free text field, input 'WHM' and information that relates to your residency – as examples
  - 'residency based on prior income tax assessment'
  - 'private ruling authorisation number <insert number>'.

QC 67532

## 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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