

Types of foreign income

Common categories of foreign income include:

- Income from employment and personal services performed overseas or provided to an organisation located outside Australia (e.g. salaries, fees, business income).
- Income from assets and investments (e.g. interest, shares, royalties, pensions).
- Capital gains on overseas assets.

Declaring foreign income

It is imperative that you maintain written evidence of foreign income (that is in English or easily translated to English). When declaring foreign income, you may be entitled to receive a foreign income tax offset credit for tax paid overseas on that foreign income.

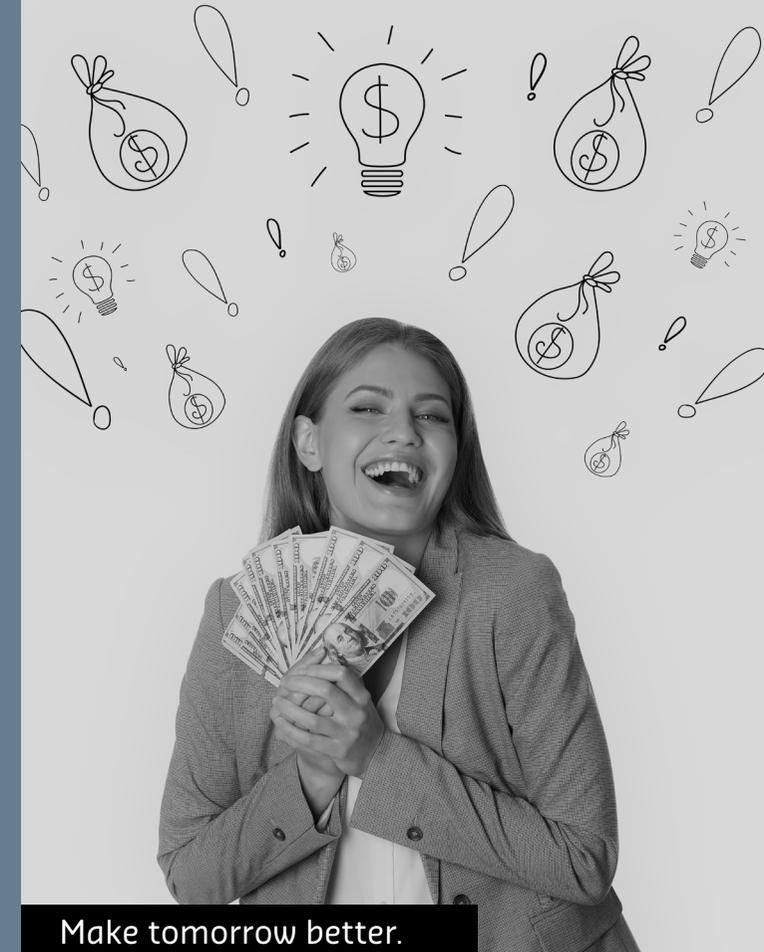
Foreign income and tax offsets must be converted to Australian dollars. In some cases, foreign income may need to be apportioned over the Australian income tax year (e.g. where an overseas jurisdiction operates to a different financial year).

Useful ATO resources

- For more information on residency for tax purposes, please visit ato.gov.au/residencyandtax
- For more information on foreign income, please visit ato.gov.au/foreignincome
- For more information on converting foreign income to Australian dollars, please visit ato.gov.au/convertforeignincome

Curtin Tax Clinic Guide:

Residency and foreign income



Contact the Curtin Tax Clinic

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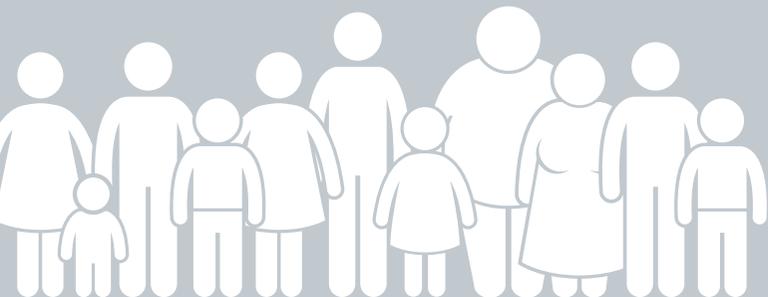
Residency for tax purposes

An understanding of your residency for tax purposes is imperative to ensure you make accurate disclosures to the Australian Taxation Office.

There are instances where a person may be considered a resident for tax purposes even though they are not an Australian citizen or permanent resident for immigration purposes.

People will generally fall into one of three categories:

- Australian resident for tax purposes
- foreign resident
- temporary resident



What type of resident am I?

1. Australian resident for tax purposes

Australian residents for tax purposes must declare all worldwide income, even if overseas tax has been paid on that income. Generally, a foreign income tax offset will be available.

2. Foreign resident

Foreign residents do not satisfy any of the above residency tests and are not eligible to claim the tax-free threshold, nor do they pay the Medicare levy. Foreign residents must declare any income derived in Australia, and if holding a Higher Education Loan Program or Trade Support Loan debt, must declare all worldwide income or lodge a non-lodgment advice.

3. Temporary resident

Temporary residents hold a temporary visa and are not an Australian citizen or permanent resident (including their spouse). They must declare income derived in Australia as well as income earned from overseas employment while a temporary Australian resident.

How do I determine my residency?

You will be considered an Australian resident for tax purposes if you meet one of the following four tests.

Resides Test

You reside in Australia according to the ordinary meaning of 'reside' (e.g. 'to dwell permanently, or for considerable time, to have a settled or usual abode, and to live in a particular place').



Relevant considerations include: physical presence, intention and purpose, family and business/employment ties, maintenance and location of assets, social and living arrangements.

Domicile Test



Your domicile (e.g. a place considered your permanent home by law) is in Australia, unless the Commissioner is satisfied your 'permanent place of abode' is outside Australia.

183 Days Test



You spend over half the year in Australia, unless it is established that your 'usual place of abode' is outside Australia and you have no intention of taking up residence in Australia. This test generally does not apply where you have taken up residence in Australia.

Commonwealth Superannuation Test



Applies to certain Australian government employees who are eligible to contribute to the Public Sector Superannuation Scheme or the Commonwealth Superannuation Scheme.