

## QUESTION TAKEN ON NOTICE

### IMMIGRATION AND CITIZENSHIP PORTFOLIO

#### **(41) Output 1.1 Migration Temporary Entry**

Senator Ellison (L&CA 96) asked:

What are the taxation arrangements for the superyacht crews?

*Answer:*

A response to this question was sought from the Department of the Treasury. Their response is as follows:

The proportion of income earned by crew members in Australia on this new visa that will be liable to Australian tax, and the rate of tax they will pay, will depend on the facts and circumstances of the individual. Generally, individuals earning employment income from activities conducted in Australia will be subject to tax in Australia on that income. The rate of tax will depend on whether they are a resident for Australian tax purposes.

Residency is determined by reference to one of four tests (the residency test, the domicile test, the 183 day rule, and the superannuation test), and is not necessarily aligned with citizenship or the particular visa the individual is here on. As a general rule, where an individual is actually present in Australia (including coastal waters) for more than 183 days (whether consecutive or not) in an income year, they are likely to be regarded as a resident for tax purposes.

Taxation of residents and non-residents is at progressive rates. Non-residents are taxed at a rate of 29 per cent on their first dollar of income up to \$30,000. Each dollar above \$30,000 will be taxed at up to 45 percent. The tax rates applied to income above \$30,000 are the same for residents and non-residents.

Australia seeks to tax resident individuals on their worldwide income, whereas non-residents are only taxed on income earned in Australia. If an individual that is an Australian tax resident is also a temporary resident for tax purposes they are granted exemption from tax on the majority of their foreign source income. A key criterion for temporary resident tax treatment is the possession of a temporary resident visa.

The information was provided with following disclaimer:

This information is based on the following assumptions:

- that there are no special taxation arrangements specific to the new superyacht budget measure;
- that the visa will allow crew multiple entry to Australia to work on superyachts conducting commercial activities in Australia's domestic waters.