



The Working Holiday Makers' Ultimate Guide to Tax Refund Applications



Must Read Information when lodging your tax return

Reasons The ATO audits you And how to Avoid this

Tips To Maximize Your Tax Refund Legally



Checklist for Tax Application



CONTENTS AT A GLANCE

<u>RESIDENCY</u>	<u>2</u>
<u>INCOME & DEDUCTION</u>	<u>4</u>
<u>MEDICARE LEVY EXEMPTION</u>	<u>5</u>
<u>ZONE TAX OFFSET</u>	<u>6</u>
<u>EARLY TAX RETURN</u>	<u>7</u>
<u>TAX APPLICATION CHECKLIST</u>	<u>7</u>



Your residency status is the most important issue you should consider when lodging your tax return. It determines whether you get a tax refund or tax payable!

Please click the link below from ATO for more information about the residency test



Residency

The status of residency is of paramount importance. The standards ATO uses to determine your residency status are not the same as those used by the Department of Immigration and Border Protection.

You are an Australian resident for tax purpose if you meet most of the following requirements:

- You have stayed or intend to stay in a particular place continuously for 6 months or more
- Your main purpose for being in Australia is for employment contract or permanent employment, full-time education, holidaying or casual employment.
- You live in the following locations in Australia : staying with friends or family, owning or buying a home, renting or leasing accommodation, or a university campus, rather than a hotel, motel, hostel or caravan
- You hold a majority of your assets in Australia
- You are a member of any clubs, churches, community groups or organisations in Australia. This shows you are making an effort to live like an Australian.

If you satisfy most of these, you will be taxed as a resident and can apply for a tax refund. If you fail the residency for taxation test you will be taxed as a non-resident.



If you're an **Australian resident** for the full income year and are entitled to the \$18,200 tax-free threshold, below are the tax rates for the 2015-16 income year:

Taxable income	Tax on this income
0-\$18,200	Nil
\$18,201-\$37,000	19c for each \$1 over \$18,200
\$37,001-\$80,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$80,001-\$180,000	\$17,547 plus 37c for each \$1 over \$80,000
\$180,001 and over	\$54,547 plus 45c for each \$1 over \$180,000

Tips:

Due to the high tax rates for non residents, working holiday makers should at least stay continuously in one place for more than 183 days, rent or lease accommodation, and become a member of local clubs or communities

These rates do not include the Medicare levy of 2%

Foreign residents aren't entitled to the tax-free threshold. Different tax rates apply to the income they receive. If you're a foreign resident for the full income year, below are your tax rates for the 2015-16 income year:

Taxable income	Tax on this income
0-\$80,000	32.5c for each \$1
\$80,001-\$180,000	\$26,000 plus 37c for each \$1 over \$80,000
\$180,001 and over	\$63,000 plus 45c for each \$1 over \$180,000





Income & Deduction

Income is what you earn in Australia. For people holding working holiday visas, normally their assessable income would be income from employment, bank interests, or ABN contactor work.

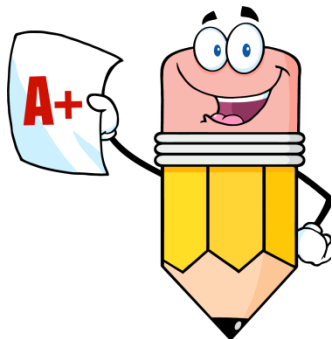
The concept of **allowable deductions** is fundamental to the calculation of taxable income. Your taxable income for the income year is equal to the assessable income derived by a taxpayer minus deductions incurred during the income year.

Tips:

Keep all the work related expenses receipts in your computer by scanner or camera and show them to your accountant at the end of the financial year.

Generally, work-related car expenses (not including the travel between home and workplace), business travel expenses, uniforms expenses, mobile and Internet expenses, and laundry expenses are deductible. If you work in the sun, sun protection items (i.e. sunglasses, sunscreen and hats) are deductible.

The substantiation rules impose strict requirements as to the records which must be kept. These records must be retained for a minimum of **five (5) years** from the later of the due date for lodging the tax return or when it is actually lodged.



However, substantiation is **not** required in the following cases:

- *employment related expenses where the total claim is less than \$300;*
- *laundry expenses up to a maximum of \$150;*
- *travel claims which are not more than the reasonable travel allowances received;*
- *overtime meal claims which are not more than the*

reasonable meal allowance;

- *car expenses under the cents per kilometre method.*

When substantiation is required, the document must contain the following:

- *the name or business of the supplier;*
- *the amount of the expense in the currency incurred;*
- *the nature of the goods or services;*
- *the day the expense was incurred; and*
- *the day it was made out.*



Tips:

If your taxable income is **over \$20,542** and you are **not** a resident of the United Kingdom, Northern Ireland, Italy, Malta, Sweden, the Netherlands, Finland or Norway prior to entering Australia, you are eligible for the exemption and can increase your tax refund by 1.5% of your taxable income

Small expenses of \$10 or less up to a total of \$200 in one income year need not be substantiated provided the taxpayer records the details in a book or a diary. Special rules apply if records are lost or destroyed

Medicare Levy Exemption

Medicare is the scheme that gives Australian residents access to health care. To help fund the scheme, most taxpayers pay a Medicare levy of 2% of their taxable income

Generally, if you hold either a working holiday or a student visa, you will not be able to receive any medical benefits from the Australian Government. Therefore you are able to apply for Medicare Levy Exemption.

However, if you were a resident of the United Kingdom, Northern Ireland, Italy, Malta, Sweden, the Netherlands, Finland or Norway prior to entering Australia, you might not be eligible for the exemption.

For the financial year 2016, if your taxable income is lower than \$21,335, you do not need to pay Medicare levy. If your taxable income is between \$21,335 and \$26,668, you just need to pay a levy of 10% for each dollar over \$21,335. However, once your taxable income is over \$26,668, then you should pay 2% of taxable income as your Medicare Levy.

To find out more,
please check the
Australian zone list on
the ATO website:



Zone Tax Offset

To qualify for the zone tax offset, you must have lived or worked in a remote area (not necessarily continuously) for:

- 183 days or more during the current income year; or
- 183 days or more in total during the current and previous income years - but less than 183 days in the current year and less than 183 days in the previous income year - and you did not claim a zone tax offset in your previous year's tax return.

Remote areas are classed as either zone A or zone B. There are also special areas within these zones.

zone A tax offset \$338 e.g. Alice Springs

zone B tax offset \$57 e.g. Ayr

special tax offset \$1,173 e.g. Christmas Island



Early Tax Return

If you are leaving Australia before the end of the income year (30 June), you may be able to lodge your tax return early.

For more information about early tax return, please check the link below



Tax Application Checklist

Still have more questions?

Contact us

tax@ozsupertaxback.com.au

Skype ozsupertaxback

T 07 3102 4985

- Full name & Gender
- Date of birth
- Tax file number
- Current residential and postal address
- Bank details: BSB & Account Number
- Copy of your payment summary
- Any bank interest income
- When did you arrive in Australia
- When are you leaving Australia
- Occupation