Australian National University

ANU TAX CLINIC

Australian Tax Matters

Welcome to our session!

Please take a seat

Acknowledgement of Country

I'd like to begin by acknowledging the First Australians on whose traditional lands we meet today, the Ngunnawal and Ngambri people.

I would also like to pay my respects to Elders past and present and to any First Nations people here today.

Our Ambitions

Assist

Help unrepresented and vulnerable taxpayers in the ACT and regional NSW with their tax doubts and queries.

Educate

Teach the general public about common and/or specific tax issues.

Empower

Place our clients one step further towards being able to do their own tax returns.

Australian Tax Matters

Empowering International Students through Financial Awareness

Australian National University

ANU TAX CLINIC

By: Aye Maung Han

Agenda

1. Australian Tax
2. Tax File Number (TFN)
3. Tax Return Lodgement
4. Deductions
5. Medicare Levy
6. Superannuation
7. Scams

Australian Tax

- Tax Base: Income Tax, Goods & Services Tax (GST), Medicare Levy, etc.
- Australia's income tax system works on **self-assessment**.
- Income Tax Year: the financial year from **1 July to 30 June**.
- Tax Rates: might change with different financial years.

Resident tax rates 2024–25

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

The above rates **do not** include the Medicare levy of 2%.

Foreign resident tax rates 2024–25

Taxable income	Tax on this income
0 – $135,000	30c for each $1
$135,001 – $190,000	$40,500 plus 37c for each $1 over $135,000
$190,001 and over	$60,850 plus 45c for each $1 over $190,000

Am I an Australian **Tax Resident**?

Tax Residency

- General rules:
  - Residents are taxed on their income from **all sources**;
  - Non-residents are taxed on their income from **Australian sources**.
- Residency tests: Australian tax resident if **any of the 4** tests applied.
  - Resides test: nature, duration and quality of **physical presence and intention** to treat Australia as home.
  - Domicile test: the **domicile is in Australia** unless permanent place of abode is outside Australia.
  - 183-day test: be in Australia during **more than half of the year**.
  - The Commonwealth Superannuation test.
- ATO residency decision tool:
  - https://www.ato.gov.au/calculators-and-tools/tax-return-work-out-your-tax-residency

Tax Residency

- A majority of international students can be considered an Australian tax resident!

- Temporary tax residency: if
  - you have a temporary visa, and
  - not Australian pr or citizen.
- You only declare:
  - income you derived in Australia, and
  - any income you earn from employment or services performed overseas while you are a temporary resident of Australia.
- Your tax residency begins when you arrive in Australia, and ends when you leave Australia permanently.

Tax File Number (TFN)

WHAT IS IT?

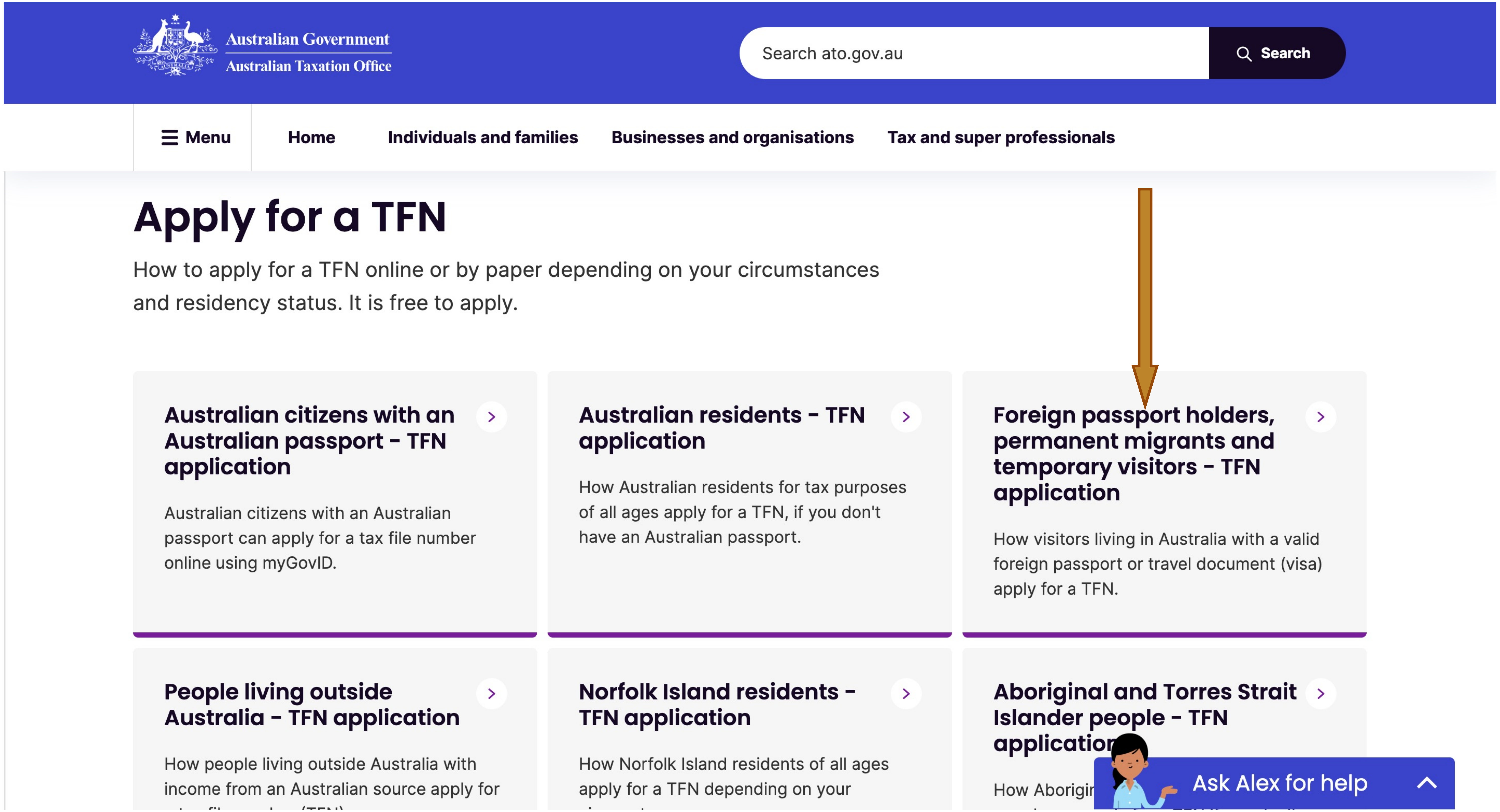
A personal reference number to **uniquely identify you** in the ATO's tax and superannuation systems. You are assigned one for life.

WHY IS IT IMPORTANT?

A TFN allows the ATO to identify your financial affairs and it allows for your employers to directly report your income to the ATO.

Without a TFN, you will be **unable to file your taxes online** and more importantly, **you will be charged a higher rate** of tax than those with a TFN!

Where to get a TFN



Where to get a TFN

Australian Government
Australian Taxation Office

Search ato.gov.au
Search

Menu | Home | Individuals and families | Businesses and organisations | Tax and super professionals

Apply for a TFN

- Australian citizens with an Australian passport - TFN application
- Australian residents - TFN application
- Foreign passport holders, permanent migrants and temporary visitors - TFN application
- People living outside Australia - TFN application
- Norfolk Island residents - TFN application
- Aboriginal and Torres Strait Islander people - TFN application

You can apply for a TFN if you meet all the following 3 conditions:

1. You are a foreign passport holder, permanent migrant or temporary visitor.
2. You are already in Australia.
3. Your visa is one of the following
   - a permanent resident visa
   - a visa with work rights
   - an overseas student visa
   - a visa allowing you to stay in Australia indefinitely (including New Zealanders automatically granted a visa on arrival).

To apply online IAR you must have a valid passport or relevant travel documents. If you don't have a valid visa, you can't apply for a TFN.

You don't need to send documents to us.

Apply online for a TFN using the IAR

For instructions, go to Online TFN registration – permanent migrants and temporary visitors.

Report webpage issue

Do I have to lodge a tax return?

- If you have a TFN, the ATO will expect a tax return from you. You will have to either:
  - lodge a tax return or;
  - inform the ATO that you do not need to lodge a tax return (Non-Lodgement)

- You are NOT required to lodge a tax return if you **earned below $18,200** and you are sure **no tax has been withheld** from your wages (check payslips).

- If you earned above $18200 in the financial year, you must lodge a tax return regardless of whether tax has been withheld from your wages.

- **DEADLINE: 31st October 2025**.

Tax Free Threshold

- A threshold, valued at $18,200, if which you earn below, you generally do not have to pay any tax. however, earning below this does not always mean that you do not have to lodge a tax return.

- Claiming the Tax-Free Threshold - When starting a new job, you will be asked to complete a TFN declaration where you will choose whether or not you want to claim the tax-free threshold. If you choose to do so:
    - **You will not pay tax where your income is below $18,200 annually, $700 fortnightly or $350 weekly.**
    - **Your employer will withhold tax if you earn more than the amounts shown above.**

TFN Declaration Form

Section A: **To be completed by the PAYEE**

1 What is your tax file number (TFN)?

For more information, see question 1 on page 2 of the instructions.

OR I have made a separate application/enquiry to the ATO for a new or existing TFN.

OR I am claiming an exemption because I am under 18 years of age and do not earn enough to pay tax.

OR I am claiming an exemption because I am in receipt of a pension, benefit or allowance.

2 What is your name? Title: Mr Mrs Miss Ms

Surname or family name

First given name

Other given names

3 If you have changed your name since you last dealt with the ATO, provide your previous family name.

4 What is your date of birth? Day / Month / Year

5 What is your home address in Australia?

Suburb/town/locality

State/territory Postcode

6 On what basis are you paid? (Select only one.)

Full-time employment | Part-time employment | Labour hire | Superannuation or annuity income stream | Casual employment

7 Are you an Australian resident for tax purposes? Yes No
(Visit **ato.gov.au/residency** to check)

8 Do you want to claim the tax-free threshold from this payer?

Only claim the tax-free threshold from one payer at a time, unless your total income from all sources for the financial year will be less than the tax-free threshold.

Yes No — Answer **no** here and at question 10 if you are a foreign resident, except if you are a foreign resident in receipt of an Australian Government pension or allowance.

9 Do you want to claim the seniors and pensioners tax offset by reducing the amount withheld from payments made to you?

Yes — Complete a *Withholding declaration* (NAT 3093), but only if you are claiming the tax-free threshold from this payer. If you have more than one payer, see page 3 of the instructions. No

10 Do you want to claim a zone, overseas forces or invalid and invalid carer tax offset by reducing the amount withheld from payments made to you?

Yes — Complete a *Withholding declaration* (NAT 3093). No

11 (a) Do you have a Higher Education Loan Program (HELP), Student Start-up Loan (SSL) or Trade Support Loan (TSL) debt?

Yes — Your payer will withhold additional amounts to cover any compulsory repayment that may be raised on your notice of assessment. No

(b) Do you have a Financial Supplement debt?

Yes — Your payer will withhold additional amounts to cover any compulsory repayment that may be raised on your notice of assessment. No

DECLARATION by payee: *I declare that the information I have given is true and correct.*

Signature

You MUST SIGN here

Date Day / Month / Year

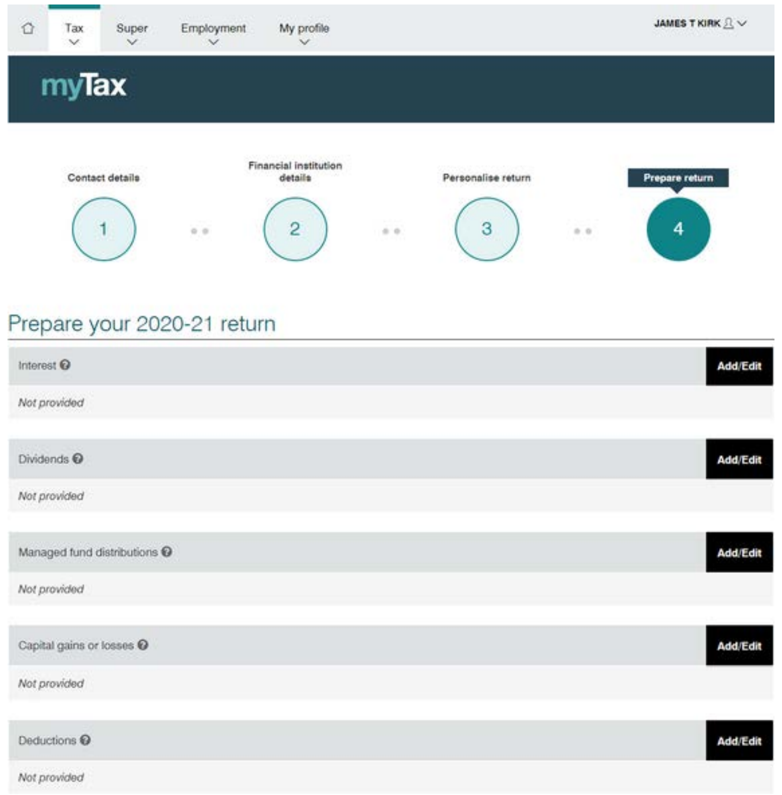
There are penalties for deliberately making a false or misleading statement.

Once section A is completed and signed, give it to your payer to complete section B.

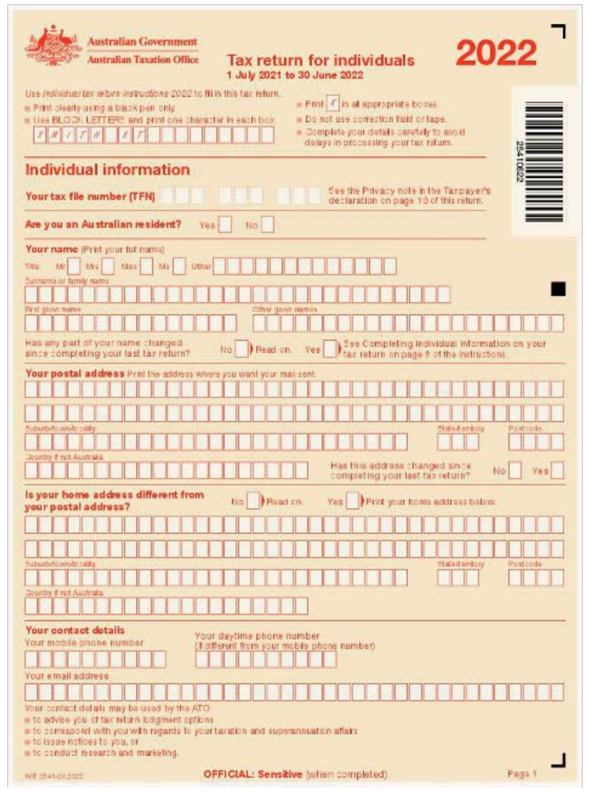
How To Lodge a Tax Return

There are two ways you can lodge a tax return:

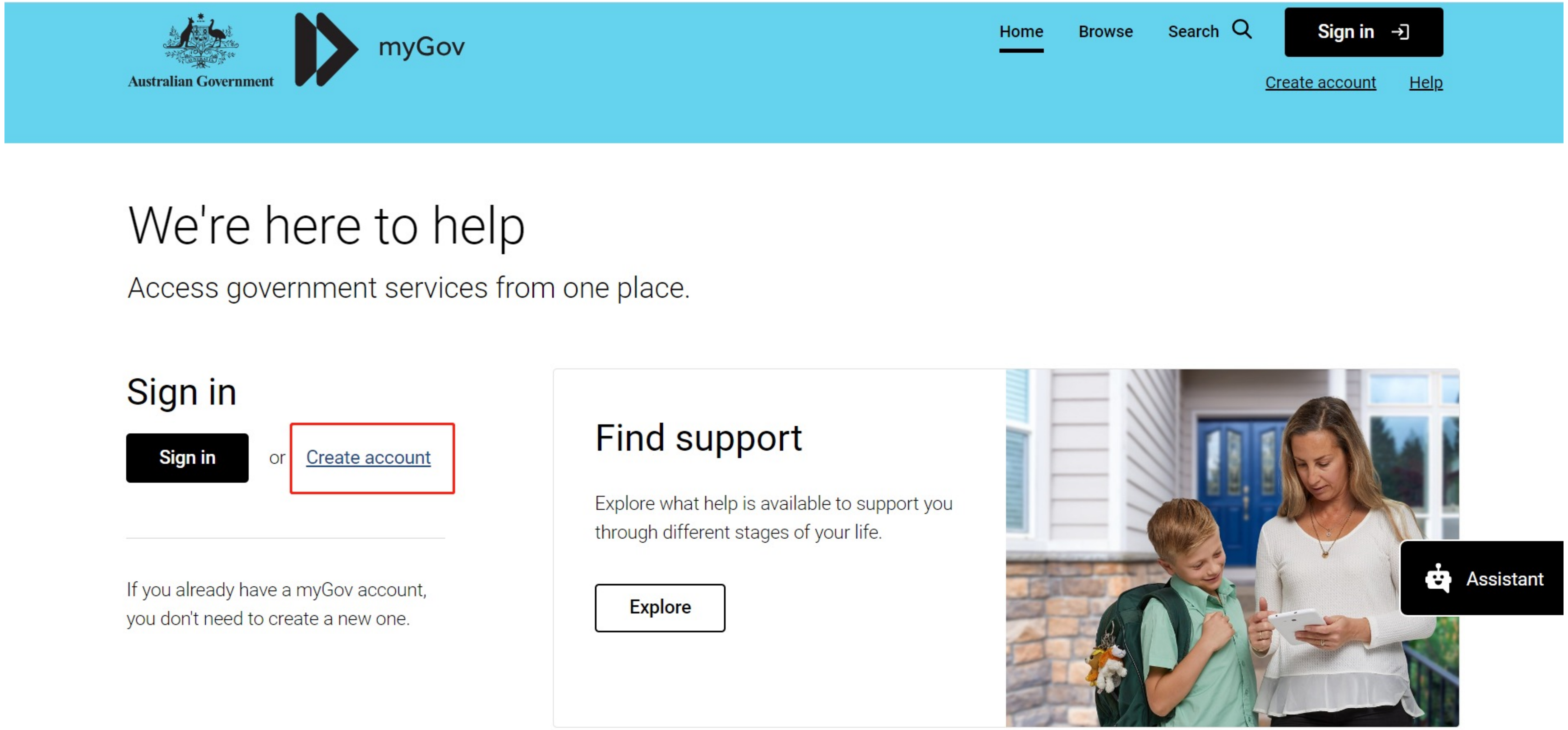
- Online through MyTax (preferred method). This is the quickest and easiest way, and most tax returns filed through this method are finalised in about two weeks.



- Lodge a paper return. This method takes about 45 days to get lodged and actioned.

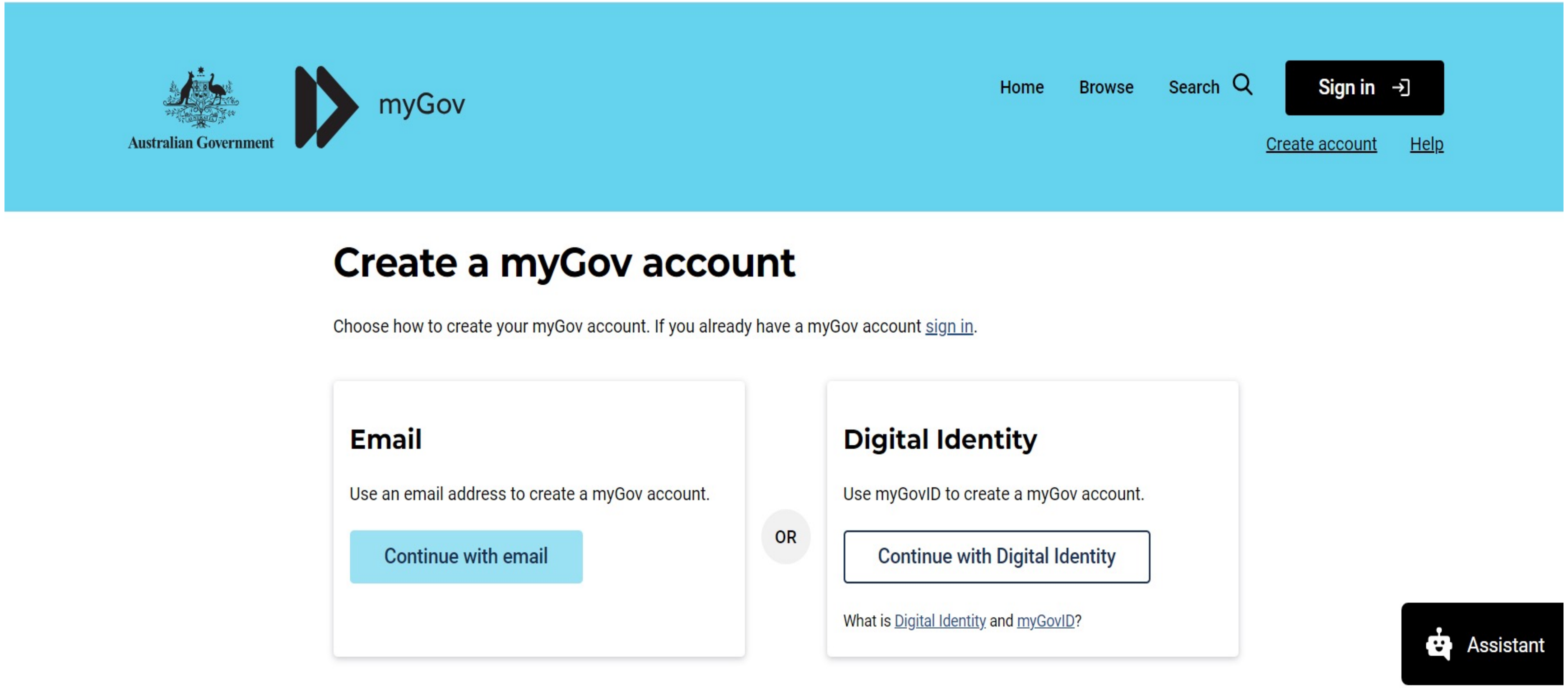


1. Create Your MyGov Account



- Click this link to set up your account: https://my.gov.au/.
- Click ‘Create account’.

1. Create Your MyGov Account



- You have the option to create an account either through your email or by using a digital identity.

1. Create Your MyGov Account

Please create **3 secret questions**.

Please **make sure to remember them**.

If you forget these questions, you'll need to create a new account.

‹ Back

Create secret question 1

Step 5 of 5

Create 3 questions and answers that you can easily answer and others are unlikely to know.

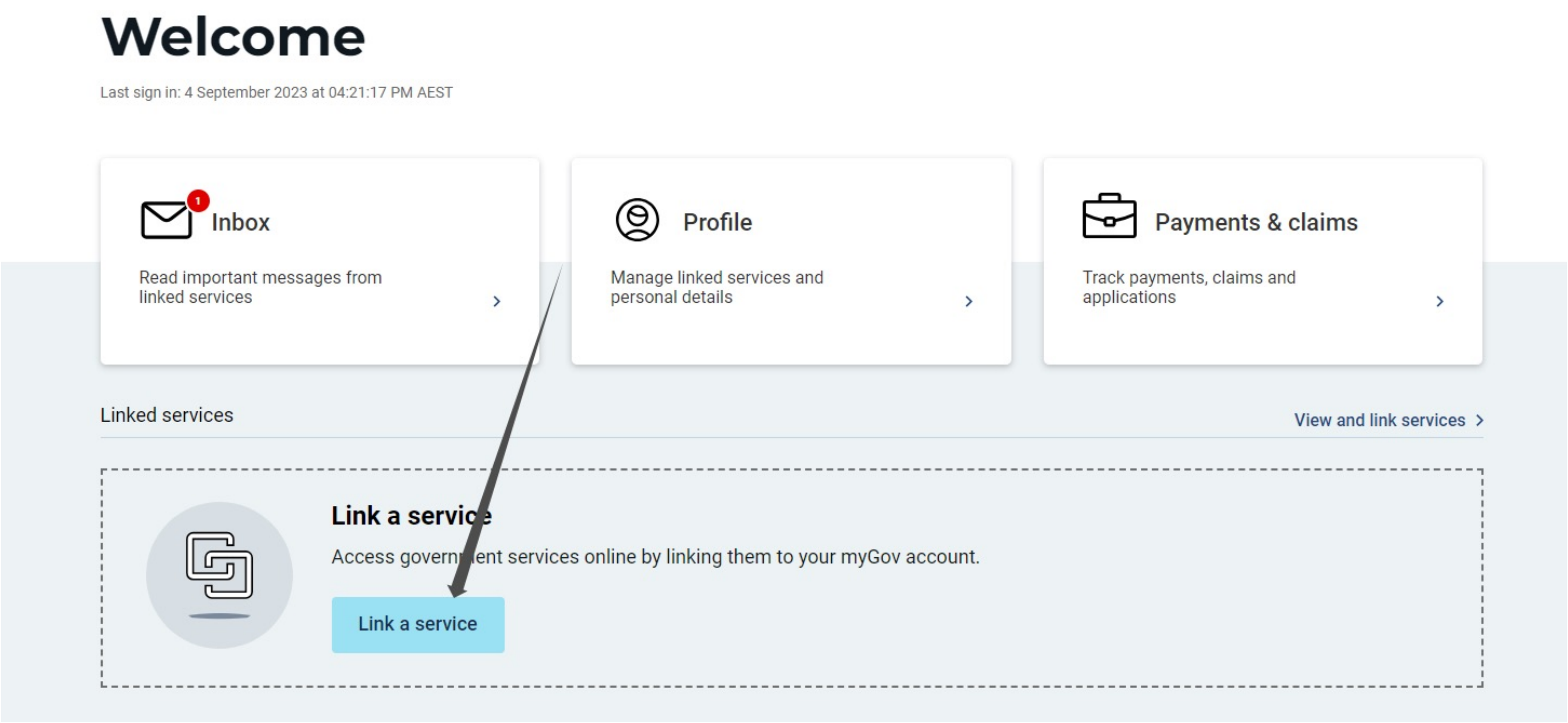
If you need to answer your secret questions in the future, the answers must be an exact match to those you give here.

- What is the name of the first street I lived in?
- Where did I go on my first holiday?
- What was my favourite childhood book?
- What was the first single/album I bought?
- What was the name of my first pet?
- What was the full name of my first boyfriend/girlfriend?
- What was my favourite place to visit as a child?
- Write my own question

Answer

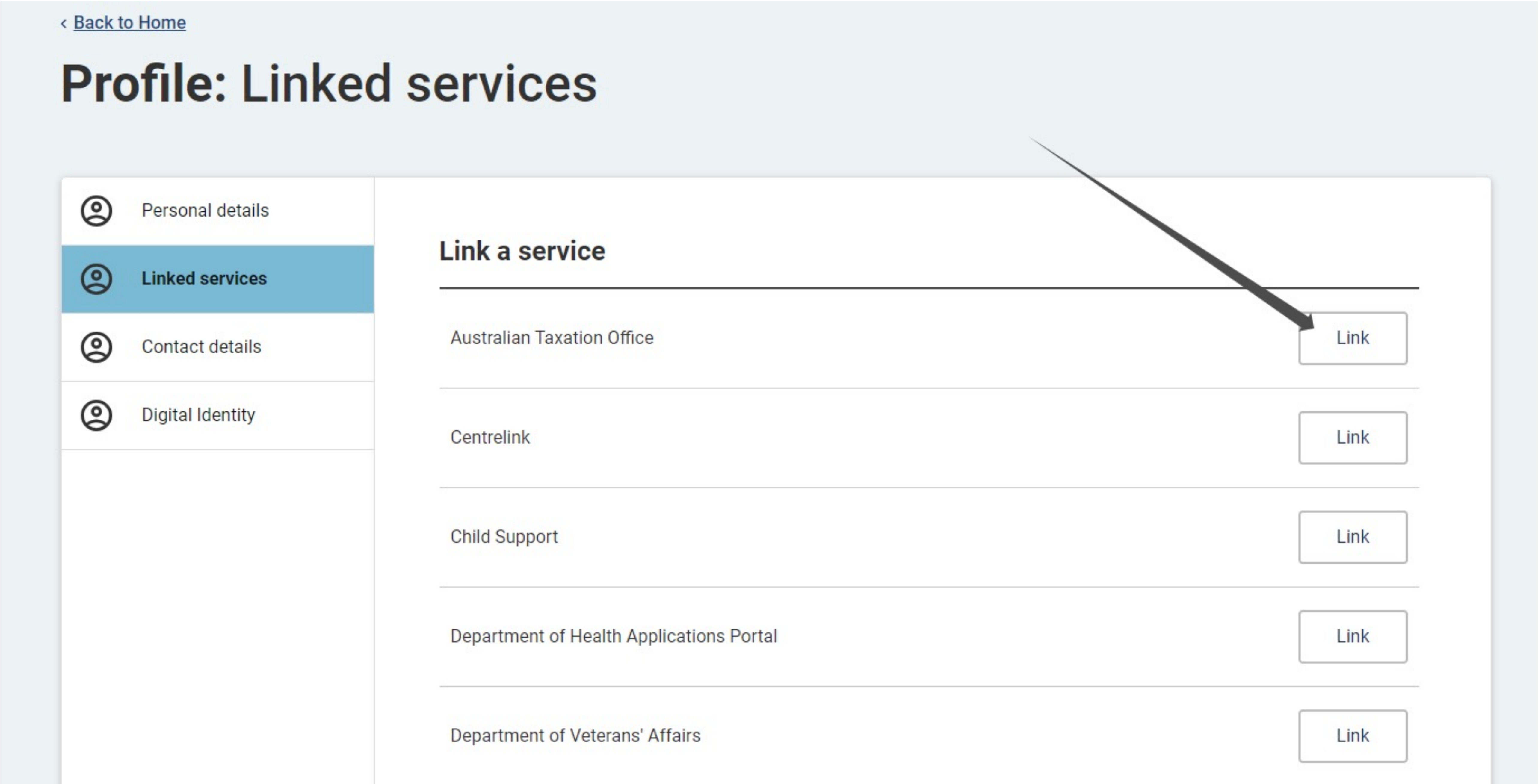
Next Cancel

2. Link Your MyGov to ATO



- Navigate to your myGov Account Page and click the '**Link a service**' button.

2. Link Your MyGov to ATO



- Select 'Australian Taxation Office' to link your account.

2. Link Your MyGov to ATO

- Select two of the following options to confirm it is your record.
- As a first-time lodger, you will need to call the ATO to obtain a unique linking code.
- You can phone the ATO at 13 28 61.

Confirm it is your record

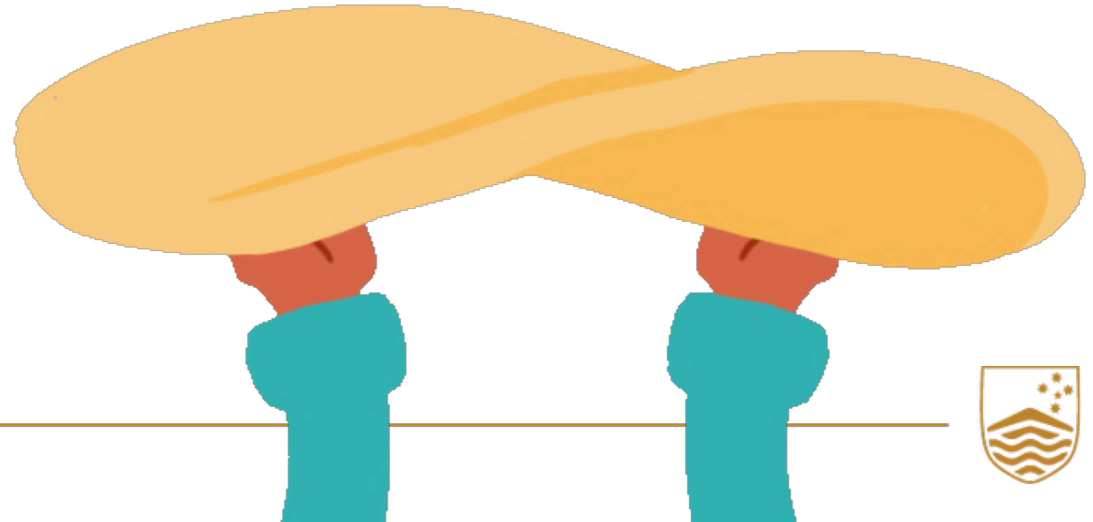
All fields marked with an * are mandatory.

Answer two shared secrets between you and the ATO.

- [ ] **Superannuation account details**
- [ ] **Bank account details**
- [ ] **Centrelink payment summary**
- [ ] **Dividends statement**
- [ ] **Notice of assessment**
- [ ] **PAYG payment summary**

Tax Return Scenario

- You've been working at Pino's Pizzeria since 1 July 2024. You also worked at Subway since 1 July 2024.
- At Pino's Pizza you earnt a total of $12,020 for the financial year ended 30 June 2025. The ATO withheld a total of $700 in tax for this employment.
- At Subway you earnt a total of $9,600 for the financial year ended 30 June 2025. The ATO withheld a total of $550 in tax for this employment.
- Because you saved all the money you made from your two jobs, you generated $15 in interest income over the financial year.



Tax Return Scenario Workings

Resident tax rates 2024–25

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

The above rates **do not** include the Medicare levy of 2%.

Low income tax offset (LITO)

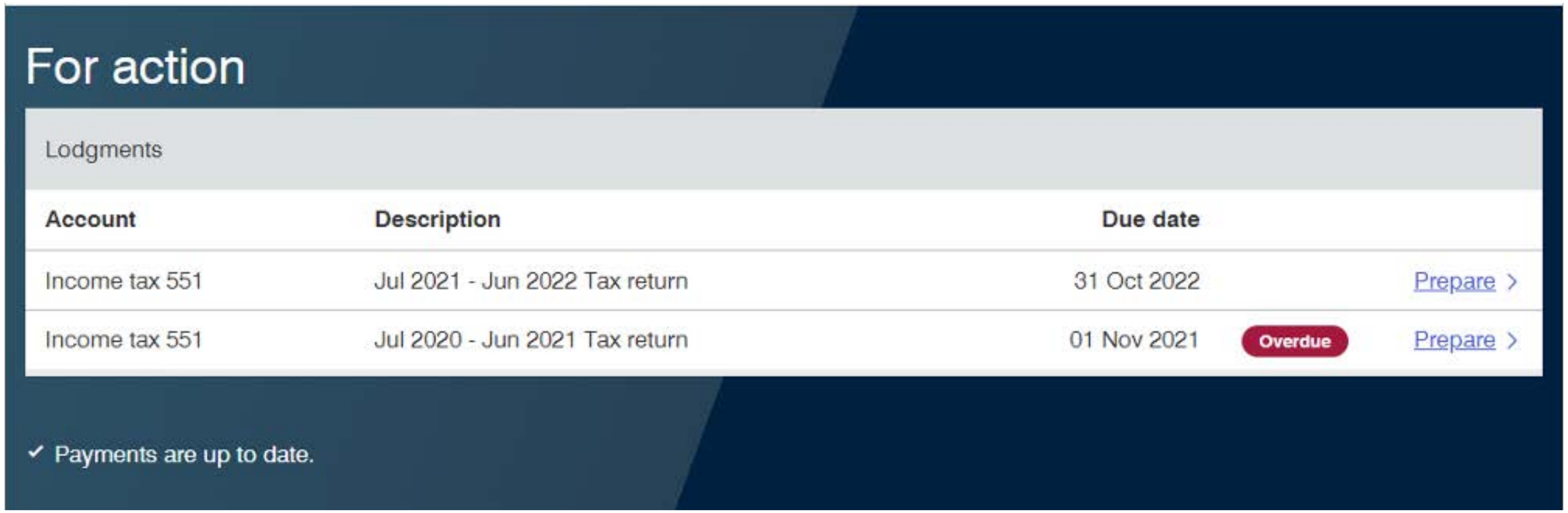
The amount of low income tax offset (LITO) you receive will depend on your taxable income. If you earned:

- $37,500 or less, you will get the maximum offset of $700
- between $37,501 and $45,000, you will get $700 minus 5 cents for every $1 above $37,500
- between $45,001 and $66,667, you will get $325 minus 1.5 cents for every $1 above $45,000.

Employment income from Pino's Pizzeria	$12,020	
Employment income from Subway	$9,600	
Interest income from Australian bank	$15	
Assessable income	$21,635	
Tax Payable		$549.6
Low Income Tax Offset (LITO) max $700		$549.6
Withheld tax from Pino's Pizzeria		$700
Withheld tax from Subway		$550
Estimated Refund		$1,250

ATO Online Services Simulator

This tool allows you to familiarise yourself with the ATO tax lodgement system.



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Deductions

- Taxpayers can claim various expenses on their tax return.
- A deduction reduces taxable income and therefore, the tax payable for the financial year.
- Taxable Income = Assessable Income - Deductions
- If you claim a deduction for $200 and you are in the second tax bracket ($18,201 to $45,000), this deduction will reduce your assessable income by $200, and your tax payable by $32 (200 * 0.16).

Deductions - Some General Rules

You can claim deductions where:

- You have spent the money yourself;
- The expense DIRECTLY relates to your income; and
- You have a record of the expenses: receipt (paper or electronic), log of use, etc.
- Please keep those receipts!

Where the deduction relates to both work and private use, you must only claim the portion that relates to work (apportionment).

If claims are greater than $300, you will need to keep written evidence like receipts and statements. Written evidence must show expense amount, date incurred, supplier's name.

If less than $300, no need to keep receipts.

Deductions - Common Examples

- Clothing (protective, unique to organization).
- Uniform that is distinctive and specific to the job and can't be worn elsewhere.
- General clothes for a hospitality position or office job will not be an allowable deduction.

- A computer or phone used for work purposes.
- Travel expenses between two work places.
- Education – deductible if it maintains/improves employment skills (e.g. course and textbook fees)
- Living Expenses – not deductible
- Gifts – must be $2 or more, and does not give you material advantage (e.g. money)

Deductions - Scenario

Lets come back to the Pino's Pizza example!

- You earnt the same amount, $12,020 from Pino’s Pizza and $9,600 from Subway. The ATO withheld $700 and $550 respectively in tax.
- Because you saved all the money you made from your two jobs, you generated $15 in interest income over the financial year.
- This time, Pino’s Pizza has chosen to go carbon neutral, as such you now make your pizza deliveries by bike. You decide to purchase a hi-vis vest for $50. You also purchased a warm North Face jacket for $400.

Deductions Scenario

Employment income from Pino's Pizzeria	$12,020		
Employment income from Subway	$9,600		
Interest income from Australian bank	$15		
Deduction	-		$50
Assessable Income	$21,635		$21,585
Tax Payable		$549.6	$541.6
Low Income Tax Offset (LITO) max $700		$549.6	$541.6
Withheld tax from Pino's Pizzeria		$700	
Withheld tax from Subway		$550	
Estimated Refund		$1,250	$1,250

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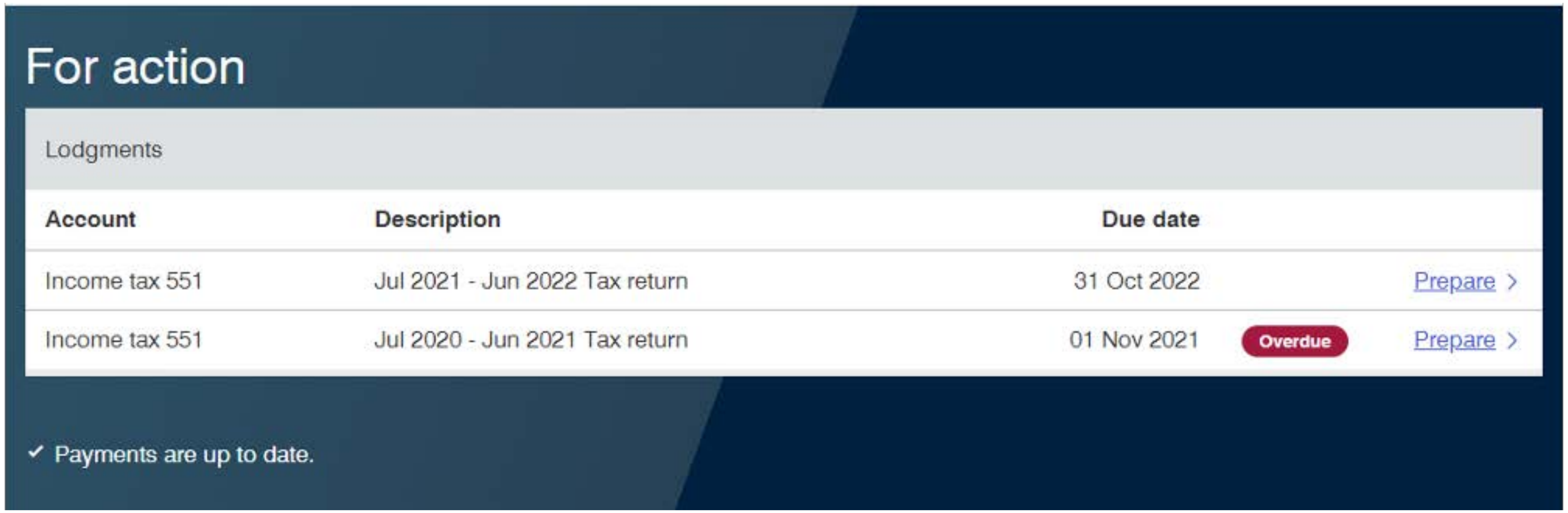

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Medicare Levy

Australian tax residents should pay Medicare Levy unless exempted.

- You pay 2% of your taxable income if it is above the upper threshold
- You do not have to pay any Medicare levy if your taxable income is below the lower threshold.
- Your Medicare levy will be reduced if your taxable income is above the lower threshold and at or below the upper threshold.

Table: Medicare levy thresholds for an individual

Category	Lower threshold	Upper threshold
If you were entitled to the Seniors and pensioners tax offset	$41,089	$51,361 (see note 1)
All other taxpayers	$26,000	$32,500

Medicare Levy Exemption

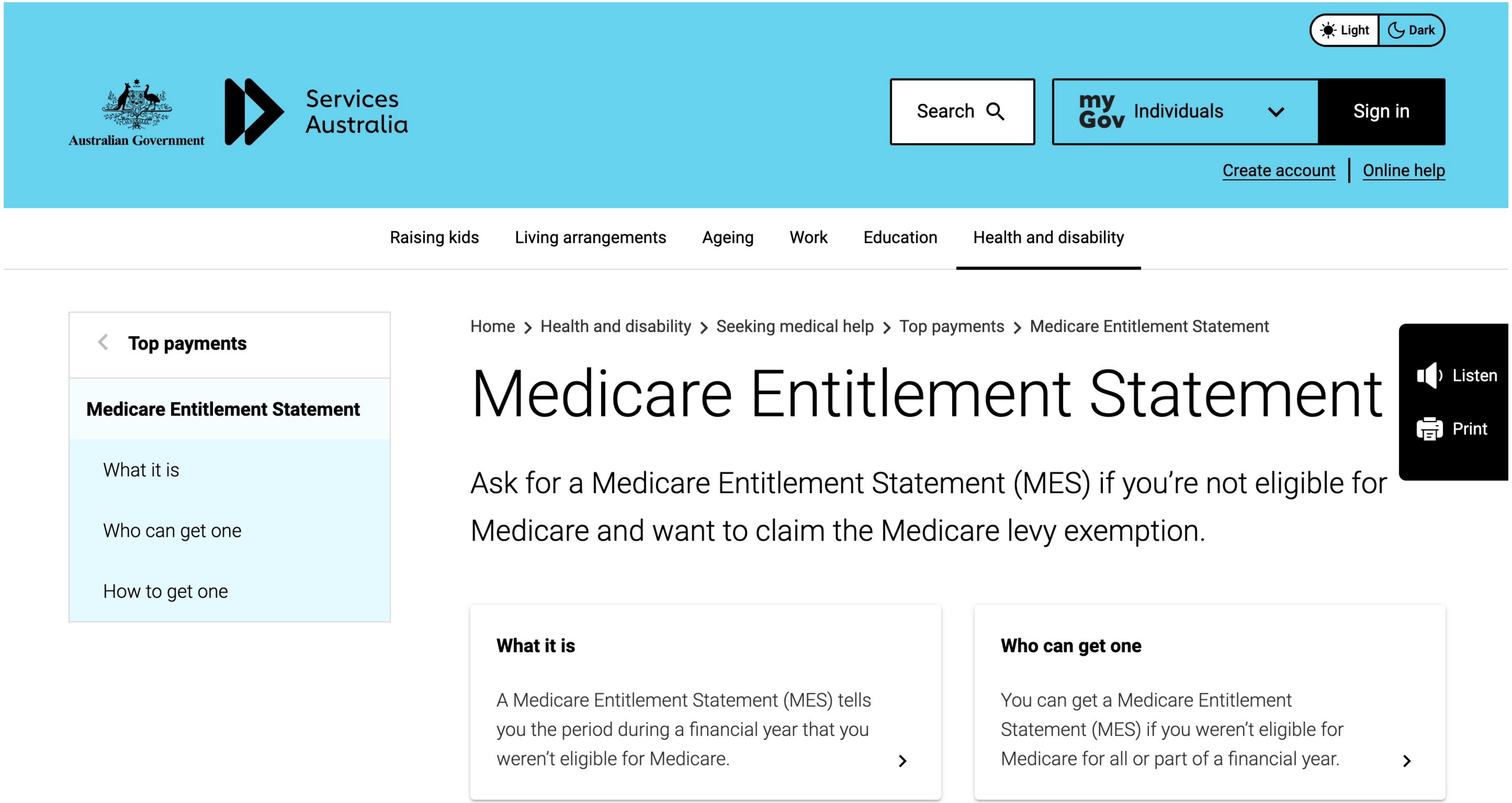
1. Medical exemption, for example:
   - you were a blind pensioner or
   - you received sickness allowance from Centrelink or
   - you were entitled to full free medical treatment for all conditions under either Defence Force arrangements or Veterans' Affairs Repatriation Health Card (Gold Card).
2. Foreign tax residents
3. Not entitled to Medicare benefits *
   - Apply for a Medicare Entitlement Statement (MES) for this year
   - All your dependants are also required to be in a Medicare levy exemption category.

Reciprocal Health Care Agreement Countries

Belgium, Finland, Italy, Malta, Netherlands, New Zealand, Norway, Republic of Ireland, Slovenia, Sweden, UK

- If you come from the above countries, you may be eligible for Australian Medicare. You may apply to enrol in Medicare.
- If you are enrolled, you should pay Medicare Levy from your enrolment.
- Otherwise, you can apply for MES and claim Medicare exemption.

Apply for an MES



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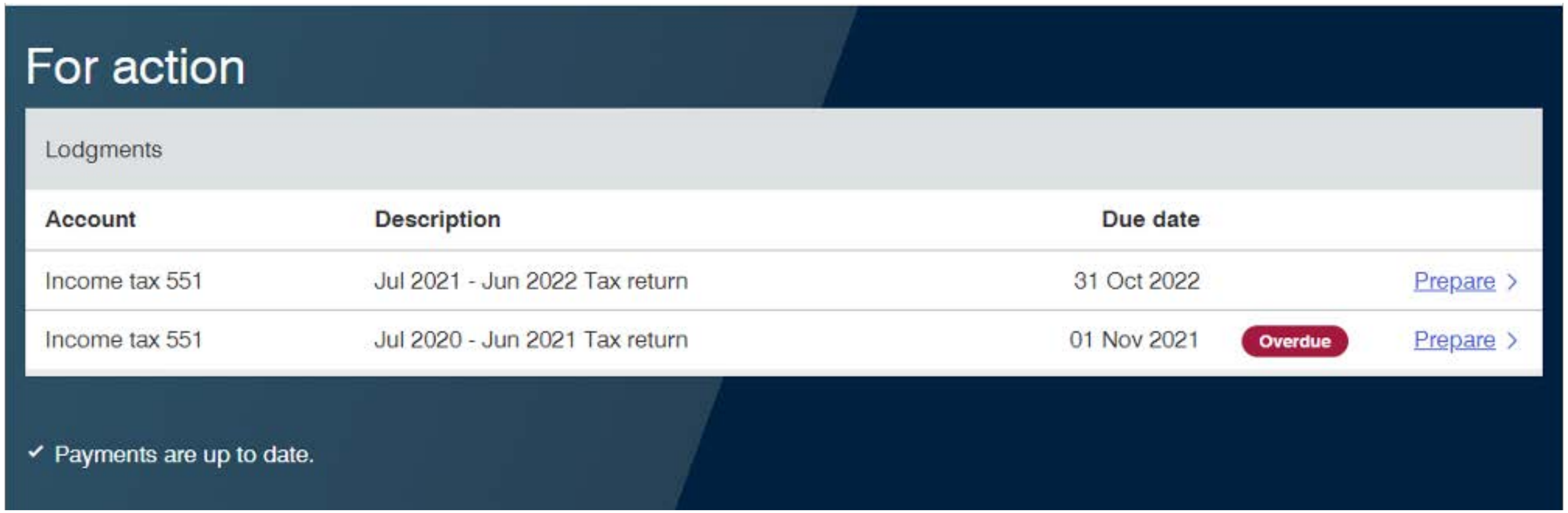

For action

Lodgments

Account	Description	Due date		
Income tax 551	Jul 2021 - Jun 2022 Tax return	31 Oct 2022		Prepare >
Income tax 551	Jul 2020 - Jun 2021 Tax return	01 Nov 2021	Overdue	Prepare >

✓ Payments are up to date.

Access it

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Timeline

Pre-Work

- Obtain TFN.
- Link MyGov with ATO.
- Inform banks of your TFN.
- Provide TFN and Super details to employer.

Mid July – 31 Oct

- Check MyTax for finalised income statements.
- Apply for MES if necessary.
- Lodge your tax return before 31 Oct.
- Consult tax professionals for complex cases (extension of due date for tax agents).

After Lodgement

- ATO typically processes in 2-4 weeks.
- Receive refund or settle tax liability.

Superannuation

Employers are required to pay 11.5% of your wage to your elected super fund (Super guarantee contribution). If you do not nominate a superfund, your employer will be able to nominate one on your behalf.

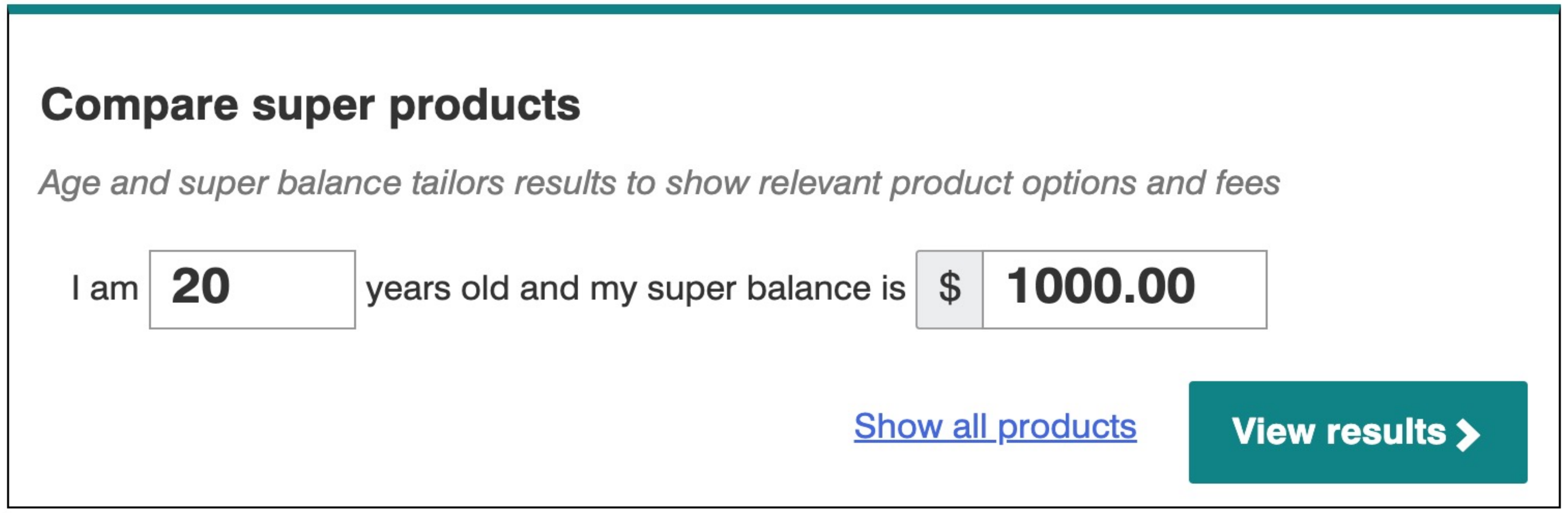
Tax Rate: 15% on income; 30% if income exceeds $250k.

To elect your own super fund, you need to go to the website of the fund and set up your account. You need to inform your employer about your super fund and member number, so that they can pay your super into the fund.

MyTax provides a YourSuper comparison tool, which may help you choose your own super fund.

What to look for in a super fund

When comparing super fund products, weigh up fund performance and the fees you'll pay against other factors, such as investment risk and return, member services and insurance.



When You Leave Australia

If you're a temporary resident and are leaving Australia:

- Apply for DASP if you decide to leave Australia permanently.
- Your super amount will be taxed at 35% and then transfer into your bank account.
- It is recommended to keep one Australian bank account available to receive the super even after your departure.

Detecting Scams

Scammers often use the guise of the tax office to scare individuals into giving out their personal information.

If you ever suspect any form of communication to be a potential scam, you can typically validate the issue through your ATO profile and myGov inbox or simply by calling the ATO yourself.

Do not click on any links in texts or emails.

Do you have any questions?

Contact us at:
taxclinic@anu.edu.au

rsa.anu.edu.au/anu-tax-clinic

ANU Tax Clinic

Providing free and confidential tax assistance to taxpayers without a tax agent.

The ANU Tax Clinic assists taxpayers in understanding their tax affairs and meeting their tax obligations. The friendly, student-led clinic provides clients with information and guidance under the supervision of experienced tax practitioners.

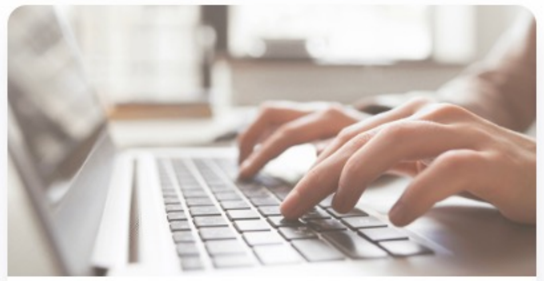
Information is provided on a wide range of both simple and complex tax matters, including:

- how to apply for a Tax File Number
- using MyGov
- lodging tax returns
- residency
- tax debt repayments
- deductions
- concessions and exemptions
- CGT.

Appointments are available via phone, videoconferencing, or in person.

All assistance provided by the ANU Tax Clinic is FREE and CONFIDENTIAL.

Tax Returns due 31 October: 246 days to go



Book now

Check your eligibility to book an appointment with the ANU Tax Clinic.

Student volunteers

Register to be a student volunteer in the Tax Clinic.

Tax mentors

Submit an expression of interest to be a Tax Clinic mentor.

Schools: Tax for Beginners

Our Tax for Beginners Workshops are available to High Schools and Colleges