

## **Do I pay tax in Australia on my UK source income, if I don't bring it to Australia?**

As an Australian tax resident you are subject to Australian tax on worldwide income wherever it is earned or paid, unless you have a temporary residency visa. (See questions regarding temporary residents who are generally exempt from paying Australian taxes on foreign income and gains).

## **Do I pay tax in Australia on my UK Investments? (i.e. Endowments/PEPs/TESSAs/ISAs)**

In most cases yes, Australia will tax the income earned with all these types of investments. Be careful – income may be tax free in the UK but it is generally NOT tax free in Australia.

Note that Australia abolished its foreign investment fund rules on 30 June 2010.

## **In the year I leave the UK am I entitled to a tax refund?**

Depending on the date of your departure most individuals are entitled to a refund of UK tax (assuming you have paid tax throughout the year). A refund arises because you are entitled to UK personal allowances for the full year, even though you have only been resident in the UK for a part year.

## **How do I claim a tax refund when I leave the UK?**

Complete a form P85 and send this to HM Revenue and Customs in the UK with the P45 from your last employer.

## **What happens if I leave property in the UK?**

You may have a liability to capital gains tax in Australia upon its sale – obtain a market valuation of the property at the date of your arrival in Australia. This valuation will be your cost base for Australian capital gains tax purposes. There are exemptions from this general rule though – you should discuss your situation with an experienced tax advisor.

## **What happens if I decide to retain and let a UK property?**

You will need to complete a UK Tax Return and report the rental income received less any allowable expenses for the tax period 6 April to the following 5 April, and pay UK tax accordingly.

You should also complete and submit a UK Revenue form NRL1 in your capacity as a non-UK resident landlord.

In addition, as an Australian tax resident you will need to report the rental income received less any allowable expenses for the financial year 1 July (or the date you become a tax resident of Australia if later) to the following 30 June on your Australian tax return and pay any Australian taxes due (reduced by any UK tax paid on the same income), unless you have a temporary residency visa and satisfy the conditions for the exemption.

## **Am I taxed on monies I bring into Australia at the time I move to Australia?**

In most cases no. However, if you leave funds overseas waiting for the rate of exchange to improve, the gain/loss arising from the date of your tax residency to the date the monies are received in Australia might be assessable/deductible in Australia under the Forex legislation. There is though a "private or domestic nature" exemption which is often available to exempt a foreign exchange gain from the charge to tax in Australia.

## **Does my visa affect my tax position?**

Temporary resident tax measures were introduced with effect from 1 July 2006. Individuals who qualify as "temporary residents" are exempt from Australian tax on most foreign source income and capital gains.

## **So who are temporary residents?**

In broad terms, a temporary resident is a person who holds a temporary visa. A temporary visa is one that enables a person to remain in Australia for a specified period, or until a specified event occurs, or while the holder has a special status. A person will not be a temporary resident if they are resident under the separate tests laid down in the Social Security Act and their spouse holds a permanent visa or is an Australian citizen. In effect, this means that they cannot be an Australian-resident citizen, permanent resident, or person who holds a protected special category visa.

## **Does Australia have death duties?**

No, there are no death duties in Australia. However, as a UK domiciled individual you may be caught by Inheritance Tax in the UK on your worldwide sited assets. (Professional advice is recommended to unnecessarily pay taxes.)

## **Will I pay tax if I transfer my pension to Australia?**

If you have been a tax resident of Australia for less than 6 months – no. However, if you transfer your pension outside this 6 month window you will be subject to tax on the growth of the fund since the date you commenced tax residency in Australia to the date the funds are received in Australia. You have the option to personally pay the tax at your marginal rates of personal tax, or you can elect for your Australian Superannuation Fund to pay the tax at a rate of 15%.

\* Currently individuals over the age of 55 are eligible to transfer their UK pensions entitlements to Australia

## **Who should I contact to discuss the transfer of my UK pension fund to Australia?**

Contact Jane Cooper (details below) to discuss the transfer of UK pension scheme benefits to Australia.

## **Am I entitled to a British State Pension? How much might I receive?**

From 1 July 2007 the rules changed in relation to British State Pension entitlements. As a general rule you will need at least 10 qualifying years. You can apply for a state retirement pension forecast which will advise you of the state pension you are entitled to upon reaching retirement age.

## **Can I top up my UK National Insurance contributions?**

Yes, if you are not eligible for a full basic state pension you may consider paying additional contributions to top up your pension entitlements. You may be able to top up by paying Class 2 or Class 3 National Insurance contributions. Yes, GM Tax can assist with the preparation and electronic submission of your

## **Is there anyone in Australia who can prepare and lodge UK tax returns?**

Yes, we at GM Tax can assist with the preparation and electronic submission of your UK Tax Return and calculate any liability or tax refund arising.

## **Is there anyone in Australia who understands the UK and Australian tax systems?**

We at GM Tax are qualified tax advisors in both countries and can advise regarding UK and Australian tax issues.

### **FOR FURTHER PROFESSIONAL ADVICE, PLEASE CONTACT:**

**Jane Cooper by calling +61 (0) 8 9261 7762 or via email [jane.cooper@gmtax.com.au](mailto:jane.cooper@gmtax.com.au)  
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