International Tax
Australia Highlights 2021

Updated January 2021

Recent developments

For the latest tax developments relating to Australia, see Deloitte tax@hand.

Investment basics

Currency: Australian Dollar (AUD)

Foreign exchange control: There are no foreign exchange controls.

Accounting principles/financial statements: The Australian equivalent of IFRS (A-IFRS) applies. Financial statements must be filed annually.

Principal business entities: These are the public company ("Limited" or Ltd), private company ("Proprietary Limited" or Pty Ltd), partnership, corporate limited partnership, trust, superannuation fund, sole trader, and branch of a foreign company.

Corporate taxation

Rates	
Corporate income tax rate	30% (standard rate)/26%
Branch tax rate	30%/26%
Capital gains tax rate	30%/26%

Residence: A company is resident in Australia if it is incorporated in Australia or, if not incorporated in Australia, carries on business in Australia, and either exercises central management and control in Australia, or has its voting power controlled by shareholders that are residents of Australia.

In the 2020-21 federal budget delivered on 6 October 2020, the government announced it will amend the law to provide that a company that is not incorporated in Australia will be treated as an Australian tax resident where it has a significant economic connection to Australia. This test will be satisfied where the company's core commercial activities are undertaken in Australia, and the company's central management and control is in Australia. The measure will have effect from the first income year after the date of royal assent of the enabling legislation, but taxpayers will have the option of applying the new law as from 15 March 2017.

Basis: Resident companies generally are taxed on worldwide income. A nonresident company generally pays taxes only on income derived from Australian sources. The tax rates and treatment are the same for resident companies and branches of foreign companies. Special types of company such as cooperative firms, mutual and other life insurance companies, and nonprofit organizations are taxed at different rates.

Taxable income: Tax is payable on taxable income, which is assessable income less allowable deductions. Assessable income derived by a company carrying on business usually would include gross income from the sale of goods, the provision of services, dividends, interest, royalties, and rent. Assessable income excludes exempt income (e.g., certain dividends received from pooled development funds and income derived by certain entities, such as charities, etc.) and nonassessable nonexempt (NANE) income. NANE income includes income derived by certain foreign branches, and foreign equity distributions received (directly or indirectly through one or more interposed trusts and partnerships) from a foreign company in which an Australian corporate income tax entity holds a 10% participation interest.

Rate: The corporate income tax rate generally is 30%. However, for companies with an aggregate annual turnover of less than AUD 50 million that derive no more than 80% of their assessable income from "base rate entity passive income," the tax rate is 25% for the 2021-22 and subsequent income years (reduced from 26% for the 2020-21 income year). Base rate entity passive income is:

- Corporate distributions and franking credits on the distributions;
- Royalties and rent;
- Interest income (subject to certain exceptions);
- Gains on qualifying securities;
- Net capital gains; and
- Amounts included in the assessable income of a partner in a partnership, or a beneficiary of a trust, to the extent that they are traceable (either directly or indirectly) to an amount that is otherwise base rate entity passive income.

Surtax: There is no surtax.

Alternative minimum tax: There is no alternative minimum tax.

Taxation of dividends: Australia operates a full imputation system for the avoidance of double taxation of dividends. Under this system, the payment of company tax is imputed to shareholders. Dividends paid out of profits on which Australian corporate income tax has been paid are said to be "franked," and generally entitle resident shareholders to a tax offset for the corporate income tax paid, and nonresident shareholders to dividend withholding tax relief.

Capital gains: Assessable income includes any net capital gains (i.e., capital gains after offsetting capital losses). Net capital gains derived by companies are taxed at the prevailing corporate income tax rate (subject to credit for foreign taxes). Where a company holds a direct voting interest of 10% or more in a foreign company for a certain period, any capital gain or loss on the sale of the shares in the foreign company may be reduced (see under "Participation exemption," below). Nonresidents include in assessable income only capital gains on assets that are "taxable Australian property" (e.g., the business assets of Australian branches of nonresidents, and direct and indirect interests in Australian real property).

Losses: Tax losses (reduced by exempt income) may be utilized and carried forward indefinitely to offset future assessable income, provided a "continuity of ownership" (more than 50% of voting, dividend, and capital rights), or a "same" or "similar business" test is satisfied. Capital losses are subject to the same tests but may be offset only against capital gains. Under a temporary loss carry back regime announced in the 2020-21 federal budget and enacted in October 2020, eligible corporate entities with turnover less than AUD 5 billion in a relevant loss year may carry back losses made in any of the 2019–20, 2020–21, and 2021–22 income years (loss years) to offset a prior year income tax liability in any of the 2018–19, 2019–20, and 2020–21 income years (tax liability years). The amount of the tax offset is limited by the corporate entity's income tax liabilities in the relevant tax liability year(s) and its franking account balance at the end of the year in which the entity files its tax return claiming the loss carry back tax offset. A refundable tax offset will be available in either the 2020-21 or 2021-22 income years. Although a tax loss in the 2019-20 income year may generate a tax offset, the offset may only be claimed in the 2020-21 or 2021-22 income years. The earliest that the offset would become available is upon filing the tax return for the 2020-21 income year.

Foreign tax relief: The foreign income tax offset (FITO) rules allow taxpayers to claim a credit or tax offset against Australian tax in respect of assessable income that is foreign income, or on which foreign income tax has been paid. The amount of the tax offset is equal to the foreign income tax paid, subject to a cap related to the Australian tax otherwise payable on that income. The offset may be used only in the income year to which the foreign tax relates. Unused FITOs may not be carried forward to future income years.

Participation exemption: Capital gains or losses on the disposal of shares in a foreign company, at least 10% of which is held by an Australian resident company for a certain period, may be reduced by a percentage that reflects the degree to which the assets of the foreign company are used in an active business. Foreign equity distributions received (directly or indirectly through one or more interposed trusts and partnerships) from a foreign company in which an Australian corporate income tax entity holds a 10% participation interest are NANE income.

Holding company regime: There is no holding company regime.

Incentives: Qualifying expenditure on eligible R&D activities is entitled to beneficial treatment. Under the R&D tax incentive program, qualifying R&D expenditure is not deductible, but companies with an aggregate worldwide group turnover of less than AUD 20 million are entitled to a 43.5% refundable tax offset. Other companies are entitled to a 38.5% nonrefundable tax offset on expenditure up to AUD 100 million. At the current corporate income tax rates, eligible companies obtain a net tax benefit of 8.5%, 12.5%, or 17.5%. Legislation enacted in 2020 will affect the calculation of the R&D tax offset rate for income years commencing on or after 1 July 2021. The refundable rate will be recoupled to the corporate income tax rate with a net tax benefit of 18.5%. The recoupled nonrefundable rate will provide a minimum net tax benefit of 8.5%, with a premium tier of 16.5% for R&D spend over an intensity of 2%.

Investors in an Australian early stage innovation company (ESIC) are eligible for a nonrefundable carryforward tax offset equal to 20% of the amounts paid for newly issued equity interests (shares) in the ESIC (capped at AUD 200,000), provided the investor does not fall within of the list of specified exclusions. There also are capital gains tax concessions for eligible shares.

Special tax rules apply to a Managed Investment Trust (MIT), which is a type of collective investment vehicle. Certain MITs and Attribution Managed Investment Trusts (AMITs) are subject to a concessional final withholding tax of 15% levied on fund payments made to foreign investors resident in countries that have concluded an exchange of information (EOI) agreement with Australia. Broadly, a fund payment represents the Australian-source net income (other than dividends, interest, and royalties) of the trust. Fund payments made may be subject to a final withholding tax of 30% where the fund payment is attributable to nonconcessional MIT income.

An Investment Manager Regime (IMR) provides concessional taxation treatment in certain circumstances where foreign-managed funds invest in Australia using Australian resident fund managers. Various other incentives also are available (e.g., film tax incentives).

Compliance for corporations

Tax year: The tax year is 1 July to 30 June, although a substituted year of income may be adopted in certain circumstances, with approval from the Australian Taxation Office (ATO).

Consolidated returns: A tax consolidation regime allows wholly owned Australian groups to elect to be taxed as a single consolidated entity for income tax purposes ("tax consolidated group"). The regime focuses on the tax consolidated group as the tax entity and disregards intragroup transactions for income tax purposes. The law reduces impediments to group restructuring, allows for pooling of losses within the group, and allows tax-free movement of assets within the group without any formal rollover requirements. There also are rules allowing certain Australian resident wholly owned subsidiaries of a foreign company to form a consolidated group known as a multiple entry consolidated (MEC) group.

The election to form a tax consolidated group or an MEC group is optional. However, once made, the election is irrevocable.

Filing and payment: Tax returns generally must be filed annually based on taxable income for an income year. The due date for filing the annual return for companies with 30 June year-ends is 15 January for large and medium-size companies (annual turnover exceeding AUD 10 million) and 28 February for other companies, following the end of the income year.

Extensions to the filing date may be granted in certain cases.

Penalties: Penalties and interest may be imposed for late filing, failure to file, failure to exercise due care, and tax avoidance and evasion. Entities that are significant global entities (SGEs) are subject to late filing penalties of up to 100 times greater than large entities.

Rulings: The ATO can issue public and private rulings. Rulings generally are binding on the ATO where they apply to a taxpayer, and the taxpayer relies on the ruling by acting in accordance with it. Public rulings may apply to all taxpayers, or a class of taxpayers, either generally or in relation to a particular arrangement. The ATO will issue a private ruling on the tax consequences of a specific scheme at a taxpayer's request. However, only the taxpayer requesting the private ruling may rely on the ruling. The ATO also operates an advance pricing arrangement program, under which taxpayers can obtain certainty on the application of the arm's length principle to their cross-border dealings with related parties.

The ATO releases Practical Compliance Guidelines (PCGs) that identify, in respect of particular risk areas, where the ATO will apply its compliance resources. Some PCGs will identify color-based risk zones ranging from green (low risk) to red (high risk).

Law Companion Rulings also are issued to provide clarity and certainty around the ATO's interpretation of new legislation.

Individual taxation

Rates		
Individual income tax rate	**Taxable income**	**Rate***
	Up to AUD 18,200	0%
	AUD 18,201–AUD 45,000	19%
	AUD 45,001–AUD 120,000	32.5%
	AUD 120,001–180,000	37%
	Over AUD 180,000	45%
Capital gains tax rate	Individual's marginal rate (subject to capital gains tax discount)	

* Excluding 2% Medicare levy

Residence: For tax purposes, an individual is a resident if he/she ordinarily resides in Australia or satisfies one of the following statutory tests:

- Is domiciled in Australia (unless the Commissioner of Taxation is satisfied that the individual's permanent home is elsewhere);
- Has spent more than half the tax year in Australia (unless the Commissioner of Taxation is satisfied that the individual's home is elsewhere, and the individual does not intend to take up residence in Australia); or
- Is a contributing member (or the spouse or child younger than 16 years of such a member) to certain superannuation funds for officers of the Commonwealth government.

A temporary resident for tax purposes is an individual who meets all of the following criteria:

- Holds a temporary visa granted under the Migration Act 1958;
- Is not an Australian resident within the meaning of the Social Security Act 1991, and does not have a spouse who is an Australian resident within the meaning of the Social Security Act 1991; and
- Has not resided in Australia while not being a temporary resident (e.g., while holding a permanent visa, or being married to an Australian citizen, or while holding a permanent resident visa).

Basis: Resident taxpayers generally are taxed on worldwide income and capital gains, with a tax offset for foreign tax paid on foreign income, up to the amount of Australian tax payable on that income. Foreign residents are taxable only on Australian-source income and gains from taxable Australian property. Residents who qualify as temporary Australian residents are taxable on their worldwide employment income, and on Australian-source investment income, and capital gains from taxable Australian property.

Special tax rates also apply to working holiday makers who have a visa subclass 417 (Working Holiday) or 462 (Work and Holiday).

Taxable income: Taxable income for personal income tax purposes includes income from employment, business income, certain capital gains, and passive income such as dividends, interest, and rental income.

Rates: Progressive rates up to 45% apply (47% including the 2% Medicare, see under "Social security," below). A tax-free threshold of AUD 18,200 applies for full-year resident taxpayers (a reduced threshold applies to part-year residents).

Capital gains: Net capital gains derived from the disposal of assets acquired after 19 September 1985 are included in assessable income. For assets held for more than 12 months, resident individuals are taxed on 50% of the capital gain ("capital gains tax discount") at their marginal rate. Nonresidents and temporary residents are ineligible for the capital gains tax discount in respect of gains arising after 8 May 2012. For assets acquired before 21 September 1999, individuals may choose between applying the discount and the former system under which they are taxed at their marginal rate on the entire gain, indexed for inflation. Indexation of the cost base of existing assets was frozen at 30 September 1999.

Capital gains tax (CGT) applicable to nonresidents and temporary residents is limited to taxable Australian property disposed of by foreign investors. A creditable withholding tax may apply where certain assets (such as Australian real estate) are sold by foreign residents.

The CGT main residence exemption generally is not available to nonresident taxpayers.

Deductions and allowances: Business expenses are tax-deductible if they are necessarily incurred in gaining or producing assessable income. Charitable donations to Australian-registered charities may be tax deductible. Expenses of a capital, private, or domestic nature generally are not tax deductible. Tax residents of Australia are allowed some tax offsets. Many government offsets are available only to Australian citizens or permanent residents.

Foreign tax relief: The FITO rules allow taxpayers to claim a credit or tax offset against Australian tax in respect of assessable income that is foreign income, or on which foreign income tax has been paid. The amount of the tax offset is equal to the foreign income tax paid, subject to a cap related to the Australian tax otherwise payable on that income. The offset may be used only in the income year to which the foreign tax relates. Unused FITOs may not be carried forward to future income years.

Compliance for individuals

Tax year: The tax year is 1 July to 30 June.

Filing status: Each taxpayer must file a separate return; joint returns are not permitted.

Filing and payment: Resident taxpayers whose taxable income exceeds AUD 18,200 (or who have had Australian taxes withheld from lower salary amounts) are required to file an income tax return. Foreign residents must file an income tax return if they derive Australian-source income or gains. The return must be filed by 31 October for the income year ending on 30 June of the same calendar year (unless the individual is on a tax agent filing program and is eligible for an extended filing deadline).

Penalties: Penalties and interest may be imposed for late filing, failure to file, failure to exercise due care, and tax avoidance or evasion.

Rulings: The ATO can issue public and private rulings. Rulings generally are binding on the ATO where they apply to a taxpayer, and the taxpayer relies on the ruling by acting in accordance with it. Public rulings may apply to all taxpayers or a class of taxpayer, either generally, or in relation to a particular arrangement. The ATO will issue a private ruling on the tax consequences of a specific scheme at a taxpayer's request. However, only the taxpayer requesting the private ruling can rely on the ruling.

The ATO releases Practical Compliance Guidelines (PCGs) that identify, in respect of particular risk areas, where the ATO will apply its compliance resources. Some PCGs will identify color-based risk zones ranging from green (low risk) to red (high risk).

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Withholding tax

Rates

Type of payment	Residents		Nonresidents	
	Company	**Individual**	**Company**	**Individual**
Dividends	0%	0%	0%/30%	0%/30%
Interest	0%	0%	0%/10%	0%/10%
Royalties	0%	0%	30%	30%
Fees for technical services (not defined as royalties)	0%	0%	0%	0%

Dividends: Dividends paid by Australian resident companies from profits already taxed at the corporate rate may carry franking credits for the tax paid. Dividends are referred to as “fully franked,” “partially franked,” or “unfranked,” depending on the extent to which a company has chosen to use its franking credits. Dividends paid to a resident company or individual are not subject to withholding tax. To the extent distributions to foreign residents are unfranked distributions, they are subject to withholding tax at the statutory rate of 30%, which may be reduced under a tax treaty. Franked distributions are not subject to withholding tax. Under Australia's conduit foreign income rules, certain foreign-source income derived by an Australian resident company can be distributed to foreign resident shareholders free of dividend withholding.

Interest: Interest paid by an Australian resident to an Australian resident company or individual is not subject to withholding tax if a tax reference number is provided. Interest paid to a foreign resident generally is subject to a 10% withholding tax. There are some exemptions, including for certain publicly offered debentures, and limited nondebenture debt interests. An interest withholding tax exemption applies for interest paid to unrelated foreign financial institutions, or government bodies under specific tax treaties.

Royalties: Royalties paid by an Australian resident to an Australian resident company or individual are not subject to withholding tax. Royalties paid to a nonresident are subject to a withholding tax of 30%, unless the rate is reduced under a tax treaty.

Fees for technical services: Australia does not levy withholding tax on payments to residents or nonresidents of technical service fees that fall outside the definition of royalties.

Branch remittance tax: There is no branch remittance tax.

Other: Fund payments made to foreign residents by an MIT generally are subject to a 15% withholding tax when made to a nonresident in a country that has an EOI agreement with Australia; otherwise, withholding is required at a rate of 30%.

Anti-avoidance rules

Transfer pricing: The transfer pricing rules may apply to any international transaction. The rules do not necessarily require direct ownership between the two transacting parties; "any connection" between the parties is all that is required. The rules apply to international transactions/dealings between separate legal entities, as well as permanent establishments (PEs). The commonly accepted transfer pricing methods in Australia are the comparable uncontrolled price, resale price, cost plus, profit split, and transactional net margin methods, out of which the most appropriate and reliable method should be applied.

The transfer pricing rules apply where a party obtains a "transfer pricing benefit," whether a reduction in income tax or withholding tax. The ATO can disregard the actual conditions and instead apply arm's length conditions.

Interest deduction limitations: Interest deductions claimed against Australian assessable income for both foreign controlled Australian investments (inward investors) and Australian entities investing overseas (outward investors) are restricted where an entity's debt exceeds a certain prescribed level. The maximum allowable debt for inward and outward investors generally is determined by applying one of the following tests:

- The safe harbor test, under which the prescribed debt-to-equity ratio broadly is 60% of total assets less nondebt liabilities and certain related party investments/receivables, as disclosed in the accounts. A separate test applies for financial institutions;
- The arm's length debt test, under which the prescribed level of debt is the maximum amount of debt the entity reasonably could have borrowed from commercial lending institutions; or
- Separate worldwide gearing tests that are available to inward and outward investors.

The rules apply to total debt, rather than just related party foreign debt, and cover Australian multinational companies, as well as foreign multinational investors. Taxpayers that, together with their associates, have interest deductions of less than AUD 2 million per annum, and outward investing entities with 90% or more of their total average value of assets consisting of Australian assets, are exempt from the rules.

Controlled foreign companies: A foreign company is a CFC where either (i) five or fewer Australian residents hold 50% or more of the company, (ii) (subject to additional considerations) a single Australian entity holds no less than 40% of the company, or (iii) five or fewer Australian entities (including associates) effectively control the company. Where the CFC rules apply, the Australian shareholder (attributable taxpayer) includes in its assessable income its share of the CFC's attributable income.

Hybrids: Australia has introduced hybrid mismatch rules based on action 2 of the OECD/G20 Base Erosion and Profit Shifting (BEPS) project. The rules generally have effect for Australian tax years starting on or after 1 January 2019, with limited deferral to 1 January 2020 for some imported hybrid mismatches. In addition, and going beyond the BEPS action 2 recommendations, a "targeted integrity rule" can deny a deduction in Australia for interest on intragroup financing arrangements (with no hybrid element) where the interest income is subject to foreign tax at a rate of 10% or less.

Economic substance requirements: Economic substance is relevant in connection with specific anti-avoidance rules, including the Multinational Anti-Avoidance Law (MAAL), and the diverted profits tax (DPT) (see "Other," below).

Disclosure requirements: All taxpayers in Australia must maintain adequate records to document their tax affairs, including transfer pricing. Contemporaneous transfer pricing documentation is a prerequisite to having a reasonably arguable position for penalty mitigation purposes.

Australian taxpayers are required in certain circumstances to file an International Dealings Schedule (IDS) with their annual income tax return. The IDS requests various details in respect of a taxpayer's cross-border related party dealings, including specific disclosures in relation to areas that the ATO considers high risk (i.e., certain types of transactions and dealings with related parties in favorable tax jurisdictions). The IDS also requires disclosure of information related to the application of the CFC and thin capitalization rules (see above).

In addition, country-by-country (CbC) reporting entities (a subgroup of SGEs, broadly, entities that are members of groups with annual global income of at least AUD 1 billion) must provide additional information to the ATO as part of Australia's CbC transfer pricing reporting requirements. Three annual statements (a CbC report, a master file, and a local file) must be filed with the ATO in the approved form within 12 months of the end of the income year; however, an exemption may be granted in certain circumstances.

The ATO requires most economic groups with turnover in excess of AUD 250 million to file a Reportable Tax Position (RTP) Schedule with their tax returns.

A Voluntary Tax Transparency Code encourages the disclosure of additional tax and related information by businesses with at least AUD 100 million of turnover.

A CbC reporting entity also is required to file general purpose financial statements with the ATO in certain circumstances.

Exit tax: Where a taxpayer (including individuals and corporates) ceases to be a resident of Australia, the taxpayer generally is taken to have disposed of their assets for CGT purposes. The exit tax rules do not apply to "taxable Australian property," such as Australian real property, that remains subject to Australian tax in the hands of a nonresident.

General anti-avoidance rule: Australia operates a general anti-avoidance rule (GAAR) that supplements other specific anti-avoidance rules. The GAAR is a provision of last resort, and can be applied by the tax authorities where there is a scheme, the sole or dominant purpose of which is to obtain a tax benefit.

Other: The MAAL targets the avoidance of PE status in Australia by foreign entities. Broadly, the MAAL applies to SGEs where a foreign entity supplies goods or services to Australian customers, an Australian affiliate performs activities in Australia directly in connection with those supplies, and there is a relevant "principal purpose" to obtain a relevant tax advantage.

DPT at 40% applies to SGEs, on profits transferred offshore through related party transactions (the "diverted profit"). Cross-border related-party transactions where the diverted profit is subject to foreign tax paid of less than 24% potentially are within the scope of the DPT; the foreign tax test for this purpose is based on foreign tax paid, not the headline rate.

Broadly, the DPT can apply in certain circumstances where a tax benefit is obtained in connection with a scheme, and it can be concluded that the scheme, or any part of it, was entered into for the principal purpose of enabling a tax benefit to be obtained. There are limited carve-outs for nonapplication of the DPT. One such exemption is the "sufficient economic substance" test that examines whether the profit of each relevant entity reasonably reflects the economic substance.

Goods and services tax

Rates	
Standard rate	10%

Taxable transactions: The Goods and Services Tax (GST) is a transaction-based, value added tax on the inputs and outputs of an entity's business activities. GST is charged at each step in the supply chain, with GST-registered entities including GST in the price of "taxable" goods and services they supply. There are other types of supply to which GST does not apply, and is not included in the price; these include "input taxed" supplies, such as financial supplies, and "GST-free" supplies, such as the sale of going concerns, and exports of goods and services. Generally, entities that are registered for GST purposes can claim a credit for the GST paid on the inputs acquired for use in their enterprise. However, entities making input taxed supplies generally are unable to claim such credits, unless one of several concession measures applies. The GST applies on an extra-territorial basis in certain circumstances, and may require businesses supplying services and digital products to Australian consumers from offshore, and businesses supplying low value goods (AUD 1,000 or less) imported by consumers into Australia, to become registered, and collect and remit GST on those supplies.

Rates: The GST rate is 10%.

Registration: An entity that carries on an enterprise must register for GST if its annual turnover is at or above the registration turnover threshold. The current threshold is AUD 150,000 per year for not-for-profit entities, and AUD 75,000 per year for all other entities. However, an entity that carries on an enterprise may choose to register even if its turnover is below the registration turnover threshold. A nonresident entity carrying on an enterprise whose turnover is below the turnover threshold can choose to register for GST to recover the GST it pays on its inputs.

Filing and payment: Each GST-registered entity must account for its GST obligations on a Business Activity Statement (BAS) at the end of each tax period. Entities with an annual turnover of AUD 20 million or more must file a monthly BAS. In general, entities with an annual turnover below AUD 20 million can choose to file a monthly or a quarterly BAS.

Small businesses voluntarily registered for GST are allowed to report and pay GST annually rather than quarterly, to help reduce compliance costs.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: Employers are required to contribute to a complying Australian superannuation fund or retirement savings account on behalf of their employees, at a rate of 9.5% of the employee's “ordinary time earnings,” up to a maximum earnings base of AUD 57,090 per quarter in 2020/21. Exemptions from the superannuation requirement apply in limited circumstances.

In addition to income tax, most individual Australian resident taxpayers are subject to a 2% levy on taxable income to fund Medicare (a universal health program that provides basic medical and hospital care free of charge), and Disability Care. Relief is available to low-income taxpayers. Certain individuals on temporary visas are ineligible for Medicare benefits, and may apply to the Minister of Health for a certificate of exemption.

A further Medicare levy surcharge (up to 1.5%) may be imposed on individual taxpayers whose taxable income exceeds a certain threshold only if they do not hold appropriate private hospital insurance.

Payroll tax: Payroll tax is levied on employers by the states and territories, with the amount predominantly based on salaries, wages, and benefits paid to employees. Rates vary between regions and may be up to 6.85%. Depending on the region, COVID-19 related waiver, deferral, exemption, or rebate measures may apply to payroll tax liabilities arising in 2021.

Capital duty: Australia does not impose capital duty.

Real property tax: See under "Stamp duty, below” for property transfers. Land tax also is levied annually, by all but one of the states and territories on land owners with land in the state or territory unless an exemption applies (e.g., principal place of residence exemption). Rates of up to 2.75% apply, depending on the jurisdiction. In some states, a land tax surcharge at rates of up to 2% may be applied to foreign or absentee owners. Residential dwellings that are vacant for more than six months in a year also may attract an annual vacancy fee and/or vacant residential land tax. Depending on the region, COVID-19 related waiver and/or deferral measures may apply to certain land tax liabilities arising in 2021.

Land owners also are required to pay local government rates to the municipal council in which real property is located, calculated on the basis of the property’s value.

Transfer tax: See under "Stamp duty,” below.

Stamp duty: The states and territories impose stamp duty at rates of up to 5.95% on the transfer of real (tangible) property and some other business (intangible) property. Rates vary depending on the state/territory and value of property transferred. Stamp duty also is imposed on the indirect transfer of real property held by certain companies and unit trusts, at rates of up to 5.95%. In some states, extra stamp duty may be imposed by way of a surcharge (for foreign buyers of residential property) and/or premium duty rates (for high value residential property). Depending on the region, COVID-19 related stamp duty relief may apply to certain transfers of real property in 2021.

Net wealth/worth tax: Australia does not impose a net wealth tax or a net worth tax.

Inheritance/estate tax: Australia does not impose inheritance tax or estate tax.

Other: The petroleum resource rent tax is a project based tax levied on profits generated from the upstream exploitation of petroleum offshore (including the Greater Sunrise area set out in the Maritime Boundary Treaty).

Employers are required to pay fringe benefits tax (FBT) on the value of fringe benefits (e.g., motor vehicles, low-interest loans, and school fees) provided to their employees, at a rate of 47% on the grossed-up value of each benefit. FBT is deductible for income tax purposes.

State and territory legislation requires employers to insure employees against work-related injuries, and compensate them for injury, disability, or death arising from, or in the course of, employment.

Tax treaties: Australia has concluded over 40 tax treaties. The OECD multilateral instrument (MLI) entered into force for Australia on 1 January 2019. For information on Australia's tax treaty network, visit Deloitte International Tax Source.

Tax authorities: Australian Taxation Office, Innovation and Science Australia (the regulator for the R&D tax incentive), States and Territories Revenue Offices, Foreign Investment Review Board (FIRB, assists the Australian Treasurer in regulating foreign investment into Australia, including intragroup transactions, and certain foreign investment transactions require FIRB approval)

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